

**City of Bowling Green**

**Comprehensive Annual Financial  
Report**

**For the Fiscal Year Ended June 30,  
2013**



**Issued by the  
Department of Finance**

# City of Bowling Green, Kentucky

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Year Ended June 30, 2013

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December 9, 2013

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

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Bowling Green (City) for the fiscal year ended June 30, 2013. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The CAFR includes all funds of the City and the component units.

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

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

The independent accounting firm of Mountjoy Chilton Medley LLP, Certified Public Accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2013 are free of any material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the City; and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified (“clean”) opinion that the City’s financial statements for the fiscal year ended June 30, 2013 are fairly presented in all material respects in conformity with GAAP. Their report is the first component in the Financial Section of this report.

Additionally, Mountjoy Chilton Medley LLP included an audit of federal grants in order to meet the requirements of federal grantor agencies as outlined by the federal Single Audit Act of 1984, the Single Audit Act Amendment of 1996, and related OMB Circular A-133. These standards require the auditor to report not only on the fairness of the representation of the financial statements, but also on the internal controls and compliance with legal requirements of the federal awards. These reports are published separately. Requests for a copy of the Single Audit Report should be directed to the City’s Chief Financial Officer.

## **PROFILE OF THE CITY**

Bowling Green, the “Park City” of Kentucky, was established in 1798, and is located in the south-central part of the state. The City occupies a land area of 38.7 square miles, has a population estimated at 60,600 and serves as the retail, educational, medical, commercial, and social hub for south-central Kentucky and northern Tennessee. The labor market area, which measures employable workers that are 18 years and older, is measured at approximately 470,000 for the area encompassing a sixty minute drive from the City with an additional 25,500 workers being of age in the next two years.

The City operates under the City Manager form of government, one of the alternative forms of municipal government established under Kentucky Statutes. Under this form of government, a Mayor, who is elected for a term of four years, and four City Commissioners, who serve two years each, are all voted into office in non-partisan elections. The Mayor and the City Commissioners comprise the Board of Commissioners (Board), in which all legislative and executive authority of the City is vested. As such, the Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring all City staff. The Board appoints a City Manager, who serves as the Chief Administrative Officer of the City and enforces City ordinances and policy as well as carrying out day-to-day operations. The City’s workforce as of June 30, 2013, was comprised of 441 authorized full-time positions, with 61% of the employees dedicated to public safety.

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

In accordance with GASB Statement No. 39, “*The Financial Reporting Entity*”, and based on the foregoing criteria, the City has presented the Bowling Green Police and Firefighters’ Retirement Fund, 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 is included as a discretely presented component unit because the City is financially accountable and is able to impose its will on the organization or the component unit provides specific financial benefits or imposes specific financial burdens on the City. The Bowling Green - Warren County Airport, Bowling Green Independent School District, Housing Authority of Bowling Green, and other various related organizations providing services within the City do not meet the financial accountability criteria discussed above and, therefore, are excluded from this report.

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

### **Local Economy**

The local economy is made up of a well-balanced blend of service, manufacturing, retail and other industries that support the City's main revenue source, the Employee Withholdings tax. Bowling Green is the home of Western Kentucky University, the City's largest employer with over 4,700 employees and is a prime catalyst for the local economy. The University's total enrollment for the Fall 2012 semester was 21,124, which was the 15<sup>th</sup> consecutive year of enrollment gains. Other major employers include the General Motors Corvette Assembly plant and two regional hospitals. In addition, countless local businesses have been started and have continued to prosper in the community. The entrepreneurial spirit is alive and well in the region.

Aggressive cooperative strategies are in place between the local governments, the Chamber of Commerce and the Economic Development Authority that continue to attract business and jobs to the community. The City consistently scores high in national rankings of preferred business location and favorable environments for the creation and development of businesses due to its rich economic, social and cultural environments. Sperling's Best Places, an online site dedicated to the analysis of people and places, ranked Bowling Green 13<sup>th</sup> in emerging metropolitan areas due to the City's reported median home price of \$138,000 coupled with the most recent valuation appreciation of +2.9%. In September of 2013, Convention South magazine named Bowling Green as one of the 15 hip and historic college towns citing the historic Van Meter Hall on Western Kentucky University's campus and the beloved Fountain Square located in the heart of downtown. Additionally, Forbes has ranked Bowling Green as 25<sup>th</sup> of 200 locations for "Best Small Places for Business and Careers" and as 46<sup>th</sup> for projected job growth through 2013. The positive ranking are a result of the City's low cost of living, which is 11.6% below national average, coupled with projected job growth of +2.4% and current job growth of +2.7%.

Bowling Green began to show signs of economic recovery during fiscal years 2011 and 2012 as revenues rebounded and positive growth returned. Fiscal year 2013 continued with this trend as total revenue collections outperformed the previous year by +1.8%. No significant layoffs occurred in the City and wages grew at a faster pace than the previous fiscal year. The payroll tax base posted a gain of approximately \$60.6 million, which increased employee withholding fees by \$1,121,000 or +3.6% over fiscal year 2012, contributing to total withholding receipts of \$32 million. This revenue category, employee withholding, has increased by an average of 4.0% over the prior three years, which is an improvement from the short period of decline from 2008-09. The City's other important revenue source, net profit revenues, gained \$821,000 or +13.1% during fiscal year 2013 over the prior year and contributed to a total collection of \$7,079,000. New business licenses issued during the fiscal year totaled 785.

Bowling Green's average unemployment rate during the past fiscal year decreased by -0.7% and ended the year below the state and slightly above the national rate. Bowling Green began fiscal year 2013 with an unemployment rate of 7.5%, versus 8.6% for the state and 8.2% nationally. By the end of the fiscal twelve months, June 2013, the City's unemployment rate was 8.2%, versus 8.9% for the state and 7.6% for the nation. Bowling Green's unemployment rate during fiscal year 2013 averaged 7.2%.

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

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

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

### **Relevant Financial Policies**

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



## **Major Initiatives**

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

Recent historic flooding in Bowling Green demonstrated the continued need to direct resources to the City's stormwater efforts. The fiscal year 2013 budget continued the increased commitment to the stormwater improvement effort, which is a significant undertaking that will take a number of years to fully implement. The Public Works Department has identified numerous drainage improvement projects of varying size and scope throughout the City. The fiscal year 2013 budget for stormwater totaled \$500,000. Projects range from deepening an existing basin, to constructing new retention basins on vacant parcels, to any number of smaller projects. Costs depend greatly upon the conditions, such as rock, level of protection desired (75-year storm, 100-year storm), and market conditions for bids.

The City completed the seventh year of participation in the sidewalk program in fiscal year 2013. The sidewalk program is designed to construct over 5,000 linear feet of new sidewalks and improve existing sidewalks. The program is funded with available reserves on a year-to-year basis with no debt being issued. Funds totaling \$400,000 were available during fiscal year 2013 for this program and an additional \$400,000 will be contributed in fiscal year 2014.

The Parks and Recreation department continued and completed several projects during fiscal year 2013. The Parker-Bennett Community Center construction was completed and included center improvements, an additional playground, a picnic shelter, and a renovated playing court including lighting and fencing. The Lovers Lane Soccer Complex project to construct a new building to house restrooms, storage and office space was well underway at the end of fiscal year with over \$100,000 spent. Lampkin Park was allotted General Fund monies to provide funding for numerous improvements, including new dug-outs, backstops, field lighting, fencing, field improvements and irrigation. The Fitness Center budget included \$95,000 for the renovation of participant locker rooms. The City Golf courses purchased new equipment and underwent improvements during fiscal year 2013, including replacement of the greens at the Paul Walker course.

The Smallhouse/Cave Mill Road Realignment road construction project began in 2012 and was completed during fiscal year 2013. This realignment project has been a long-range transportation improvement goal of the City's. The preliminary design was completed in 2009 and \$500,000 was budgeted and expensed in fiscal year 2012 to provide final design, utility realignment, and property acquisition. Construction costs of \$2,150,000 were funded 50/50 by the City and Warren County during fiscal year 2013.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bowling for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The GFOA has also given an Award for Outstanding Achievement in Financial Reporting to the City of Bowling Green for its Popular Annual Financial Report for the fiscal year ended June 30, 2012. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

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

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

Respectfully submitted,

Jeff Meisel, CPA  
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**City of Bowling Green  
Kentucky**

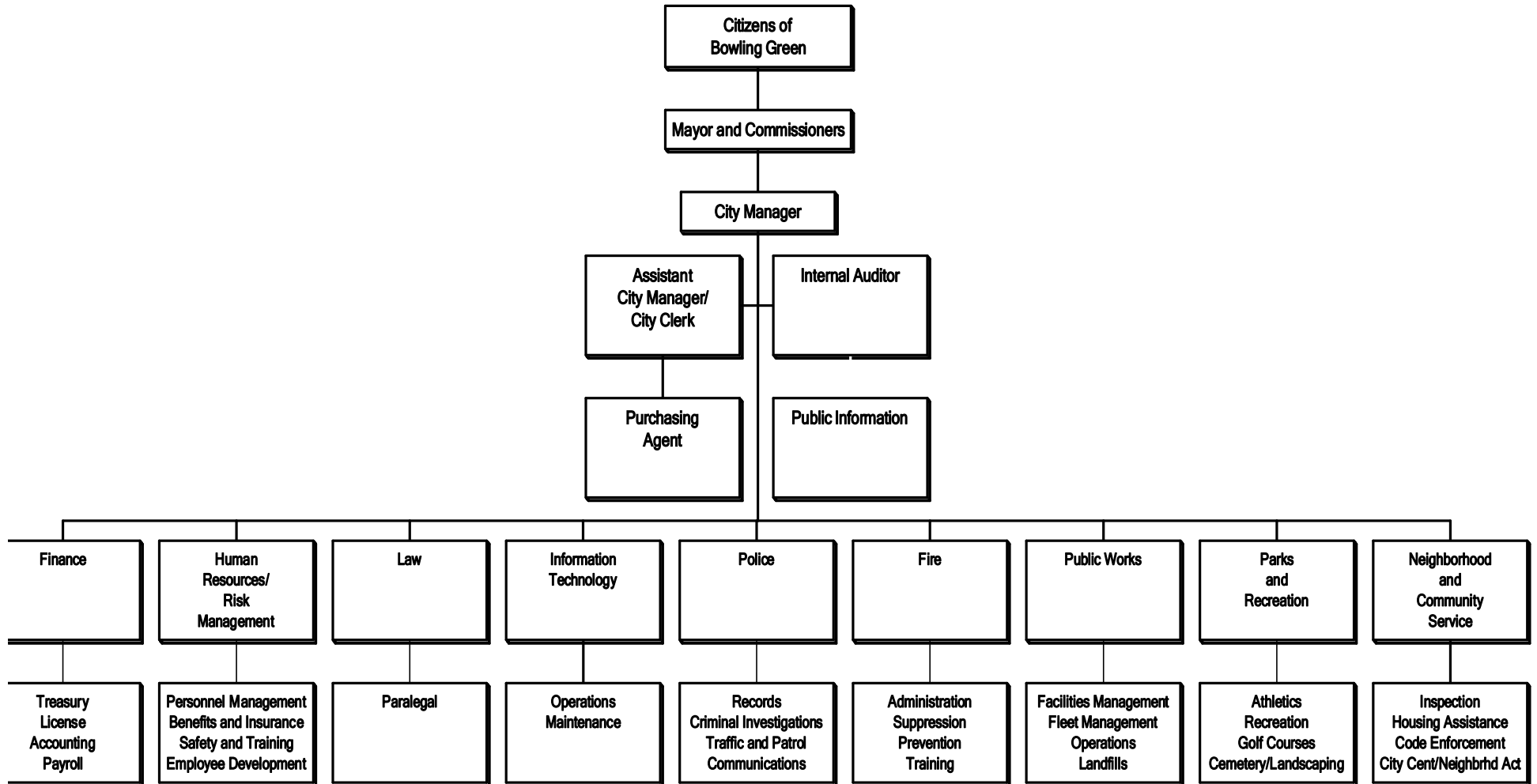
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive, flowing style.

Executive Director/CEO

# CITY OF BOWLING GREEN



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

Mayor and Commissioners

Bruce Wilkerson  
Melinda Hill  
Bill Waltrip  
Joe Denning  
Rick Williams

Mayor  
Mayor Pro Tem  
Commissioner  
Commissioner  
Commissioner

KEVIN D. DEFEBBO – CITY MANAGER

Administration:

Katie Schaller

Marilyn Parrigin  
Deborah Jenkins

Assistant City Manager/  
City Clerk  
Purchasing Agent  
Internal Auditor

Finance:

Jeff Meisel, CPA  
Wilma Brown

Chief Financial Officer  
Comptroller

Human Resources:

Michael Grubbs

Director

Law:

H. Eugene Harmon

City Attorney

Information Technology:

Lynn Hartley

Chief Information Officer

Public Safety:

Doug Hawkins  
Greg Johnson

Police Chief  
Fire Chief

Public Works:

Jeff Lashlee

Director

Parks and Recreation:

Brent Belcher

Director

Neighborhood and Community Services:

Brent Childers

Director

## Independent Auditor's Report

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

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Kentucky (the Government) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Policemen and Firemen's Retirement Fund which reflects total assets of \$7,130,353 and total additions of \$1,030,239 for the year ended June 30, 2013. We did not audit the financial statements of Bowling Green Municipal Utilities which represents all of the assets and the revenues as of and for the year ended June 30, 2013 of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Policemen and Firemen's Retirement Fund and Bowling Green Municipal Utilities is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Mountjoy Chilton Medley LLP

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

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

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowling Green as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13 through 24 and pages 67 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section on pages 1 through 9, combining and individual funds statements and schedules on pages 78 through 121, and the statistical section on pages 122 through 141 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

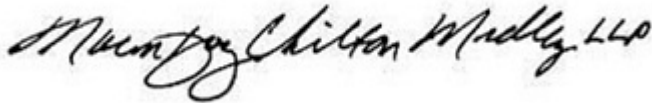
The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Government's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Mungy Chilton Muddly, LLP".

Lexington, Kentucky  
December 9, 2013



## **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, 2013. 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 \$183.9 million (net position). This amount includes \$9.8 million of resources that are restricted to specific projects by laws, regulations or contractual agreements. A total of \$29.3 million of resources are unrestricted and are available to fund the City's outstanding obligations and future programs.
- The City's total net position increased \$12.9 million this year. Net position of governmental activities increased \$11.7 million and net position of business-type activities increased by \$1.2 million.
- As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$51.4 million, an increase of \$1.4 million from the prior year. Of this amount, \$4.1 million in the General Fund was unassigned and available for spending. The City's General Fund minimum reserve policy is 20% of the adopted revenue budget, or \$10.5 million for FY13, and is reflected in the committed fund balance.
- The City's governmental activities total debt decreased by \$9.2 million due to the payment of principal on outstanding debt. Business-type activity debt decreased by \$1.0 million due to the payment of principal on outstanding debt.

### **Overview of Financial Statements**

This report was published under the standards for governmental financial reporting prescribed by the Governmental Accounting Standards Board in 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 or depreciated.

## **Government-Wide Financial Statements**

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

The Statement of Net Position presents information on all the City's assets and liabilities as of June 30, 2013. Net position is the difference between assets and liabilities. Over time, increases or decreases in net position are one indicator of whether financial health is improving or deteriorating. Information on other factors, such as changes in the revenue structure and the condition of the City's assets, is also needed to assess the overall financial situation of the City.

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

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

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

## **Fund Financial Statements**

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

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

fund financial statements. Under accounting guidelines, the City considers the General Fund, WKU Athletics Fund, Debt Service Fund, and ITA Bond Fund to be major governmental funds.

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

### **The City as Trustee**

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

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

#### **NET POSITION**

The following table summarizes the City's financial position as of June 30, 2013. The City reported assets greater than liabilities by \$183.9 million, an increase of \$12.9 million over last year. The gain in net position is primarily a result of increased cash from revenue collections in addition to expenditure reductions. Of the \$183.9 million increase in net position, \$144.9 million or 78.8% was net investment in capital assets and \$29.3 million or 15.9% was unrestricted. The net position of governmental activity funds totaled \$170.1 million, with \$138.0 million or 81.1% net investment in capital assets and \$22.4 million or 13.2% unrestricted. The unrestricted net position of governmental funds includes fund balances of the General Fund and various special revenue funds. Unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors in the future.

**Net Position  
June 30, 2013  
(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$105.2	\$105.7	\$7.2	\$6.1	\$112.3	\$111.8
Capital assets	<u>183.1</u>	<u>180.2</u>	<u>13.6</u>	<u>14.4</u>	<u>196.8</u>	<u>194.6</u>
Total assets	<u>288.3</u>	<u>285.9</u>	<u>20.8</u>	<u>20.5</u>	<u>309.1</u>	<u>306.4</u>
Long-term liabilities	106.2	115.3	5.8	6.7	112.0	122.0
Other liabilities	<u>12.0</u>	<u>12.1</u>	<u>1.2</u>	<u>1.3</u>	<u>13.2</u>	<u>13.4</u>
Total liabilities	<u>118.2</u>	<u>127.4</u>	<u>7.0</u>	<u>8.0</u>	<u>125.2</u>	<u>135.4</u>
Net position:						
Net Investment in capital assets	138.0	135.4	6.8	6.7	144.9	142.1
Restricted for:						
Capital Projects	7.2	6.1	0.0	0.0	7.2	6.1
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0
Community Development	1.6	1.4	0.0	0.0	1.6	1.4
Perpetual Care	0.9	0.8	0.0	0.0	0.9	0.8
Unrestricted	<u>22.4</u>	<u>14.8</u>	<u>7.0</u>	<u>5.9</u>	<u>29.3</u>	<u>20.6</u>
Total net position	<u>\$170.1</u>	<u>\$158.5</u>	<u>\$13.8</u>	<u>\$12.6</u>	<u>\$183.9</u>	<u>\$171.0</u>
*Numbers may not total due to rounding.						

The net position of the City's business-type activities totaled \$13.8 million. Of the net position total, \$6.8 million (49%) was net investment in capital assets and \$7.0 million (51%) was unrestricted.

### Analysis of City Operations

The following table summarizes City operations for the fiscal year ended June 30, 2013. Governmental activities increased the City of Bowling Green's net position by \$11.7 million, accounting for 91% of the total increase. As mentioned earlier, this is due to an increase in assets, particularly cash, as a result of improved revenue collections and expenditure reductions. Business-type activities increased the City's net position by \$1.2 million, which was 9% of the total increase. Likewise, the increase in business-type net position is related to growth in assets through reductions in spending at the golf courses.

**Statement of Activities**  
**For the Year Ended June 30, 2013**  
(In millions)

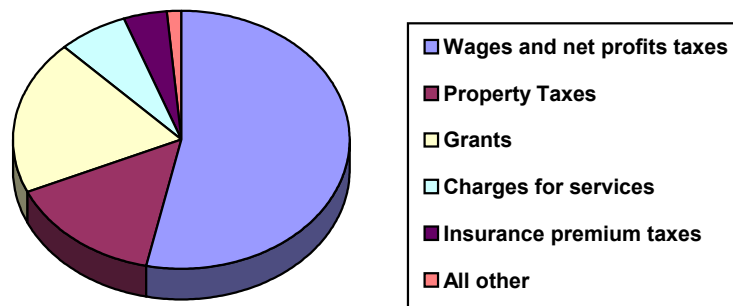
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$5.3	\$4.4	\$2.1	\$2.3	\$7.4	\$6.7
Operating grants and contributions	9.5	7.3	0.0	0.0	9.5	7.3
Capital grants and contributions	5.2	13.5	0.0	0.0	5.2	13.5
General revenue:						
Property taxes	11.8	11.4	0.0	0.0	11.8	11.4
Insurance premium taxes	3.3	3.2	0.0	0.0	3.3	3.2
Transient room taxes	0.0	0.0	0.4	0.4	0.4	0.4
Wages and net profits taxes	41.4	39.5	0.0	0.0	41.4	39.5
Other general revenues	<u>0.9</u>	<u>1.1</u>	<u>0.0</u>	<u>0.2</u>	<u>0.9</u>	<u>1.3</u>
Total revenues	<u>77.4</u>	<u>80.3</u>	<u>2.5</u>	<u>2.9</u>	<u>79.9</u>	<u>83.2</u>
<b>Program expenses</b>						
General government	16.3	15.3	0.0	0.0	16.3	15.3
Public safety	23.1	22.3	0.0	0.0	23.1	22.3
Public works	6.2	7.6	0.0	0.0	6.2	7.6
Parks and recreation	5.3	5.0	0.0	0.0	5.3	5.0
Neighborhood & community services	4.8	5.2	0.0	0.0	4.8	5.2
Community services	1.1	1.3	0.0	0.0	1.1	1.3
Interest on long-term debt	6.6	6.5	0.0	0.0	6.6	6.5
Golf	0.0	0.0	2.0	2.8	2.0	2.8
Aquatics	0.0	0.0	0.9	0.9	0.9	0.9
Convention Center	<u>0.0</u>	<u>0.0</u>	<u>0.7</u>	<u>0.9</u>	<u>0.7</u>	<u>0.9</u>
Total expenses	<u>63.4</u>	<u>63.2</u>	<u>3.6</u>	<u>4.6</u>	<u>67.0</u>	<u>67.8</u>
Increase/decrease in net position before transfers	14.0	17.1	(1.1)	(1.7)	12.9	15.4
Transfers	<u>(2.4)</u>	<u>(2.5)</u>	<u>2.4</u>	<u>2.5</u>	<u>0.0</u>	<u>0.0</u>
Change in net positions	11.6	14.6	1.2	0.8	12.9	15.4
Net position, beginning of year,	<u>158.5</u>	<u>143.9</u>	<u>12.6</u>	<u>11.7</u>	<u>171.0</u>	<u>155.6</u>
Net position end of year	<u>\$170.1</u>	<u>\$158.5</u>	<u>\$13.8</u>	<u>\$12.6</u>	<u>\$183.9</u>	<u>\$171.0</u>

\*Numbers may not total due to rounding

Total revenues for the City's governmental activities totaled \$77.4 million at June 30, 2013, compared to \$80.3 million in the prior year. The decrease in revenue is due to a reduction of contributed capital infrastructure from private development. The City's largest source of revenue, wage and net profits taxes, totaled \$41.4 million or 53.5% of revenue and includes other related occupational license fees during FY2013. The second largest category of governmental revenues was operating and capital grants and contributions, which accounted for \$14.7 million, or 18.9% of total revenue.

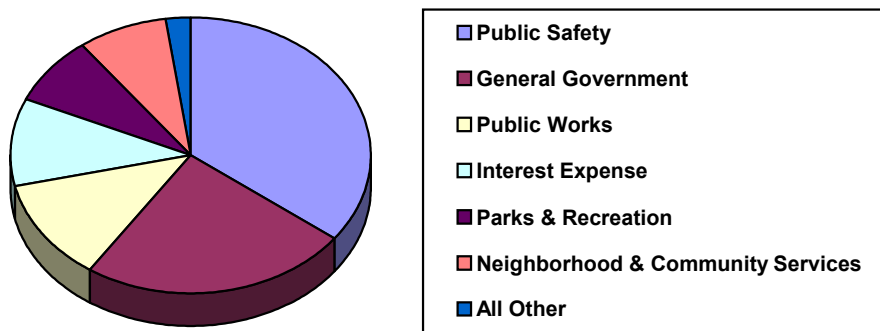
Other revenue sources include property taxes (\$11.8 million), charges for services (\$5.3 million) and insurance premium taxes (\$3.3 million).

#### Governmental Funds Revenue Sources



Current year total expenses of the City's governmental activities totaled \$63.4 million, compared to \$63.2 million in the prior year. The increase in expenses was a result of public safety and general government spending and increased interest expenses. The City's expense category, public safety, had expenses totaling \$23.1 million or 36.4% of total expenses during FY2013. The second largest category of expenses was general government, which totaled \$16.3 million or 25.7% of expenses. Other expense categories include interest expense (\$6.6 million), public works (\$6.2 million), parks and recreation (\$5.3 million) and neighborhood and community services (\$4.8 million).

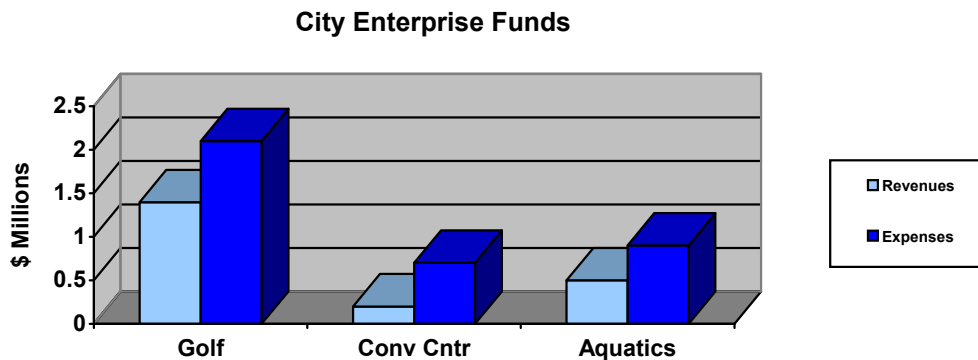
#### Governmental Funds Expenditure Categories



#### Business-type Activities

Revenues for business-type activities totaled \$2.5 million during fiscal year 2013 compared to \$2.9 million reported last year. The decrease in revenue is the result of rainy and unseasonably cool weather during the spring and summer months that reduced participation at City golf courses and the aquatics center. Of this, \$2.1 million or 84.0% was from charges for services. Expenses for business-type activities totaled \$3.6 million during FY2013. The largest program was the operation of three municipal golf courses that account for 55.6% of business-type expenses. The Russell Sims Aquatic Center accounted for

25.0% of business-type expenses and the operation of the Sloan Convention Center accounted for remaining 19.4% of expenses in business-type activities.



### Funds of the City of Bowling Green

The City's governmental funds for the year ended June 30, 2013 reflected a combined ending total fund balance of \$51.4 million, an increase of \$1.4 million from the prior year. The increase in fund balance is a result of cash savings from under-spending set aside for future capital projects. Of the \$51.4 million total fund balance, \$4.1 million was unassigned in the General Fund and available for spending at the City's discretion. The remaining balance is comprised of non-spendable, assigned, committed, or restricted amounts; indicating that the funds were not available for spending, or whose spending was otherwise restricted by state statute or by City ordinance, or had been dedicated to pay outstanding contracts or purchase orders, or to make future debt service payments, or intended to be used for specific purposes, respectfully.

At the end of the fiscal year, the total fund balance in the General Fund was \$18.8 million, which represents an increase of \$0.3 million over the prior year. The increase in fund balance is a result of controlled spending on operating expenditures, personnel attrition with holding of vacancies, and an increase in occupational tax withholding revenue collections. Of the \$18.8 million total fund balance; unassigned fund balance was \$4.1 million and reflected 7.5% of General Fund revenues, representing residual net resources that have not been restricted, committed or assigned to specific purposes. Committed fund balance contains the minimum reserve of 20% of budgeted revenues, or \$10.5 million. Assigned fund balance totaled \$4.1 million or 7.6% of General Fund revenues; non-spendable fund balance was \$102,000 and restricted totaled \$0. The fund balances for these categories represent prepaid items, spending restricted to specific purposes, and funds reserved to pay contracts and purchase orders outstanding as of June 30, 2013.

The WKU Athletics Fund is used to account for the revenues and expenditures associated with the City's \$29,580,000 General Obligation Refunding Bonds, Series 2010 and Series 2011 as well as \$2,045,000 of the City's General Obligation Refunding Bonds, Series 2002B and 2002C. The refunding bond proceeds were utilized to refinance \$27,595,000 of the Series 2002B and 2002C. The original bond issuance was utilized to improve and increase public use of athletic and parking facilities belonging to Western Kentucky University. The University pays the City for the total annual debt service on the bonds each year through student athletic fees. This payment structure results in an offsetting payable and receivable with no fund balance.

The final major governmental fund, the Inter-Modal Transportation Authority, Inc. (ITA) Bond Fund, is used to account for the revenues and expenditures related to the refunding of the ITA mortgage-backed bond issues that funded the acquisition and construction of the Kentucky Transpark. Total fund balance in the ITA Bond Fund is \$13.0 million as of June 30, 2013, compared to \$13.7 million in the prior fiscal year. Of the \$13.0 million total fund balance, \$11.5 million is restricted and \$1.5 million is assigned. The slight decrease in fund balance is due to the payment of debt service obligations with escrowed funds held in fund balance.

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Total net position in the proprietary funds equal \$13.8 million as of June 30, 2013, compared to \$12.6 million last year.

The Golf Fund reported total net position of \$3.6 million for FY2013, compared to \$3.5 million in FY2012, a slight increase of \$0.1 million. The increase in net position is a result of a reduction in personnel and supply and repair costs. Of the total net position, \$3.1 million was Net Investment in Capital Assets and Unrestricted net position was \$0.5 million.

The Aquatics Fund ended the year with total net position of \$1.3 million, an increase of \$0.1 million over last year. The increase can be attributed to decreased repairs and supply costs. Of the total net position, unrestricted net position was \$1.3 million.

The Convention Center Fund had total net position of \$8.9 million, an increase of \$1.1 million over last year. The gain in Convention Center fund net position is related to the increase in cash due to greater interest receipts throughout the year and reduced repairs and maintenance costs. Of the total net position, \$3.7 million was net investment in capital assets, and \$5.2 million was unrestricted.

### **General Fund Budgetary Highlights**

Over the course of the fiscal year, the City Commission approved revisions of the General Fund's budget four times in order to make adjustments for additional revenues collected and to add projects that were not anticipated when the budget was initially adopted. In all, the revenue budget was increased by \$172,000 or +0.3%. The changes are briefly summarized below.

Original revenue estimates were changed by the following:

Grants	\$ 73,500
Employee Withholdings	4,500
Contributions & Donations	76,000
Judgments and Settlements	18,000

The comparison of actual revenue to the final amended revenue budget yields significant budgetary variances for employee withholdings (+\$1.1 million), net profits (+\$0.7 million), and motor vehicle and boat taxes (+\$0.1 million). An optimistic approach was used when projecting the FY2013 employee withholdings and growth of +5.3% was assumed in the budget process. During the fiscal year, employee



withholdings realized actual collections of +3.6% over the previous year and future budget projections were updated accordingly. Net profits rebounded impressively in FY13 and resulted in \$658,000 of excess collections above the estimated budget, which was +\$820,000 over the prior year's actual receipts. The increased collections posted in motor vehicle and boat tax were due to omitted receipts from the state and higher property value assessments.

The total expenditure budget decreased by \$346,250 (-0.8%) during the year. The decrease was primarily due to the reclassification of personnel appropriations, which resulted from under-spending, to transfer-out appropriations to fund capital projects in the Smallhouse/Cavemill Intersection Fund, Municipal Facilities Fund, 800 Trunking Radio Improvement Fund, Technology and Equipment Funds (\$412,250). Other major changes were due to the following:

General Government	\$ (11,250)
Parks and Recreation	(94,500)
Neighborhood & Community Services	(129,500)
Other Community Services	(93,750)
Public Works	395,000

The comparison of actual expenditures to the final amended expenditure budget results in significant budgetary variances in the following activities: Community Services (\$0.2 million), Public Works (\$0.3 million), and General Government (\$0.2 million). The positive variances are a result of unspent budgeted projects, disciplined under-spending and budget cuts made during fiscal year 2013.

### **Capital Assets**

The City's investment in capital assets totaled \$196.7 million as of June 30, 2013, which represented an increase of \$2.1 million over last year. This investment includes land, buildings, infrastructure, improvements, vehicles, equipment and intangible assets. For governmental activities, investments totaled \$183.1 million, an increase of \$2.9 million over FY12.

This year's major capital additions included the following:

Replacement of 8 police cruisers at \$25,710 each	\$ 205,680
Lampkin Park ballfield improvements	122,519
Voice Over Internet Protocol phone system	101,370
Parks and Recreation locker room renovation	95,629
Case Backhoe vehicle	95,400
In-car camera equipment and storage system	60,180
Parker Bennett Community Center improvements	50,501
Paul Walker Golf Course greens improvements	45,534

The following table summarizes the changes in net capital assets:

**(Net of Depreciation, Stated in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land (including Restricted Land)	\$17.6	\$17.6	\$2.7	\$2.7	\$20.3	\$20.3
Infrastructure	114.1	110.2	0.0	0.0	114.1	110.2
Buildings	28.2	29.1	6.6	7.0	34.8	36.1
Improvements other than buildings	15.3	15.9	3.8	4.2	19.1	20.1
Vehicles, equipment, and furniture	3.8	4.4	0.3	0.3	4.1	4.7
Construction in progress	1.5	0.3	0.0	0.0	1.5	0.3
Intangibles	2.6	2.7	0.0	0.0	2.6	2.7
Property held under capital lease	<u>0.0</u>	<u>0.0</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total*	<u>\$183.1</u>	<u>\$180.2</u>	<u>\$13.6</u>	<u>\$14.4</u>	<u>\$196.7</u>	<u>\$194.6</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 2013 found that 98% of streets and 94% of sidewalks met or exceeded this goal, which is 1% higher and 2% higher than FY12, respectively. The estimated amount needed to maintain City streets at the specified levels for FY14 is \$900,000 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 3C.

### Debt Administration

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

Prior to the issuance of GO bonds, mortgage revenue bonds were issued through various public corporations in order to finance public projects. For mortgage revenue bonds, the City entered into automatically annually renewable lease agreements with the corporations whereby lease payments from the City, combined with revenues generated by the operation of the facilities, were sufficient to meet debt service obligations. The underlying security for the bonds was the annually renewable lease agreements and the underlying mortgages on the property. Revenue bonds, where only the revenues from the operation of the facilities are pledged as security for the bonds, are now issued primarily to finance improvements to the sanitary 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 \$121.2 million in bonds and notes outstanding net of bond discounts and premiums. During FY2013, the City issued \$4,200,000 in General Obligation Refunding Bonds, Series 2013 for the purpose of refinancing \$2,305,000 of the Series 2002 and \$1,900,000 of the Series 2004B bonds.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation & revenue bonds	\$110.5	\$119.4	\$7.3	\$8.3	\$117.8	\$127.7
Notes & lease purchase agreements	2.9	3.4	0.0	0.0	2.9	3.4
Compensated absences	1.7	1.6	0.0	0.0	1.7	1.6
Landfill post-closure costs	1.3	1.0	0.0	0.0	1.3	1.0
Bond premium/discount and refunding loss	<u>(2.0)</u>	<u>(2.4)</u>	<u>(0.5)</u>	<u>(0.6)</u>	<u>(2.5)</u>	<u>(3.0)</u>
Total	<u>\$114.4</u>	<u>\$123.0</u>	<u>\$6.8</u>	<u>\$7.8</u>	<u>\$121.2</u>	<u>\$130.8</u>

\*Numbers may not total due to rounding.

The City maintains bond ratings of "Aa2" from Moody's and "AA-" from Standard & Poors. Despite the provisions for the issuance of GO debt already discussed, legal limits remain on the total amount of GO indebtedness that may be incurred. The Kentucky Constitution provides that the total principal amount of City net indebtedness, which excludes self-supporting obligations, revenue bonds, special assessment debt, and non-tax supported debt, cannot exceed 10% of the value of taxable property in the City. Therefore, the City's debt margin is \$494.2 million.

**Next Year's Budget**

During the budget planning for FY2014, revenue growth projections were kept conservative to avoid budget shortfall and constrain spending. However, there were adjustments made in certain revenue lines to align with what was shaping up with the FY2013 actuals at the time, particularly in the occupational license fee revenues. The FY2014 adopted General Fund budget utilizes \$300,000 of unassigned fund balance to provide for capital project funding.

The FY2014 adopted expenditure budget for all funds increased by 4.3% over the FY2013 original budget and includes a 1.7% cost of living (COLA) adjustments for all employees and average step adjustments of an additional 1.28% for most employees. The FY2014 budget also allows for increases in debt service requirements and capital improvement spending. There is \$22.3 million budgeted for Capital Improvement Projects, which includes debt service. This is a 16.3% increase over the \$18.6 million CIP budget in FY2013. The FY2014 budget also continues funding in committed fund balance equal to 20%

of adopted general fund revenue budget or \$10.7 million. The committed fund balance acts as the City's 'rainy day' account and can be accessed by a majority Board of Commissioners vote.

Improvements in community livability, traffic and roads, parks and golf courses, and a continued investment in technology are some of the highlights of the capital budget in FY2014. The City also plans to continue to honor existing commitments in FY2014, 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, PO Box 430, Bowling Green, Kentucky, 42102-0430 or can be e-mailed to [jeff.meisel@bgky.org](mailto:jeff.meisel@bgky.org).

**City of Bowling Green, Kentucky**  
**Statement of Net Position**  
**June 30, 2013**

	Primary Government			Component
	Governmental	Business-Type		Units
	Activities	Activities	Total	
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 28,278,988	\$ -	\$ 28,278,988	\$ -
Non-pooled cash and cash equivalents	1,390,289	3,970,143	5,360,432	9,519,323
Investments	19,049,051	3,065,436	22,114,487	100,000
Receivables (net):				
Accounts	94,278	54,570	148,848	9,467,294
Other	285,191	-	285,191	6,810,451
Accrued interest	59,628	-	59,628	-
Due from other governmental units	328,756	-	328,756	-
Due from Western Kentucky University	28,790,000	-	28,790,000	-
Deferred charges	934,714	-	934,714	-
Prepaid items	425,022	-	425,022	565,742
Prepaid rent	13,029,090	-	13,029,090	-
Inventories	154,492	92,778	247,270	1,367,840
Other assets	-	-	-	323,127
Restricted assets:				
Non-pooled cash and cash equivalents	12,369,145	-	12,369,145	-
Restricted cash - TVA	-	-	-	469,571
Investments	-	-	-	6,162,432
Capital assets, net of accumulated depreciation:				
Non-depreciable	122,321,776	2,744,198	125,065,974	74,487,833
Depreciable	60,823,067	10,874,479	71,697,546	125,321,342
Total assets	288,333,487	20,801,604	309,135,091	234,594,955
<b>LIABILITIES</b>				
Vouchers and accounts payable	902,020	62,075	964,095	9,045,056
Accrued payroll	1,313,476	85,585	1,399,061	-
Accrued interest payable	766,067	22,727	788,794	1,197,353
Insurance claims payable	191,417	-	191,417	-
Other current liabilities	989	-	989	2,555,091
Unearned revenue	206,455	-	206,455	-
Deposits	485,021	-	485,021	4,117,440
Noncurrent liabilities:				
Due within one year				
Compensated absences	923,489	30,805	954,294	707,939
Bonds payable	6,705,779	1,013,429	7,719,208	4,312,491
Notes and capital lease obligations	412,231	4,308	416,539	40,234
Landfill closure and post closure costs	41,007	-	41,007	-
Due in more than one year				
Bonds payable	101,795,931	5,739,130	107,535,061	86,916,131
Notes and capital lease obligations	2,459,272	30,082	2,489,354	127,106
Compensated absences	765,206	15,077	780,283	379,618
Landfill closure and post closure costs	1,226,734	-	1,226,734	-
Advances from customers and TVA	-	-	-	56,861
Total liabilities	118,195,094	7,003,218	125,198,312	109,455,320
<b>NET POSITION</b>				
Net investment in capital assets	138,027,516	6,831,728	144,859,244	108,791,580
Restricted for:				
Debt service	-	-	-	5,653,386
Capital projects	7,219,041	-	7,219,041	-
Community development	1,649,286	-	1,649,286	-
Perpetual care (nonexpendable)	887,315	-	887,315	-
Unrestricted	22,355,235	6,966,658	29,321,893	10,694,669
Total net position	\$ 170,138,393	\$ 13,798,386	\$ 183,936,779	\$ 125,139,635

See accompanying notes

**City of Bowling Green, Kentucky**  
**Statement of Activities**  
**Year Ended June 30, 2013**

Function/Programs	Program Revenues				Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities:								
General government	\$ 16,265,264	\$ 4,650,906	\$ 4,927,012	\$ 2,445,539	\$ (4,241,807)	\$ -	\$ (4,241,807)	\$ -
Public safety	23,180,539	252,181	1,326,436	1,801,121	(19,800,801)	-	(19,800,801)	-
Public works	6,207,967	-	-	815,930	(5,392,037)	-	(5,392,037)	-
Parks and recreation	5,280,474	380,360	-	-	(4,900,114)	-	(4,900,114)	-
Neighborhood and comm. services	4,787,160	-	3,285,020	106,516	(1,395,624)	-	(1,395,624)	-
Community services	1,070,544	-	-	-	(1,070,544)	-	(1,070,544)	-
Interest expense	6,634,088	-	-	-	(6,634,088)	-	(6,634,088)	-
Total governmental activities	63,426,036	5,283,447	9,538,468	5,169,106	(43,435,015)	-	(43,435,015)	-
Business-type activities:								
Golf course	2,066,604	1,368,727	-	-	-	(697,877)	(697,877)	-
Aquatics	885,993	477,508	-	-	-	(408,485)	(408,485)	-
Convention center	673,102	212,823	-	-	-	(460,279)	(460,279)	-
Total business-type activities	3,625,699	2,059,058	-	-	-	(1,566,641)	(1,566,641)	-
Total primary government	\$ 67,051,735	\$ 7,342,505	\$ 9,538,468	\$ 5,169,106	(43,435,015)	(1,566,641)	(45,001,656)	-
COMPONENT UNITS								
Bowling Green Municipal Utilities	\$ 104,170,516	\$ 107,798,765	\$ -	\$ 403,985	-	-	-	4,032,234
Total component units	\$ 104,170,516	\$ 107,798,765	\$ -	\$ 403,985	-	-	-	4,032,234
General revenues:								
Property taxes					11,763,153	-	11,763,153	-
Insurance premium taxes					3,342,087	-	3,342,087	-
Transient room taxes					-	460,640	460,640	-
Wages and net profits taxes					41,392,272	-	41,392,272	-
Investment income					644,577	6	644,583	184,247
Gain on sale of capital assets					53,678	-	53,678	-
Miscellaneous					251,083	-	251,083	791,864
Total general revenues					57,446,850	460,646	57,907,496	976,111
Transfers					(2,351,760)	2,351,760	-	-
					55,095,090	2,812,406	57,907,496	976,111
Change in net position					11,660,075	1,245,765	12,905,840	5,008,345
Net position, beginning of year					158,478,318	12,552,621	171,030,939	120,131,290
Net position, end of year					\$ 170,138,393	\$ 13,798,386	\$ 183,936,779	\$ 125,139,635

See accompanying notes

**City of Bowling Green, Kentucky**  
**Balance Sheet – Governmental Funds**  
**June 30, 2013**

	General	WKU Athletics	Debt Service	ITA Bond	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ 10,191,932	\$ -	\$ -	\$ 1,472,055	\$ 13,720,855	\$ 25,384,842
Non-pooled cash and cash equivalents	126,401	-	-	-	1,263,888	1,390,289
Investments	10,538,539	-	-	-	3,773,064	14,311,603
Receivables (net of allowances for uncollectibles):						
Accounts	44,045	-	-	-	20,233	64,278
Western Kentucky University	-	28,790,000	-	-	-	28,790,000
Interest	43,632	-	-	-	5,243	48,875
Due (to) from other funds	9,203	-	(9,203)	-	-	-
Due from other governmental units	116,046	-	-	-	212,710	328,756
Prepaid items	102,022	-	-	-	-	102,022
Restricted assets:						
Non-pooled cash and cash equivalents	-	-	9,203	11,543,320	816,622	12,369,145
Total assets	<u>\$ 21,171,820</u>	<u>\$ 28,790,000</u>	<u>\$ -</u>	<u>\$ 13,015,375</u>	<u>\$ 19,812,615</u>	<u>\$ 82,789,810</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Vouchers and accounts payable	\$ 401,107	\$ -	\$ -	\$ -	\$ 261,364	\$ 662,471
Accrued payroll	1,268,998	-	-	-	21,588	1,290,586
Deferred revenue	206,455	28,790,000	-	-	989	28,997,444
Security deposits	485,021	-	-	-	-	485,021
Total liabilities	<u>2,361,581</u>	<u>28,790,000</u>	<u>-</u>	<u>-</u>	<u>283,941</u>	<u>31,435,522</u>
<b>Fund Balances</b>						
<b>Non-spendable</b>						
Prepaid items	102,022	-	-	-	-	102,022
<b>Restricted for:</b>						
Cemetery perpetual	-	-	-	-	816,622	816,622
Community services	-	-	-	-	1,036,554	1,036,554
Public works	-	-	-	-	2,159,485	2,159,485
Public safety	-	-	-	-	1,866,579	1,866,579
Debt service reserve	-	-	-	11,543,321	-	11,543,321
Parks and recreation	-	-	-	-	22,563	22,563
<b>Committed to:</b>						
Economic stabilization	10,476,400	-	-	-	331,586	10,807,986
Public safety	-	-	-	-	1,628,023	1,628,023
Public works	-	-	-	-	2,133,831	2,133,831
<b>Assigned to:</b>						
Capital projects	2,516,695	-	-	-	6,806,225	9,322,920
Debt service	-	-	-	1,472,054	2,367,645	3,839,699
General government	190,825	-	-	-	-	190,825
Public safety	91,128	-	-	-	-	91,128
Public works	366,786	-	-	-	-	366,786
Neighborhood and community service	27,888	-	-	-	288,867	316,755
Parks and recreation	471,483	-	-	-	-	471,483
Other purposes	482,885	-	-	-	70,694	553,579
<b>Unassigned</b>	<u>4,084,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,084,127</u>
Total fund balances	<u>18,810,239</u>	<u>-</u>	<u>-</u>	<u>13,015,375</u>	<u>19,528,674</u>	<u>51,354,288</u>
Total liabilities and fund balances	<u>\$ 21,171,820</u>	<u>\$ 28,790,000</u>	<u>\$ -</u>	<u>\$ 13,015,375</u>	<u>\$ 19,812,615</u>	<u>\$ 82,789,810</u>

See accompanying notes

**City of Bowling Green, Kentucky**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2013**

Fund balances - total governmental funds		\$	51,354,288
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets	222,178,442	
Less accumulated depreciation	<u>(39,163,076)</u>	183,015,366

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

7,807,932

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.

29,075,191

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

13,029,090

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	(110,499,806)	
Premiums, deferred charges and discounts on bond obligations	1,998,096	
Deferred charges for issuance costs (to be amortized over the life of debt)	934,711	
Notes and lease purchase agreements	(2,871,503)	
Accrued interest payable	(766,067)	
Accrued compensated absences	(1,671,164)	
Landfill postclosure care	<u>(1,267,741)</u>	<u>(114,143,474)</u>

Total net position		\$	<u><u>170,138,393</u></u>
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**City of Bowling Green, Kentucky**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Government Funds**  
**Year Ended June 30, 2013**

	General	WKU Athletics	Debt Service	ITA Bond	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 11,237,164	\$ -	\$ -	\$ -	\$ 405,093	\$ 11,642,257
Insurance premium taxes	1,450,842	-	-	-	1,891,245	3,342,087
Wages and net profits taxes	39,138,971	-	-	-	2,253,301	41,392,272
Licenses and permits	1,196,829	-	-	-	-	1,196,829
Intergovernmental	139,131	2,389,433	-	-	7,170,920	9,699,484
Investment income	98,600	-	-	433,673	64,961	597,234
Charges for services	577,827	-	-	-	77,453	655,280
Parks and recreation	345,951	-	-	-	-	345,951
Rent income	-	-	-	3,698,284	-	3,698,284
Miscellaneous	213,766	-	-	-	1,831,322	2,045,088
<b>Total Revenues</b>	<b>54,399,081</b>	<b>2,389,433</b>	<b>-</b>	<b>4,131,957</b>	<b>13,694,295</b>	<b>74,614,766</b>
<b>EXPENDITURES</b>						
Current:						
General government	5,749,885	-	-	-	179,806	5,929,691
Public safety	23,581,829	-	-	-	2,571,489	26,153,318
Public works	5,859,889	-	-	-	1,751,341	7,611,230
Parks and recreation	5,733,383	-	-	-	-	5,733,383
Neighborhood and community services	1,456,207	-	-	-	3,523,091	4,979,298
Community services	423,326	-	-	-	-	423,326
Capital Outlay	-	-	-	-	3,883,548	3,883,548
Debt Service:						
Principal	-	1,410,000	3,651,355	4,580,500	490,000	10,131,855
Interest and fiscal charges	-	979,433	1,660,750	1,553,206	1,122,587	5,315,976
<b>Total Expenditures</b>	<b>42,804,519</b>	<b>2,389,433</b>	<b>5,312,105</b>	<b>6,133,706</b>	<b>13,521,862</b>	<b>70,161,625</b>
Excess (deficiency) of revenues over (under) expenditures	11,594,562	-	(5,312,105)	(2,001,749)	172,433	4,453,141
Other financing sources (uses):						
Transfers in	30,000	-	5,312,107	1,327,790	5,877,333	12,547,230
Transfers out	(11,321,072)	-	-	-	(4,311,651)	(15,632,723)
Issuance of refunding debt	-	-	4,099,807	-	-	4,099,807
Premium from bond refunding	-	-	170,747	-	-	170,747
Payment to refunded debt escrow agent	-	-	(4,281,161)	-	-	(4,281,161)
Proceeds from the sale of capital assets	19,731	-	-	-	-	19,731
<b>Total other financing sources (uses)</b>	<b>(11,271,341)</b>	<b>-</b>	<b>5,301,500</b>	<b>1,327,790</b>	<b>1,565,682</b>	<b>(3,076,369)</b>
<b>Net change in fund balances</b>	<b>323,221</b>	<b>-</b>	<b>(10,605)</b>	<b>(673,959)</b>	<b>1,738,115</b>	<b>1,376,772</b>
Fund balances, beginning	18,487,018	-	10,605	13,689,334	17,790,559	49,977,516
<b>Fund balances, ending</b>	<b>\$ 18,810,239</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,015,375</b>	<b>\$ 19,528,674</b>	<b>\$ 51,354,288</b>

See accompanying notes

**City of Bowling Green, Kentucky**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of the Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2013**

Net change in fund balances - total governmental funds \$ 1,376,772

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

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

Capital asset additions	6,774,908	
Depreciation expense	(3,589,779)	
Sales of capital assets	<u>33,947</u>	3,219,076

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

Payments on these receivables are recorded as revenue in the governmental funds and reduction of the receivable in the statement of net position. (1,424,073)

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term and related items. 8,838,371

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. 230,828

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. 37,791

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	(133,496)
Landfill postclosure care	(228,421)

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. (256,773)

Change in net position of governmental activities	<u>\$ 11,660,075</u>
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**City of Bowling Green, Kentucky**  
**Statement of Net Position – Proprietary Funds**  
**June 30, 2013**

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Golf	Aquatics	Convention Center	Total
<b>ASSETS</b>				
Current Assets				
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Non-pooled cash and cash equivalents	640,501	1,121,714	2,207,928	3,970,143
Investments	-	267,356	2,798,080	3,065,436
Accounts receivable	7,331	316	46,923	54,570
Interest receivable	-	-	-	-
Lease receivable from component unit	-	-	23,082	23,082
Inventories	92,778	-	-	92,778
Prepaid items	-	-	-	-
Total current assets	<u>740,610</u>	<u>1,389,386</u>	<u>5,076,013</u>	<u>7,206,009</u>
Noncurrent portion of lease receivable from component unit	-	-	140,787	140,787
Capital assets				
Land	248,543	200,991	2,290,764	2,740,298
Construction in progress	3,900	-	-	3,900
Buildings	1,734,994	210,684	10,562,775	12,508,453
Improvements other than buildings	-	5,647,802	-	5,647,802
Golf course improvements	4,816,473	-	-	4,816,473
Machinery and equipment	793,157	31,516	1,422,984	2,247,657
Property held under capital lease	306,633	-	-	306,633
	<u>7,903,700</u>	<u>6,090,993</u>	<u>14,276,523</u>	<u>28,271,216</u>
Less accumulated depreciation	<u>(4,269,692)</u>	<u>(3,769,822)</u>	<u>(6,613,025)</u>	<u>(14,652,539)</u>
Capital assets, net	<u>3,634,008</u>	<u>2,321,171</u>	<u>7,663,498</u>	<u>13,618,677</u>
Total noncurrent assets	<u>3,634,008</u>	<u>2,321,171</u>	<u>7,804,285</u>	<u>13,759,464</u>
Total assets	<u>\$ 4,374,618</u>	<u>\$ 3,710,557</u>	<u>\$ 12,880,298</u>	<u>\$ 20,965,473</u>
<b>LIABILITIES</b>				
Current liabilities				
Vouchers and accounts payable	\$ 32,011	\$ 10,063	\$ 20,001	\$ 62,075
Accrued payroll	45,864	39,164	557	85,585
Accrued interest payable	1,648	8,305	12,774	22,727
Insurance claims payable	-	-	-	-
Current portion of compensated absences	30,080	725	-	30,805
Current portion of capital lease obligations	4,308	-	-	4,308
Capital lease due to component unit	23,082	-	-	23,082
Current portion of bond obligations	38,429	345,000	630,000	1,013,429
	<u>175,422</u>	<u>403,257</u>	<u>663,332</u>	<u>1,242,011</u>
Noncurrent liabilities				
Noncurrent portion of compensated absences	12,144	2,933	-	15,077
Noncurrent portion of capital lease obligations	30,082	-	-	30,082
Noncurrent portion of capital lease due to component units	140,787	-	-	140,787
Noncurrent portion of bond obligations	442,592	2,029,563	3,266,975	5,739,130
Total noncurrent liabilities	<u>625,605</u>	<u>2,032,496</u>	<u>3,266,975</u>	<u>5,925,076</u>
Total liabilities	<u>801,027</u>	<u>2,435,753</u>	<u>3,930,307</u>	<u>7,167,087</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,118,597	(53,392)	3,766,523	6,831,728
Unrestricted	454,994	1,328,196	5,183,468	6,966,658
Total net position	<u>\$ 3,573,591</u>	<u>\$ 1,274,804</u>	<u>\$ 8,949,991</u>	<u>\$ 13,798,386</u>

See accompanying notes

**City of Bowling Green, Kentucky**  
**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds**  
**Year Ended June 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Golf	Aquatics	Convention Center	Total	
<b>OPERATING REVENUES</b>					
Transient room taxes	\$ -	\$ -	460,640	\$ 460,640	\$ -
Charges for services	1,124,505	374,821	212,823	1,712,149	2,002,638
Sales of merchandise and concessions	244,222	102,670	-	346,892	-
Insurance premiums	-	-	-	-	4,897,050
Judgements and settlements	-	17	-	17	22,132
Contributions and donations	-	-	-	-	2,748
Miscellaneous	-	-	-	-	2,772
<b>Total operating revenues</b>	<b>1,368,727</b>	<b>477,508</b>	<b>673,463</b>	<b>2,519,698</b>	<b>6,927,340</b>
<b>OPERATING EXPENSES</b>					
Cost of sales	172,711	52,217	-	224,928	-
Personnel services	1,020,353	232,258	13,298	1,265,909	587,586
Contractual services	156,739	10,198	42,995	209,932	407,166
Supplies	271,821	64,793	-	336,614	1,232,542
Utilities	88,926	78,544	-	167,470	31,750
Repairs and maintenance	68,784	26,592	36,562	131,938	251,318
Insurance premiums and claims	-	-	-	-	5,425,962
Depreciation	226,742	289,580	347,508	863,830	13,966
Miscellaneous	35,102	574	24	35,700	14,898
<b>Total operating expenses</b>	<b>2,041,178</b>	<b>754,756</b>	<b>440,387</b>	<b>3,236,321</b>	<b>7,965,188</b>
<b>Operating income (loss)</b>	<b>(672,451)</b>	<b>(277,248)</b>	<b>233,076</b>	<b>(716,623)</b>	<b>(1,037,848)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	181	2,272	(2,447)	6	47,342
Gain/(loss) on disposal of assets	-	(3,740)	-	(3,740)	-
Interest expense	(24,565)	(108,878)	(163,851)	(297,294)	-
Amortization	(861)	(18,619)	(68,864)	(88,344)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(25,245)</b>	<b>(128,965)</b>	<b>(235,162)</b>	<b>(389,372)</b>	<b>47,342</b>
<b>Income (loss) before transfers</b>	<b>(697,696)</b>	<b>(406,213)</b>	<b>(2,086)</b>	<b>(1,105,995)</b>	<b>(990,506)</b>
Transfers in	739,772	514,191	1,097,797	2,351,760	833,733
Transfers out	-	-	-	-	(100,000)
<b>Change in net position</b>	<b>42,076</b>	<b>107,978</b>	<b>1,095,711</b>	<b>1,245,765</b>	<b>(256,773)</b>
<b>Net position, beginning</b>	<b>3,531,515</b>	<b>1,166,826</b>	<b>7,854,280</b>	<b>12,552,621</b>	<b>8,064,705</b>
<b>Net position, ending</b>	<b>\$ 3,573,591</b>	<b>\$ 1,274,804</b>	<b>\$ 8,949,991</b>	<b>\$ 13,798,386</b>	<b>\$ 7,807,932</b>

See accompanying notes

**City of Bowling Green, Kentucky**  
**Statement of Cash Flows – Proprietary Funds**  
**Year Ended June 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Golf	Aquatics	Convention Center	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 1,361,396	\$ 477,192	\$ 202,264	\$ 2,040,852	\$ 6,905,747
Other cash receipts	-	-	460,640	460,640	-
Cash payments to employees	(1,203,087)	(280,815)	(13,279)	(1,497,181)	(585,211)
Cash payments to suppliers	(622,216)	(191,888)	(81,430)	(895,534)	(1,813,605)
Claims paid	-	-	-	-	(5,451,440)
Net cash provided by (used in) operating activities	(463,907)	4,489	568,195	108,777	(944,509)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in (out)	739,772	514,191	1,097,797	2,351,760	733,733
Net cash provided by noncapital financing activities	739,772	514,191	1,097,797	2,351,760	733,733
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(62,372)	-	-	(62,372)	-
Principal paid on bond obligations	(36,465)	(335,800)	(640,000)	(1,012,265)	-
Principal proceeds paid on component unit lease, net	(23,082)	-	-	(23,082)	-
Principal paid on capital leases	(15,867)	-	-	(15,867)	-
Interest paid on debt obligations	(25,340)	(109,728)	(163,851)	(298,919)	-
Net cash used in capital and related financing activities	(163,126)	(445,528)	(803,851)	(1,412,505)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	181	2,272	(2,447)	6	51,883
Purchase of investments	-	-	(617,564)	(617,564)	-
Proceeds from sale of investments	-	7,588	-	7,588	540,124
Cash received from lease property	-	-	23,082	23,082	-
Net cash provided by (used in) investing activities	181	9,860	(596,929)	(586,888)	592,007
Net increase (decrease) in cash and cash equivalents	112,920	83,012	265,212	461,144	381,231
Cash and cash equivalents, beginning of year	527,581	1,038,702	1,942,716	3,508,999	2,512,915
Cash and cash equivalents, end of year	\$ 640,501	\$ 1,121,714	\$ 2,207,928	\$ 3,970,143	\$ 2,894,146
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (672,451)	\$ (277,248)	\$ 233,076	\$ (716,623)	\$ (1,037,848)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	226,742	289,580	347,508	863,830	13,966
Change in assets and liabilities					
Accounts receivable	(7,331)	(316)	(10,559)	(18,206)	(21,593)
Inventories	9,395	-	-	9,395	21,383
Accounts payable	(10,239)	(11,187)	(1,849)	(23,275)	102,686
Compensated absences	(5,721)	172	-	(5,549)	1,590
Accrued payroll	(4,302)	3,488	19	(795)	785
Insurance claims payable	-	-	-	-	(25,478)
Net cash provided by (used in) operating activities	\$ (463,907)	\$ 4,489	\$ 568,195	\$ 108,777	\$ (944,509)

See accompanying notes

**City of Bowling Green, Kentucky**  
**Statement of Fiduciary Net Position**  
**June 30, 2013**

	Pension Trust - Police & Firemen's Retirement	Agency Funds
<b>ASSETS</b>		
Pooled cash and cash equivalents	\$ -	\$ 106,385
Non-pooled cash and cash equivalents	245,029	1,696,208
Accrued interest receivable	32,600	-
Investments		
Corporate securities	1,864,552	-
Mutual funds	3,282,056	-
Kentucky local municipal bonds	1,606,662	-
United States government securities	99,454	-
Total investments at fair value	<u>6,852,724</u>	<u>-</u>
Total assets	<u>\$ 7,130,353</u>	<u>\$ 1,802,593</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,993	\$ -
Due to other governmental units	-	106,385
Other liabilities	<u>-</u>	<u>1,696,208</u>
Total liabilities	<u>1,993</u>	<u>\$ 1,802,593</u>
<b>NET POSITION</b>		
Held in trust for pension benefits	<u>\$ 7,128,360</u>	

See accompanying notes

**City of Bowling Green, Kentucky**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2013**

	Pension Trust - Police & Firemen's Retirement
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 400,000
Investment income	
Net appreciation in fair value of investments	414,972
Interest	152,466
Dividends	62,801
	<hr/>
Total investment earnings	630,239
	<hr/>
Total additions	1,030,239
	<hr/>
<b>DEDUCTIONS</b>	
Benefit payments	951,864
Administrative expenses	19,774
	<hr/>
Total deductions	971,638
	<hr/>
Change in net position	58,601
Net position, beginning of year	7,069,759
	<hr/>
Net position, end of year	\$ 7,128,360
	<hr/> <hr/>

See accompanying notes

**City of Bowling Green, Kentucky**  
**Statement of Net Position**  
**Component Units**  
**June 30, 2013**

	Bowling Green Municipal Utilities
<b>ASSETS</b>	
Non-pooled cash and cash equivalents	\$ 9,519,323
Investments	100,000
Receivables (net):	
Accounts	9,467,294
Other	6,810,451
Inventories	1,367,840
Prepaid items	565,742
Restricted assets:	
Restricted cash - TVA	469,571
Investments	6,162,432
Other assets	323,127
Capital assets, net of accumulated depreciation:	
Non-depreciable	74,487,833
Depreciable	125,321,342
Total assets	<u>\$ 234,594,955</u>
<b>LIABILITIES</b>	
Vouchers and accounts payable	\$ 9,045,056
Compensated absences payable	707,939
Accrued interest payable	1,197,353
Other current liabilities	2,555,091
Customer advances	56,861
Security deposits	4,117,440
Compensated absences payable, noncurrent	379,618
Noncurrent liabilities	
Due within one year	4,352,725
Due in more than one year	87,043,237
Total liabilities	<u>109,455,320</u>
<b>NET POSITION</b>	
Net investment in capital assets	108,791,580
Restricted for capital activities and debt service	5,653,386
Unrestricted	10,694,669
Total net position	<u>\$ 125,139,635</u>

See accompanying notes



City of Bowling Green, Kentucky  
Statement of Activities  
Component Units  
Year Ended June 30, 2013

Function/Programs	Expenses	Program Revenues			Net (expense) Revenue and Changes in Net Position Bowling Green Municipal Utilities
		Charges for Services	Operating Contributions	Capital Contributions	
Bowling Green Municipal Utilities	\$ 104,170,516	\$ 107,798,765	\$ -	\$ 403,985	\$ 4,032,234
<b>General revenues:</b>					
	Investment income				184,247
	Miscellaneous				791,864
	Total general revenues				<u>976,111</u>
	Change in net position				5,008,345
	Net position, beginning of year				<u>120,131,290</u>
	Net position, end of year				<u><u>\$ 125,139,635</u></u>

See accompanying notes

## CITY OF BOWLING GREEN, KENTUCKY

### NOTES TO FINANCIAL STATEMENTS

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

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

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

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

**Governmental Fund Type**

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

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

**Bowling Green Municipal Projects Corporation.** The non-profit corporation was organized as an agency and instrumentality of the City to facilitate the financing of public capital projects. The corporation's articles of incorporation contain provisions for the City's governing body to retain organizational and supervisory control over the corporation's activities as a constituted authority of the City. The corporation 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.

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.

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

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

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

**Proprietary Fund Type**

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

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

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

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

**C. Joint Venture** - The Inter-Modal Transportation Authority, Inc. (ITA) is a non-profit corporation organized for the purpose of acquiring and financing public projects and public facilities as an agent for the City and the County of Warren, Kentucky, jointly. In the year ended June 30, 2008, the City approved the issuance of General Obligation bonds (Series 2007 B & C) in the amount of \$27,415,000 to refinance the ITA's mortgage-backed bonds that were outstanding. The City entered into a ground lease with the Authority, providing for the City's acquisition of a leasehold estate in the project. The City, Warren County, and the Authority entered into a Contract, Lease & Option agreement in which the Authority and County shall lease back the project from the City in consideration of rental payments to be utilized by the City in support of the payment of principal and interest on the general obligation bonds. The City and Warren County have each pledged to evenly share any shortfalls towards payment of debt service on the outstanding bonds. In 2013, the ITA and Warren County made rental payments of \$1,352,784. In addition, land sale proceeds totaling \$2,345,500 were used to retire a portion of the Series 2007B and 2007C debt. The City was required to fund an additional \$1,302,784 related to the required debt service payments. The separately audited financial statements of the ITA can be obtained from the finance department of the City.

**D. Basic Financial Statements**

**Government-wide and Fund Financial Statements**

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

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

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

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

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

**Basis of Accounting and Financial Statement Presentation**

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

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

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

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

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

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

**E. Basis of Presentation**

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

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

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

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

The **WKU Athletics Debt Service Fund** is used to account for revenues received from Western Kentucky University (WKU) consisting of student athletic fees and suite rentals collected by WKU and remitted to the City pursuant to the Memorandum of Agreement between the City, WKU and the Hilltopper Athletic Foundation. The student athletic fees and suite rentals are to be paid to the City each year in sufficient amounts to pay debt services on the City's \$27,775,000 General Obligation and Special Revenue Bonds, Series 2010 and \$1,805,000 General Obligation and Special Revenues Bonds, Series 2011 as well as \$2,045,000 on the City's General Obligation and Special Revenues Bonds, Series 2002B and 2002C.

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

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

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

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

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

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

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

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

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

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

**Agency Funds**

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

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

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

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

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

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

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

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

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

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

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

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

**Interfund Receivables** - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-wide financial statements as "internal balances".

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

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

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

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

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

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

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



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

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

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

Sick leave for most classified employees is earned on the basis of one working day or eight hours per month of service. Sick leave for Fire Department personnel working 24 hours on/48 hours off is earned on the basis of 12 hours per month of service. Earned sick leave may be accumulated up to a maximum of 180 days; thereafter, employees are compensated monthly for days accumulated in excess of 180 days in an amount equal to one-half of the base rate straight-time value. For retiring employees who are participating members of CERS, the City will purchase service credit for up to six months (120 days) of unused sick leave at the time of retirement. Employees who retire with more than 120 accrued sick days may receive cash payment for the number of days over 120 in the amount of \$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 Position. The discounts, premiums and issuance costs related to bonds and notes issued are deferred and amortized over the life of the bond or note using the straight-line method. Bonds and notes payable are reported net of the applicable bond premium or 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.

**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 2013, licenses and permits paid in advance of \$206,455 have been deferred as these amounts have not yet been earned.

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

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

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

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

**G. Revenues, Expenditures and Expenses**

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

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

**H. Estimates**

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

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

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

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

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

**A. Cash and Investments**

**Primary Government**

The Government's bank balances at June 30, 2013 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, 2013 are summarized and categorized below in the following table:

Primary Government (except Fiduciary Funds)		
Investment Type	Fair Value	Weighted Average Maturity
Certificate of Deposit	\$ 17,131,353	1.816
Tax Free Mutual Funds	2,709,722	1.527
U.S. Agencies CMO	1,068,294	0.041
U.S. Agencies Bonds	754,658	0.416
Municipal Bonds	450,460	0.164
	<u>\$ 22,114,487</u>	

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

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

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

**Component Units**

**Bowling Green Municipal Utilities**

The Bowling Green Municipal Utilities may legally invest in direct obligations of and other obligations guaranteed as to principal by the U. S. Treasury and U. S. Agencies and instrumentalities, Kentucky bonds and certificates of indebtedness, highly-rated securities issued by a state or local government in the United States and certain other investments more fully described in the Kentucky Revised Statutes. Investments of each division of the utility as of June 30, 2013 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	\$ 1,613,499	\$ 1,613,499
U.S. Treasury mutual fund	937,425	937,425
	<u>\$ 2,550,924</u>	<u>\$ 2,550,924</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

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

Carrying Value	
Deposits	\$ 4,184,810
Investments	<u>2,550,924</u>
	<u>\$ 6,735,734</u>

Included in the following captions:

Non-pooled cash and cash equivalents	\$ 1,848,457
Investments and restricted funds	<u>4,887,277</u>
	<u>\$ 6,735,734</u>

Bowling Green Municipal Utilities Electric Division		
Investment Type	Fair Value	Maturities in Years Less than 1
U.S. Agencies obligations	<u>\$ 671,696</u>	<u>\$ 671,696</u>

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

Carrying Value	
Deposits	\$ 8,217,069
Investments	<u>671,696</u>
	<u>\$ 8,888,765</u>

Included in the following captions:

Cash and cash equivalents	\$ 7,513,610
Noncurrent cash, cash equivalents and investments	<u>1,375,155</u>
	<u>\$ 8,888,765</u>

**Interest Rate Risk** – Investment rate risk is the risk that changes in market interest rates will adversely affect the value of an investment. The U.S. Treasury mutual funds are presented as an investment with a maturity of less than one year because it is redeemable in full immediately. The Municipal Utilities does not have a formal investment policy that limits its interest rate risk.

**Credit Risk** - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2013, the Utility's investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated by Standard & Poor's and by Moody's Investors Services as AAA.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Utility will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of June 30, 2013 the Municipal Utilities were not exposed to custodial credit risk.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

**Concentration of Credit Risk** - The Utility places no limit on the amount that may be invested in any one issuer. At June 30, 2013, the Water-Sewer Division's investment in Federal Home Loan Bank obligations constituted approximately 60% of its total investments. At June 30, 2013, the Electric Division's investment in Federal National Mortgage Corporation, Federal Home Loan Bank and Federal National Mortgage Association obligations constituted 74%, 16% and 10% of its total investments, respectively.

**Policemen and Firefighters' Retirement Fund**

Approximately 9% of the net assets held in trust for pension benefits are invested in bonds of the U.S. Government and its instrumentalities. The Fund has no investments in the stocks or bonds of any commercial or industrial organization whose market value exceeds five percent of the net assets available for benefits.

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

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government	\$ 99,454	\$ -	\$ -	\$ 675	\$ 98,779
Corporate Securities	1,864,552	397,238	575,567	359,403	532,344
Kentucky Municipal Bonds	1,606,662	-	197,221	720,119	689,322
Mutual Funds	3,282,056	3,282,056	-	-	-
Total	<u>\$ 6,852,724</u>	<u>\$ 3,679,294</u>	<u>\$ 772,788</u>	<u>\$ 1,080,197</u>	<u>\$ 1,320,445</u>

**Debt Securities Investments at Fair Value**

Quality Ratings	2013
AAA	\$ 102,603
AA3	1,032,815
AA2	346,111
A1	311,436
A2	153,604
A3	161,411
BAA1	110,128
BAA2	105,298
NR	1,147,808
Total Credit Risk Debt Securities	3,471,214
U.S. Government Agencies	99,454
Total Debt Securities	<u>\$ 3,570,668</u>

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the financial institution, the fund will not be able to recover the value of its cash equivalents. At June 30, 2013, the Fund's carrying amounts for cash investments were uninsured, but held in the Fund by the corresponding bank's trust department.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

**B. Restricted Assets**

**Governmental Activities**

**Cemetery Perpetual Fund** - Assets totaling \$816,623 are reported in the Cemetery Perpetual Fund as these assets are restricted for cemetery maintenance.

**2007B & C General Obligation Bonds** - For the 2007B and C bonds, various accounts were established for the payment of outstanding Inter-Model Transportation Authority mortgage-backed bonds as they come due. The balance of these funds at June 30, 2013 is \$11,543,320.

**2004A & B General Obligation Bonds** - For the 2004A and B bonds, accounts were established related to the partial refunding in FY 2012. The balance of these funds at June 30, 2013 is \$9,203.

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

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
<b>Primary Government</b>				
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 17,628,270	\$ -	\$ -	\$ 17,628,270
Infrastructure	99,160,050	4,255,316	(207,159)	103,208,207
Construction in progress	309,466	1,383,055	(207,222)	1,485,299
Total capital assets, not being depreciated	117,097,786	5,638,371	(414,381)	122,321,776
Capital assets, being depreciated:				
Stormwater Infrastructure	12,478,705	154,483	-	12,633,188
Buildings	41,073,157	157,681	(17,500)	41,213,338
Improvements other than buildings	20,882,639	173,020	-	21,055,659
Intangibles	2,949,975	14,066	-	2,964,041
Vehicles, equipment and furniture	21,913,935	866,030	(307,112)	22,472,853
Total capital assets, being depreciated	99,298,411	1,365,280	(324,612)	100,339,079
Less accumulated depreciation:				
Stormwater Infrastructure	(1,488,900)	(230,701)	-	(1,719,601)
Buildings	(11,963,865)	(1,029,126)	17,500	(12,975,491)
Improvements	(5,035,185)	(726,611)	-	(5,761,796)
Intangibles	(252,783)	(105,461)	-	(358,244)
Vehicles, equipment and furniture	(17,490,184)	(1,511,846)	301,150	(18,700,880)
Total accumulated depreciation	(36,230,917)	(3,603,745)	318,650	(39,516,012)
Total capital assets, being depreciated, net	63,067,494	(2,238,465)	(5,962)	60,823,067
Governmental activities, capital assets, net	\$ 180,165,280	\$ 3,399,906	\$ (420,343)	\$ 183,144,843

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
<b>Business-type assets:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,740,298	\$ -	\$ -	\$ 2,740,298
Construction in progress	-	3,900	-	3,900
Total capital assets, not being depreciated	<u>2,740,298</u>	<u>3,900</u>	<u>-</u>	<u>2,744,198</u>
Capital assets, being depreciated:				
Buildings	12,508,453	-	-	12,508,453
Improvements other than buildings	10,418,741	45,534	-	10,464,275
Vehicles, equipment and furniture	2,245,552	12,938	(10,833)	2,247,657
Property held under capital lease	306,633	-	-	306,633
Total capital assets, being depreciated	<u>25,479,379</u>	<u>58,472</u>	<u>(10,833)</u>	<u>25,527,018</u>
Less accumulated depreciation:				
Buildings	(5,545,564)	(349,304)	-	(5,894,868)
Improvements	(6,268,299)	(423,402)	-	(6,691,701)
Vehicles, equipment and furniture	(1,826,331)	(83,693)	7,093	(1,902,931)
Property held under capital lease	(155,608)	(7,431)	-	(163,039)
Total accumulated depreciation	<u>(13,795,802)</u>	<u>(863,830)</u>	<u>7,093</u>	<u>(14,652,539)</u>
Total capital assets, being depreciated, net	<u>11,683,577</u>	<u>(805,358)</u>	<u>(3,740)</u>	<u>10,874,479</u>
Business-type activities, capital assets, net	<u>\$ 14,423,875</u>	<u>\$ (801,458)</u>	<u>\$ (3,740)</u>	<u>\$ 13,618,677</u>

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

<b>Governmental activities</b>	
General government	\$ 467,310
Public safety	1,618,697
Public works	619,740
Parks and recreation	740,570
Housing and community development	157,428
Total depreciation expense - governmental activities	<u>\$ 3,603,745</u>
<b>Business-type activities</b>	
Golf course	\$ 226,742
Aquatics	289,580
Convention Center	347,508
Total depreciation expense - business-type activities	<u>\$ 863,830</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

Component unit capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
<b>Bowling Green Municipal Utilities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 61,409,688	\$ 13,078,145	\$ -	\$ 74,487,833
Capital assets, being depreciated:				
Transmission plant	2,089,023	-	(1,075)	2,087,948
Distribution plant	72,169,314	2,538,002	(580,731)	74,126,585
Structures and improvements, nodes	265,840	2,930	-	268,770
General plant	13,841,290	443,616	(2,363,216)	11,921,690
Water plant	74,320,598	192,731	-	74,513,329
Sewer plant	55,648,079	1,704,475	(126,500)	57,226,054
Equipment	4,849,104	538,594	-	5,387,698
Overhead conductors and devices	4,980,811	143,072	-	5,123,883
Trucks and autos	1,922,847	45,487	-	1,968,334
Office equipment	1,567,732	43,979	-	1,611,711
Office additions	65,716	-	-	65,716
Total capital assets, being depreciated	231,720,354	5,652,886	(3,071,522)	234,301,718
Less accumulated depreciation	(104,830,476)	(7,474,386)	3,324,486	(108,980,376)
Total capital assets, being depreciated, net	126,889,878	(1,821,500)	252,964	125,321,342
Bowling Green Municipal Utilities, capital assets, net	\$ 188,299,566	\$ 11,256,645	\$ 252,964	\$ 199,809,175

**D. Interfund Transfers**

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



**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

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

Transfers In Within the primary government:	Transfers Out			Total
	General	Non-Major Governmental	Internal Service	
General	\$ -	\$ 30,000	\$ -	\$ 30,000
ITA Bond	1,327,790	-	-	1,327,790
Debt Service	3,101,553	2,210,554	-	5,312,107
Golf	230,000	509,772	-	739,772
Aquatics	68,663	445,528	-	514,191
Convention Center	-	1,097,797	-	1,097,797
Internal Service	733,733	-	100,000	833,733
Non-major governmental	5,859,333	18,000	-	5,877,333
Totals	<u>\$ 11,321,072</u>	<u>\$ 4,311,651</u>	<u>\$ 100,000</u>	<u>\$ 15,732,723</u>

**E. Long-term Debt**

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

**Primary Government:**

	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
<b>Governmental Activities</b>					
<b>General Obligation and Revenue Bonds</b>					
General Obligation Bond, Series 2004A	Parks Community Center, Police Dept. Headquarters, Public Works Renovations, Parks & Cemetery Improvements	\$ 12,626,000	2.422% - 4.792%	June 30, 2017	\$ 598,259
General Obligation Bond, Series 2004B	Real Properties	2,025,000	3.0% - 5.050%	June 30, 2024	95,000
General Obligation Bond, Series 2007A	Lovers Lane Utilities, Park Community Center Expansion, Circus Square, Downtown Signalization, SkyPAC land acquisition, various road projects, Southwest Parkway property acquisition, Broadway Curve Straightening, Fields Drive and Skate Park	14,905,000	4.0% - 5.0%	June 30, 2033	12,515,000
General Obligation Bond, Series 2007B	Inter-Modal Transportation Authority, Inc. refinancing	20,615,000	3.375% - 4.625%	September 1, 2023	16,765,775
General Obligation Bond, Series 2007C	Inter-Modal Transportation Authority, Inc. refinancing	6,800,000	5.60%	September 1, 2023	3,683,725
General Obligation Bond, Series 2008A	Baseball Stadium construction	24,835,000	3.50% - 5.00%	June 1, 2038	22,975,000
General Obligation Bond, Series 2008B	Fire stations at Greenwood, Airport and Fire Headquarters	6,585,000	3.50% - 4.75%	June 1, 2028	5,330,000
General Obligation Bond, Series 2009	Refinance prior year bond obligations	12,119,800	3.00% - 4.50%	June 1, 2020	8,373,750
General Obligation Bond, Series 2010/ 2011	Refinance prior year bond obligations	29,580,000	0.5% - 3.75%	June 1, 2026	28,790,000
General Obligation Bond, Series 2012A	Refinance GO Series 2004A	5,965,448	2.0% - 3.0%	June 1, 2024	5,927,692
General Obligation Bond, Series 2012B	Refinance GO Series 2004B	1,400,000	1.0% - 3.3%	June 1, 2024	1,375,000
General Obligation Bond, Series 2013	Refinancing of GO Series 2002A & 2004A	4,090,605	2.00%	December 1, 2017	4,070,605
Premiums, deferred charges and discounts on bond obligations					110,499,806
<b>Total General Obligation and Revenue Bonds</b>					<u>(1,998,096)</u> <u>\$ 108,501,710</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
<b>Notes and Lease Purchase Agreements</b>					
National City Bank	2004 fire truck ladder	713,000	Prime - 1.67%	December 5, 2013	71,100
BB&T	Relocation of operations division & realignment of 14th Avenue	1,630,000	10 yr. LIBOR	July 2, 2025	838,848
US Bank	Depot project	1,000,000	5.02%	June 7, 2018	352,658
Chase Bank	2007 Fire Pumper and Quint	1,019,193	3.97%	August 1, 2018	534,631
Chase Bank	2010 Fire Aerial & Pumper Trucks	1,309,391	2.66%	October 1, 2020	1,074,266
<b>Total Notes Payable and Capital Leases</b>					<u>2,871,503</u>
<b>Other Long-Term Liabilities</b>					
Compensated Absences					1,688,695
Landfill					1,267,741
					<u>2,956,436</u>
<b>Total long-term governmental liabilities</b>					<u>\$ 114,329,649</u>
	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
<b>Business-Type Activities</b>					
<b>General Obligation Bonds</b>					
General Obligation Bond, Series 2003	Crosswinds Pro Shop/Conv. Cntr Facility	8,585,000	2.0% - 3.7%	June 30, 2018	\$ 4,270,000
General Obligation Bond, Series 2004A	Hobson Golf Pro Shop and maintenance facility	749,000	3.8% - 5.050%	June 30, 2024	31,742
General Obligation Bond, Series 2009	Refinance prior year bond obligations	3,620,200	3.00% - 4.50%	June 1, 2020	2,501,250
General Obligation Bond, Series 2012A	Refinance GO Series 2004A	354,552	2.0% - 3.0%	June 1, 2024	352,052
General Obligation Bond, Series 2013	Refinancing of GO Series 2004A	109,395	2.00%	June 2, 2024	109,395
					<u>7,264,439</u>
Premiums, deferred changes and discounts on bond obligations					(511,880)
<b>Total General Obligation Bonds</b>					<u>6,752,559</u>
<b>Notes Payable and Capital Leases</b>					
BB&T	Greens Roller lease	24,820	3.71%	February 1, 2015	10,644
BB&T	John Deere bed knife grinder & reel grinder	38,674	2.74%	June 15, 2016	23,746
<b>Total Notes Payable and Capital Leases</b>					<u>34,390</u>
<b>Other Long-Term Liabilities</b>					
Compensated Absences					45,882
<b>Total long-term business-type liabilities</b>					<u>\$ 6,832,831</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Amounts Due In One Year
<b>Governmental Activities:</b>					
General obligation and revenue bonds	\$ 119,438,352	\$ 4,090,605	\$ (13,029,151)	\$ 110,499,806	\$ 6,705,779
Notes and lease purchase agreements	3,412,034	-	(540,531)	2,871,503	412,232
Adjustments for deferred amounts:					
Discount on bonds payable	(124,731)	-	12,069	(112,662)	-
Premium on bonds payable	1,012,860	170,747	(56,903)	1,126,704	-
Loss on refunding	(3,296,103)	-	283,965	(3,012,138)	-
Total bonds, notes, leases payable	120,442,412	4,261,352	(13,330,551)	111,373,213	7,118,011
Compensated absences	1,553,609	1,174,071	(1,038,985)	1,688,695	923,489
Landfill postclosure care	1,039,320	228,421	-	1,267,741	41,007
Total governmental activities	123,035,341	5,663,844	(14,369,536)	114,329,649	8,082,507
<b>Business Type Activities</b>					
General obligation and revenue bonds	8,274,155	109,395	(1,119,111)	7,264,439	1,013,429
Notes and lease purchase agreements	50,258	-	(15,868)	34,390	4,308
Compensated absences	51,431	15,825	(21,374)	45,882	30,805
Less: unamortized bond discount and deferred amount from refunding	(597,665)	-	85,785	(511,880)	-
Total business-type activities	7,778,179	125,220	(1,070,568)	6,832,831	1,048,542
Total governmental and business-type activities	\$ 130,813,520	\$ 5,789,064	\$ (15,440,104)	\$ 121,162,480	\$ 9,131,049
	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Amounts Due In One Year
<b>Component Units</b>					
Bowling Green Municipal Utilities					
Water-Sewer Division					
Notes payable	\$ 78,238,372	\$ 4,428,675	\$ (3,313,373)	\$ 79,353,674	\$ 4,052,491
Electric Division					
Revenue bonds	8,300,000	-	(1,040,000)	7,260,000	260,000
General Services Division					
Notes payable	5,000,000	-	-	5,000,000	-
Capital lease obligation	-	210,577	(43,237)	167,340	40,234
Less: unamortized bond discount	(433,270)	-	48,218	(385,052)	-
	\$ 91,105,102	\$ 4,639,252	\$ (4,348,392)	\$ 91,395,962	\$ 4,352,725

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$17,531 of internal service fund compensated absences is included in the above amounts. Landfill postclosure liabilities are liquidated by the Landfill Closure special revenue fund and governmental compensated absences are generally liquidated by the general fund.

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

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Obligation and Revenue Bonds		Notes and Lease Purchase Agreements		General Obligation and Revenue Bonds		Notes and Lease Purchase Agreements	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2014	\$ 4,465,705	\$ 6,705,779	\$ 102,550	\$ 412,232	\$ 252,362	\$ 1,013,429	\$ 1,039	\$ 4,308
2015	4,241,202	7,153,115	87,110	348,278	215,906	1,081,886	637	13,238
2016	4,003,866	7,364,034	72,905	355,824	176,023	1,085,966	223	16,844
2017	3,739,666	7,570,772	60,008	363,577	135,587	1,049,229	-	-
2018	3,462,832	7,883,031	46,888	371,542	95,247	1,146,969	-	-
2019-2023	12,843,210	38,124,856	96,130	854,488	84,473	1,730,092	-	-
2024-2028	6,051,484	19,033,219	8,968	165,562	1,155	156,868	-	-
2029-2033	3,026,910	9,690,000	-	-	-	-	-	-
2034-2038	1,080,000	6,975,000	-	-	-	-	-	-
	<u>\$ 42,914,875</u>	<u>\$ 110,499,806</u>	<u>\$ 474,559</u>	<u>\$ 2,871,503</u>	<u>\$ 960,753</u>	<u>\$ 7,264,439</u>	<u>\$ 1,899</u>	<u>\$ 34,390</u>

**Component Units**

Principal requirements for component units' debt are as follows:

Fiscal Year	Bowling Green Municipal Utilities Water-Sewer Division	Bowling Green Municipal Utilities General Services Division	Bowling Green Municipal Utilities Electric Division	Total
2014	\$ 4,052,491	\$ -	\$ 260,000	\$ 4,312,491
2015	4,020,444	5,000,000	265,000	9,285,444
2016	4,085,395	-	280,000	4,365,395
2017	4,151,038	-	290,000	4,441,038
2018	4,217,146	-	305,000	4,522,146
2019 - 2023	22,109,963	-	1,225,000	23,334,963
2024 - 2028	20,782,889	-	1,495,000	22,277,889
2029 - 2033	15,934,308	-	1,840,000	17,774,308
	-	-	1,300,000	1,300,000
Total	<u>\$ 79,353,674</u>	<u>\$ 5,000,000</u>	<u>\$ 7,260,000</u>	<u>\$ 91,613,674</u>

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

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

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

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

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

In April 2012, this bond was partially refunded by Series 2012. The remaining portion was refunded in January 2013.

2. \$2,025,000 general obligation bonds, Series 2004B, issued to finance the City's cost of acquisition and clearing of real properties in the Historic Bowling Green Revitalization Project Target area. In April 2012, this bond was partially refunded by Series 2012.
3. \$14,905,000 general obligation bonds, Series 2007A, issued to finance costs for construction of public park improvements, construction of utilities, design and construction of a skate park, Circus Square acquisition and construction, land acquisition, construction of public roads, and installation of downtown signalization upgrades.
4. \$27,415,000 general obligation bonds, Series 2007 B & C, issued for the purpose of refinancing the existing mortgage-backed bond issues that were used for acquisition and construction of the Kentucky Transpark. Series B is comprised of \$20,615,000 tax-exempt bonds, and Series C is comprised of \$6,800,000 taxable bonds.
5. \$24,835,000 general obligation bonds, Series 2008A, issued for the purpose of constructing a baseball park and related infrastructure for the Bowling Green Hot Rods, a single A baseball team.
6. \$6,585,000 general obligation bonds, Series 2008B, issued for the purpose of constructing the Greenwood Fire Station and the expansions and renovations of the Headquarters and Airport fire stations.
7. \$15,740,000 general obligation bonds, Series 2009, issued for the purpose of refinancing the 1995 Bowling Green Municipal Projects Corporation Lease Revenue Bonds, the 1998 City of Bowling Green General Obligation Bonds, Series A and the 2000 City of Bowling Green General Obligation bonds.
8. \$29,580,000 general obligation and special revenue refunding bonds, Series 2010 and Series 2011, issued for the purpose of refinancing the series 2002B and series 2002C general obligation and special revenue bonds.
9. \$6,320,000 general obligation bonds, Series 2012A, issued for the purpose of refinancing Series 2004A, general obligation bonds. 94.4% of the proceeds were recorded in the Debt Service Fund and 5.6% were recorded in the Golf Enterprise Fund.
10. \$1,400,000 general obligation bonds, Series 2012B, issued for the purpose of refinancing Series 2004B, general obligation bonds.
11. \$4,090,605 general obligation bonds, Series 2013, issued for the purpose of refinancing Series 2002A and 2004A general obligation bonds. The remaining principal of the 2002A bonds of \$2,395,000 was paid off. In addition, approximately \$2,000,000 was transferred to an escrow account for the purpose of generating resources for future debt service payments of the 2004A bonds. As a result, the refunded portion of the bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The refunding was undertaken to reduce total debt service payments and resulted in a net present value savings of \$310,821.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

**Memorandum of Agreement/WKU Project Financing**

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

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

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

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

Year Ending June 30,	Principal 2010/2011	Interest 2010/2011	Total
2014	\$ 1,540,000	\$ 930,690	\$ 2,470,690
2015	1,650,000	905,980	2,555,980
2016	1,775,000	872,980	2,647,980
2017	1,915,000	828,605	2,743,605
2018	2,045,000	771,155	2,816,155
2019-2023	11,965,000	2,795,300	14,760,300
2024-2026	7,900,000	618,206	8,518,206
	<u>\$ 28,790,000</u>	<u>\$ 7,722,916</u>	<u>\$ 36,512,916</u>

As of June 30, 2013 the City has recorded a receivable from WKU and deferred revenue of \$28,790,000 in the WKU Athletics Special Revenue Fund applicable to future revenues to be received from WKU related to the above agreement.

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

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

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

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

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

**TIF District**

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

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

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

**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, 2013, \$49,785,000 of bonds outstanding is considered defeased.

**Landfill Closure and Postclosure Care Cost**

Landfill closure and post-closure costs are accounted for in the Landfill Closure Special Revenue Fund. As of June 30, 2013, the cash, investments and due from other governments available totaled \$1,420,614.

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.

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

The estimate of present value of remaining closure and post-closure care liabilities for all three landfill sites as of June 30, 2013 is \$1,267,741. The actual cost may differ due to inflation, changes in technology or applicable laws and regulations, the extent of any damage to landfill caps caused by weather and erosion, the magnitude of site improvements or corrections required by state inspectors to achieve closure, or other unforeseeable circumstances (e.g. acts of nature).

*Glen Lily Road Landfill*

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

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

*Butler County Landfill*

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

*Old Louisville Road*

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

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.



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

**F. Net Position**

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

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

**NOTE 4. RISK MANAGEMENT**

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

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

Beginning fiscal year 2012, the City established the Property & Casualty (P&C) Fund to account for and finance its participation in the Kentucky League of Cities Insurance Services (KLCIS) General Insurance Trust. The P&C fund provides payment for premiums for all insurance coverage types except workers' compensation. The fund was also established to make payment on any claim that falls within a City selected per occurrence deductible. KLCIS provides coverage for losses exceeding the chosen deductible level and reinsures through commercial companies at various higher limits. In FY13, the City selected a \$15,000 deductible for General Liability, a \$1,000 deductible for Buildings and Contents Coverage, and a \$0 deductible for Law Enforcement Liability. Additionally, the City has chosen to self-insure a majority of its fleet for auto physical damage.

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

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

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

Changes in the balances of claims liabilities during fiscal years 2013 and 2012 were as follows:

	Health Care	Workers Compensation	Property and Casualty
Liability at June 30, 2011	\$ 128,672	\$ 120,428	\$ -
Claims and changes in estimates - FY 2012	3,835,935	301,952	30,438
Claims paid FY 2012	(3,868,140)	(301,952)	(30,438)
Liability at June 30, 2012	96,467	120,428	-
Claims and changes in estimates FY 2013	3,176,647	(34,603)	(12,331)
Claims paid FY 2013	(3,103,937)	(63,585)	12,331
Liability at June 30, 2013	<u>\$ 169,177</u>	<u>\$ 22,240</u>	<u>\$ -</u>

**NOTE 5. COMMITMENTS AND CONTINGENCIES**

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

**B. Bowling Green Municipal Utilities** - Bowling Green Municipal Utilities has erected various street lighting systems for the City, which represents a total unamortized investment by the Utility at June 30, 2013 of \$4,442,873. 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 \$488,716 per year on a recurring basis. One-twelfth of the annual charge is billed to the City monthly along with the charge for electric service. Similar arrangements were in effect in prior years.

**C. Construction Commitments** - The City has active construction projects as of June 30, 2013. At year end, the City had the following commitments on construction contracts:

Project	Remaining Commitment
Sidewalk Improvement Project	\$228,124
Lover's Lane Soccer Complex Restroom/Storage Building Construction	144,235
Lover's Lane Soccer Complex Field #16 Construction	15,610
City Hall Annex and Neighborhood & Community Services Building Renovations	66,290
HP Thomas Restroom & Shelter Construction	195,000
CrossWinds Intake Structure Bank Stabilization	37,900
Butler County Landfill Improvement Design Services	55,913
Traffic Signal Improvements	27,190
Street Resurfacing Project	897,437

**D. Contingencies** - The City participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the City complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2013 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.

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

**NOTE 5. COMMITMENTS AND CONTINGENCIES**

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

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

As of June 30, 2013, there were four series of industrial revenue bonds and six series of special assessment bonds outstanding with an aggregate principal balance of \$68,590,000 and \$1,468,000, respectively.

**G. Lease Commitments** - The Golf Enterprise Fund leases approximately 53 acres of real estate from the Bowling Green-Warren County Airport Board. This lease provides for future minimum lease payments as of June 30, 2013 as follows:

Year Ended	
2014	\$ 6,226
2015	6,226
2016	6,226
2017	6,226
	<u>\$ 24,904</u>

In addition, the Golf Enterprise Fund leases the Crosswinds municipal golf course pro shop facility from The Convention Center Corporation, a component unit. The buildings, furnishings and equipment elements of this lease are classified as capital leases and included in the long-term debt footnote. The land element of this lease is classified as an operating lease. Rental payments are based on 7.62% of the total annual debt service of Mortgage Revenue Bonds, Series 1993. Rental payments attributed to the golf pro shop facility is based upon the facility's original cost (\$660,000) as a percentage of total project costs financed by Bonds (\$8,660,000). The following is a schedule by years of minimum future rentals of the land element of the golf pro shop facility lease as of June 30, 2013:

Year Ending June 30,	
2014	\$ 30,597
2015	33,071
2016	31,670
2017	30,268
2018	31,067
Thereafter	31,036
Total	<u>\$ 187,709</u>

**NOTE 6. THE SINGLE AUDIT ACT**

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

**NOTE 7. DEFINED BENEFIT PENSION PLANS**

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

**A. Plan Descriptions**

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

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

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

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

**Funding Policy and Annual Pension Cost** - The contribution requirements of plan members and the City are established and may be amended by the Board of Trustees. Covered employees were required by statute to contribute eight percent of their annual covered salary. As there are no longer any active members, members made no contributions for the year ended June 30, 2013.

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

City of Bowling Green, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2013

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

**C. Funded Status and Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
<b><i>Assumes no Future Cost of Living Increase</i></b>						
1/1/2013	\$7,296,133	\$ 8,543,490	\$ 1,247,357	85.40%	N/A	N/A
<b><i>Assumes Future Cost-of-Living Increase of 3% per Year</i></b>						
1/1/2013	\$7,296,133	\$ 10,608,154	\$ 3,312,021	68.80%	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, 2013
Actuarial cost method	Entry Age Normal
Amortization method	N/A - no method has been adopted. Due to this being a closed plan, the City has adopted the minimum statutory requirements
Amortization period	N/A - no period has been adopted. Due to this being a closed plan, the City has adopted the minimum statutory requirements
Asset valuation method	Fair Market Value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	N/A - closed plan
Inflation rate	None
Cost of living adjustment	0% or 3%

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

**Plan Description** - The City, as well as employees for Bowling Green Municipal Utilities Electric, Water-Sewer, and General Services Divisions, 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. Any employee entering the program after September 1, 2008 is required to contribute an additional 1%. The rates for the year ended June 30, 2013 were 19.55% for non-hazardous and 36.70% for hazardous employees of the employee's total compensation subject to contribution.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements (Continued)**  
**June 30, 2013**

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

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, 2013, 2012 and 2011 were \$7,997,969, \$7,468,607, and \$6,803,029, respectively. These amounts consisted of \$6,499,081, \$6,021,529, and \$5,396,617 from the City and \$1,498,888, \$1,447,078, and \$1,406,412 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. The ICMA plan offers both a 457 option and a 457 Roth option.

Investments are managed by ICMA Retirement Corporation, plan administrator, with various investment options. The choice of the investment option(s) is made by the participants. Participating employees can contribute to the Plan based on either a percentage of compensation or a fixed dollar amount per pay period. The limits for the plan are up to \$17,000 per year for regular contributions and \$5,500 for catch-up contributions. The limits for the Roth plan are up to \$5,000 per year for regular contributions and \$1,000 for catch-up contributions. During the fiscal year ended June 30, 2013, employee contributions for both plans totaled \$245,369.

On December 5, 1995, the City Commission also adopted Municipal Order 95-269 authorizing participation in the Kentucky Public Employees 401(k) Deferred Compensation Plan. During the year ended June 30, 2009, the City also began offering a Roth 401(k) option. The Plans are administered by the Kentucky Public Employees Deferred Compensation Authority and are offered to all eligible City employees as a voluntary retirement supplement. Participating employees can defer a maximum of \$17,000 for regular contributions and \$5,500 for catch-up contributions for the 401(k) and \$5,000 for regular contributions and \$1,000 dollars for the Roth. Benefits are available upon termination of employment, retirement, death or for hardship withdrawal. Employee contributions for both plans totaled \$279,187 for the fiscal year ended June 30, 2013.

**NOTE 8. SUBSEQUENT EVENTS**

Subsequent to year end, the City passed an ordinance authorizing the issuance of City of Bowling Green, Kentucky General Obligation Refunding Bonds, Series 2013C in an aggregate principal amount not to exceed \$3,800,000 for the purpose of currently refunding the outstanding City of Bowling Green, Kentucky General Obligation Bonds, Series 2003.

**NOTE 9. IMPLEMENTATION OF GASB 63**

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

**NOTE 10. IMPLEMENTATION OF GASB 65**

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

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4.

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

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The City has not yet determined the impact on the City's financial position, results of operations and/or cash flows during the year of implementation.

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



**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Property taxes				
Real estate	\$ 7,379,000	\$ 7,379,000	\$ 7,395,414	\$ 16,414
Personal property	1,500,000	1,500,000	1,586,950	86,950
Insurance premium	1,450,000	1,450,000	1,450,842	842
Motor vehicle and boat	740,000	740,000	841,042	101,042
Payment in lieu of taxes	200,000	200,000	201,688	1,688
Franchise	1,155,000	1,155,000	1,118,608	(36,392)
Other taxes	16,000	16,000	15,387	(613)
Penalties and Interest	84,000	84,000	78,075	(5,925)
Total taxes	12,524,000	12,524,000	12,688,006	164,006
Licenses and permits				
Occupational:				
Employees' withholding	30,931,000	30,935,500	32,060,326	1,124,826
Net profits	6,421,000	6,421,000	7,078,645	657,645
Other fees	242,000	242,000	258,093	16,093
Special licenses	230,000	230,000	244,325	14,325
Permits	673,500	673,500	694,411	20,911
Total licenses and permits	38,497,500	38,502,000	40,335,800	1,833,800
Intergovernmental				
Federal grants	38,000	108,329	65,030	(43,299)
State grants	-	3,076	12,665	9,589
Local grants	62,000	62,000	61,436	(564)
Total intergovernmental	100,000	173,405	139,131	(34,274)
Charges for services				
School tax collection fees	181,000	181,000	187,079	6,079
Other general government fees	6,500	6,500	7,405	905
Public safety fees	50,500	50,500	63,802	13,302
Cemetery lot sales	94,000	94,000	106,080	12,080
Cemetery fees	146,500	146,500	153,694	7,194
Other	71,000	71,000	59,767	(11,233)
Total charges for services	549,500	549,500	577,827	28,327
Parks and recreation	377,500	377,500	345,951	(31,549)
Miscellaneous				
Interest income	156,000	156,000	98,600	(57,400)
ABC and parking violations fees	21,500	21,500	26,280	4,780
Contributions and donations	37,500	113,530	84,647	(28,883)
Judgements and settlements	40,500	58,510	39,179	(19,331)
Other	54,000	54,000	63,660	9,660
Total miscellaneous	309,500	403,540	312,366	(91,174)
Total revenues	\$ 52,358,000	\$ 52,529,945	\$ 54,399,081	\$ 1,869,136

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
General Fund (Continued)  
Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
General government				
Legislative	\$ 155,380	\$ 141,503	\$ 146,459	\$ (4,956)
Executive	883,382	913,170	843,731	69,439
Finance	1,384,633	1,334,687	1,332,653	2,034
Human resources	894,420	761,387	741,032	20,355
Law	308,082	297,187	276,416	20,771
Information technology	1,544,775	1,602,706	1,524,609	78,097
Administrative services	777,474	886,209	884,985	1,224
Total general government	5,948,146	5,936,849	5,749,885	186,964
Public safety				
Police	12,894,081	12,625,349	12,575,676	49,673
Fire	11,168,289	11,024,813	11,006,153	18,660
Total public safety	24,062,370	23,650,162	23,581,829	68,333
Public works				
Public works administration	1,224,365	1,463,124	1,269,702	193,422
Highway and streets	2,265,425	2,238,552	2,228,477	10,075
Building and plant	1,962,608	2,186,182	2,082,173	104,009
Transportation	319,995	279,540	279,537	3
Total public works	5,772,393	6,167,398	5,859,889	307,509
Parks and recreation				
Parks	2,049,089	1,829,502	1,822,846	6,656
Recreation	622,581	615,430	591,136	24,294
Athletics	877,350	1,070,185	1,016,042	54,143
Community centers	970,642	951,973	932,725	19,248
Other parks	1,429,097	1,387,308	1,370,634	16,674
Total parks and recreation	5,948,759	5,854,398	5,733,383	121,015
Neighborhood & Community Services	1,636,244	1,506,582	1,456,207	50,375
Community services				
Community services	263,342	355,389	262,380	93,009
Intergovernmental	432,000	246,258	160,946	85,312
Total community services	695,342	601,647	423,326	178,321
Total Expenditures	44,063,254	43,717,036	42,804,519	912,517
Excess of revenues over expenditures	8,294,746	8,812,909	11,594,562	2,781,653
Other financing sources (uses):				
Transfers in	-	30,000	30,000	-
Transfers out	(9,068,746)	(14,282,961)	(11,321,072)	2,961,889
Proceeds from sale of capital assets	24,000	24,000	19,731	(4,269)
Total other financing sources (uses)	(9,044,746)	(14,228,961)	(11,271,341)	2,957,620
Net change in fund balances	(750,000)	(5,416,052)	323,221	5,739,273
Fund balances, beginning	18,487,018	18,487,018	18,487,018	-
Fund balances, ending	\$ 17,737,018	\$ 13,070,966	\$ 18,810,239	\$ 5,739,273

See accompanying independent auditor's report

## City of Bowling Green, Kentucky

### Notes to Required Supplementary Information on Budgetary Accounting and Control Year Ended June 30, 2013

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

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

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

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

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

The following funds had purchase orders outstanding at June 30, 2013 as follows:

General fund	\$	520,869
Golf		47,927
Convention Center		24,690
Aquatics		5,531
Nonmajor governmental		1,778,650
Internal Service		41,063
	\$	<u>2,418,730</u>

**City of Bowling Green, Kentucky  
Police and Firemen's Retirement Fund  
Year Ended June 30, 2013**

***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)
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***Assumes No Future Cost of Living Increase***

1/1/2013	\$ 7,296,133	\$ 8,543,490	\$ 1,247,357	85.4%	N/A	N/A
1/1/2012	7,202,376	8,810,728	1,608,352	81.7%	N/A	N/A
1/1/2011	7,471,464	8,891,254	1,419,790	84.0%	N/A	N/A
1/1/2010	7,425,235	9,419,690	1,994,455	78.8%	N/A	N/A

***Assumes Future Cost-of-Living Increase of 3% per Year***

1/1/2013	\$ 7,296,133	\$ 10,608,154	\$ 3,312,021	68.8%	N/A	N/A
1/1/2012	7,202,376	11,005,995	3,803,619	65.4%	N/A	N/A
1/1/2011	7,471,464	11,174,666	3,703,202	66.9%	N/A	N/A
1/1/2010	7,425,235	11,877,751	4,452,516	62.5%	N/A	N/A

***Schedule of Employer Contributions***

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

**City of Bowling Green, Kentucky**  
**Modified Approach for City Streets Infrastructure Capital Assets**  
**Year Ended June 30, 2013**

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

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

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

**Roads**

The City began using its computerized pavement management system in 1997. Surface distress and ride comfort assessments are conducted on all segments. Street assessments are conducted annually, and all segments are assessed within a three year cycle. The most recent assessment was conducted in the summer of 2013.

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

The following pavement quality conditions have been defined:

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

**City of Bowling Green, Kentucky**  
**Modified Approach for City Streets Infrastructure Capital Assets (Continued)**  
**Year Ended June 30, 2013**

**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>
2013	98%
2012	97%
2011	95%
2010	94%
2009	90%
2008	90%
2007	85%
2006	85%

**Budgeted and Estimated Costs to Maintain**

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

<u>Fiscal Year</u>	<u>Estimated Spending</u>	<u>Actual Spending</u>
2013-2014	\$900	\$
2012-2013	\$850	\$572
2011-2012	\$850	\$1,090
2010-2011	\$811	\$431
2009-2010	\$850	\$810
2008-2009	\$915	\$915
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.

**City of Bowling Green, Kentucky**  
**Modified Approach for City Streets Infrastructure Capital Assets (Continued)**  
**Year Ended June 30, 2013**

**Sidewalks**

The City utilizes a computerized sidewalk management system. Condition assessments are visually performed on all sidewalks segments, ratings are based on the presence of cracking, heaving, holes, settling and spalling. These assessments were conducted on the entire sidewalk network on a three year cycle. The most recent assessment was completed in the Spring of 2010 and will be reassessed in the Winter of 2013.

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

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

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

**Established Condition Level (*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 sidewalk management system indicates that 94% of city maintained sidewalks had an OCI value greater than or equal to the minimum rating of 76.0 as of June 30, 2013.

**Budgeted and Estimated Costs to Maintain**

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

Fiscal Year	Estimated Spending	Actual Spending
2013-2014	\$100	\$
2012-2013	\$100	\$41
2011-2012	\$100	\$41
2010-2011	\$100	\$ 133
2009-2010	\$100	\$0
2008-2009	\$100	\$100
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 premium license fees.

#### **Municipal Aid Funds**

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

#### **Job Development Fund**

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

#### **Parks Development Fund**

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

#### **Landfill Closure Fund**

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

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

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

#### **Trunking Operation Fund**

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

#### **Police Improvement Fund**

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

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

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

#### **Homeland Security Fund**

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUNDS**

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

#### **Riverfront Development Fund**

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

#### **Equipment Replacement Fund**

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

#### **Road Construction Fund**

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

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

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

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

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

#### **Sidewalk Improvement Fund**

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

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

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

#### **Municipal Facilities Fund**

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

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

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

#### **800 Trucking Radio Systems Improvement Fund**

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **DEBT SERVICE FUNDS**

#### **TIF District**

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **PERMANENT FUNDS**

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

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

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

**City of Bowling Green, Kentucky**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**June 30, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Pooled cash and cash equivalents	\$ 4,005,120	\$ 7,277,397	\$ 2,367,645	\$ 70,693	\$ 13,720,855
Non-pooled cash and cash equivalents	1,263,888	-	-	-	1,263,888
Investments	3,773,064	-	-	-	3,773,064
Receivables (net of allowances for uncollectibles):					
Accounts	17,133	3,100	-	-	20,233
Interest	5,243	-	-	-	5,243
Due from other governmental units	209,251	3,459	-	-	212,710
Restricted assets:					
Non-pooled cash and cash equivalents	-	-	-	816,622	816,622
Total assets	<u>\$ 9,273,699</u>	<u>\$ 7,283,956</u>	<u>\$ 2,367,645</u>	<u>\$ 887,315</u>	<u>\$ 19,812,615</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Vouchers and accounts payable	\$ 196,449	\$ 64,915	\$ -	\$ -	\$ 261,364
Accrued payroll	21,588	-	-	-	21,588
Deferred revenue	989	-	-	-	989
Total liabilities	<u>219,026</u>	<u>64,915</u>	<u>-</u>	<u>-</u>	<u>283,941</u>
Fund Balances					
Assigned	-	7,095,094	2,367,645	70,692	9,533,431
Committed	4,093,440	-	-	-	4,093,440
Restricted	4,961,233	123,947	-	816,623	5,901,803
Total fund balances	<u>9,054,673</u>	<u>7,219,041</u>	<u>2,367,645</u>	<u>887,315</u>	<u>19,528,674</u>
Total liabilities and fund balances	<u>\$ 9,273,699</u>	<u>\$ 7,283,956</u>	<u>\$ 2,367,645</u>	<u>\$ 887,315</u>	<u>\$ 19,812,615</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2013

	Community Development	Fire Improvement	Municipal Aid	Job Development Incentive	Parks Development	Landfill Closure
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ -	\$ 383,980	\$ 2,464,881	\$ 331,588	\$ 36,657	\$ 291,470
Non-pooled cash and cash equivalents	1,145,213	118,675	-	-	-	-
Investments	500,000	733,132	1,425,636	-	-	1,114,296
Receivables (net of allowances for uncollectibles)						
Accounts	16,785	-	348	-	-	-
Interest	226	3,973	804	-	-	240
Due from other governmental units	29,167	-	164,996	-	-	14,608
Total assets	<u>\$ 1,691,391</u>	<u>\$ 1,239,760</u>	<u>\$ 4,056,665</u>	<u>\$ 331,588</u>	<u>\$ 36,657</u>	<u>\$ 1,420,614</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Vouchers and accounts payable	\$ 30,349	\$ 34,258	\$ 71,722	\$ -	\$ 36,657	\$ 23,463
Accrued payroll	11,756	-	9,832	-	-	-
Deferred revenue	-	-	989	-	-	-
Total liabilities	<u>42,105</u>	<u>34,258</u>	<u>82,543</u>	<u>-</u>	<u>36,657</u>	<u>23,463</u>
Fund Balances						
Committed	736,680	1,192,626	87,596	331,588	-	1,397,151
Restricted	912,606	12,876	3,886,526	-	-	-
Total fund balances	<u>1,649,286</u>	<u>1,205,502</u>	<u>3,974,122</u>	<u>331,588</u>	<u>-</u>	<u>1,397,151</u>
Total liabilities and fund balances	<u>\$ 1,691,391</u>	<u>\$ 1,239,760</u>	<u>\$ 4,056,665</u>	<u>\$ 331,588</u>	<u>\$ 36,657</u>	<u>\$ 1,420,614</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2013

	Local Law Enforcement Block Grant	Trunking Operation	Police Improvement	Lampkin Park Trust	Homeland Security	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ -	\$ 126,661	\$ 347,799	\$ 22,564	\$ (480)	\$ 4,005,120
Non-pooled cash and cash equivalents	-	-	-	-	-	1,263,888
Investments	-	-	-	-	-	3,773,064
Receivables (net of allowances for uncollectibles)						
Accounts	-	-	-	-	-	17,133
Interest	-	-	-	-	-	5,243
Due from other governmental units	-	-	-	-	480	209,251
Total assets	<u>\$ -</u>	<u>\$ 126,661</u>	<u>\$ 347,799</u>	<u>\$ 22,564</u>	<u>\$ -</u>	<u>\$ 9,273,699</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Vouchers and accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,449
Accrued payroll	-	-	-	-	-	21,588
Deferred revenue	-	-	-	-	-	989
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,026</u>
Fund Balances						
Committed	-	-	347,799	-	-	4,093,440
Restricted	-	126,661	-	22,564	-	4,961,233
Total fund balances	<u>-</u>	<u>126,661</u>	<u>347,799</u>	<u>22,564</u>	<u>-</u>	<u>9,054,673</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 126,661</u>	<u>\$ 347,799</u>	<u>\$ 22,564</u>	<u>\$ -</u>	<u>\$ 9,273,699</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2013

	Riverfront Development	Equipment Replacement	Road Construction	Hennessey Way Construction	Heritage Trail Construction	Sidewalk Improvement	Stormwater Infrastructure Improvement
<b>ASSETS</b>							
Pooled cash and cash equivalents	\$ 212,654	\$ 854,239	\$ 223,200	\$ 262,000	\$ 196,702	\$ 882,275	\$ 655,684
Due from other governmental units	3,459	-	-	-	-	-	-
Receivables, net							
Accounts	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 216,113</b>	<b>\$ 854,239</b>	<b>\$ 223,200</b>	<b>\$ 262,000</b>	<b>\$ 196,702</b>	<b>\$ 882,275</b>	<b>\$ 655,684</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Vouchers and accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,229	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,229</b>	<b>-</b>
<b>Fund Balances</b>							
Assigned	208,834	854,239	223,200	262,000	80,034	859,046	655,684
Restricted	7,279	-	-	-	116,668	-	-
<b>Total fund balances</b>	<b>216,113</b>	<b>854,239</b>	<b>223,200</b>	<b>262,000</b>	<b>196,702</b>	<b>859,046</b>	<b>655,684</b>
<b>Total liabilities and fund balances</b>	<b>\$ 216,113</b>	<b>\$ 854,239</b>	<b>\$ 223,200</b>	<b>\$ 262,000</b>	<b>\$ 196,702</b>	<b>\$ 882,275</b>	<b>\$ 655,684</b>

See accompanying independent auditor's report



City of Bowling Green, Kentucky  
Combining Balance Sheet  
Nonmajor Capital Projects Funds (Continued)  
June 30, 2013

	Municipal Facilities	Technology Capital Improvement	800 Trunking Radio Systems Improvements	Total Nonmajor Capital Project Funds
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 1,102,998	\$ 708,325	\$ 2,179,320	\$ 7,277,397
Due from other governmental units	-	-	-	3,459
Receivables, net				
Accounts	-	-	3,100	3,100
<b>Total assets</b>	<u>\$ 1,102,998</u>	<u>\$ 708,325</u>	<u>\$ 2,182,420</u>	<u>\$ 7,283,956</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Vouchers and accounts payable	\$ 4,560	\$ 30,927	\$ 6,199	\$ 64,915
<b>Total liabilities</b>	<u>4,560</u>	<u>30,927</u>	<u>6,199</u>	<u>64,915</u>
<b>Fund Balances</b>				
Assigned	1,098,438	677,398	2,176,221	7,095,094
Restricted	-	-	-	123,947
<b>Total fund balances</b>	<u>1,098,438</u>	<u>677,398</u>	<u>2,176,221</u>	<u>7,219,041</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,102,998</u>	<u>\$ 708,325</u>	<u>\$ 2,182,420</u>	<u>\$ 7,283,956</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 405,093	\$ -	\$ -	\$ -	\$ 405,093
Insurance premium taxes	1,891,245	-	-	-	1,891,245
Wages and net profits taxes	2,253,301	-	-	-	2,253,301
Judgements and settlements	13,598	-	-	-	13,598
Intergovernmental	7,063,675	107,245	-	-	7,170,920
Investment income	19,380	-	-	45,581	64,961
Charges for services	77,453	-	-	-	77,453
Contributions and donations	71,068	1,359,930	-	-	1,430,998
Miscellaneous	360,541	-	-	26,185	386,726
<b>Total Revenues</b>	<b>12,155,354</b>	<b>1,467,175</b>	<b>-</b>	<b>71,766</b>	<b>13,694,295</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	179,806	-	-	179,806
Public safety	1,971,116	600,373	-	-	2,571,489
Public works	1,737,452	3,888	-	10,001	1,751,341
Neighborhood and community services	3,419,305	103,786	-	-	3,523,091
Capital Outlay	256,833	3,626,715	-	-	3,883,548
Debt service:					
Principal	-	-	490,000	-	490,000
Interest	-	-	1,122,587	-	1,122,587
<b>Total Expenditures</b>	<b>7,384,706</b>	<b>4,514,568</b>	<b>1,612,587</b>	<b>10,001</b>	<b>13,521,862</b>
Excess (deficiency) of revenues over (under) expenditures	<b>4,770,648</b>	<b>(3,047,393)</b>	<b>(1,612,587)</b>	<b>61,765</b>	<b>172,433</b>
Other financing sources (uses):					
Transfers in	51,233	4,213,500	1,612,600	-	5,877,333
Transfers out	(4,311,651)	-	-	-	(4,311,651)
<b>Total other financing sources (uses)</b>	<b>(4,260,418)</b>	<b>4,213,500</b>	<b>1,612,600</b>	<b>-</b>	<b>1,565,682</b>
<b>Net change in fund balances</b>	<b>510,230</b>	<b>1,166,107</b>	<b>13</b>	<b>61,765</b>	<b>1,738,115</b>
<b>Fund balances, beginning</b>	<b>8,544,443</b>	<b>6,052,934</b>	<b>2,367,632</b>	<b>825,550</b>	<b>17,790,559</b>
<b>Fund balances, ending</b>	<b>\$ 9,054,673</b>	<b>\$ 7,219,041</b>	<b>\$ 2,367,645</b>	<b>\$ 887,315</b>	<b>\$ 19,528,674</b>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2013**

	Community Development	Fire Improvement	Municipal Aid	Job Development Incentive	Parks Development	Landfill Closure	Local Law Enforcement Block Grant	Trunking Operation
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 405,093	\$ -	\$ -	\$ -
Insurance premium taxes	-	1,891,245	-	-	-	-	-	-
Wages and net profits taxes	-	-	-	1,050,826	1,202,475	-	-	-
Judgments and settlements	-	13,598	-	-	-	-	-	-
Intergovernmental	3,388,077	44,150	3,481,922	-	-	-	37,996	32,100
Investment income	903	4,599	4,125	1,217	-	8,536	-	-
Charges for services	-	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	59,209	-	-
Miscellaneous	249,615	-	68,364	-	-	-	-	-
Total Revenues	<u>3,638,595</u>	<u>1,953,592</u>	<u>3,554,411</u>	<u>1,052,043</u>	<u>1,607,568</u>	<u>67,745</u>	<u>37,996</u>	<u>32,100</u>
<b>EXPENDITURES</b>								
Current:								
Public safety	-	263,293	1,548,915	-	-	-	48,322	-
Public works	-	-	1,579,422	-	-	118,534	-	39,496
Neighborhood and community services	3,419,305	-	-	-	-	-	-	-
Capital outlay	15,326	105,203	89,918	-	-	-	46,386	-
Total Expenditures	<u>3,434,631</u>	<u>368,496</u>	<u>3,218,255</u>	<u>-</u>	<u>-</u>	<u>118,534</u>	<u>94,708</u>	<u>39,496</u>
Excess (deficiency) of revenues over (under) expenditures	<u>203,964</u>	<u>1,585,096</u>	<u>336,156</u>	<u>1,052,043</u>	<u>1,607,568</u>	<u>(50,789)</u>	<u>(56,712)</u>	<u>(7,396)</u>
Other financing sources (uses):								
Transfers in	-	-	26,233	-	-	-	-	25,000
Transfers out	-	(1,462,918)	(18,000)	(1,193,165)	(1,607,568)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,462,918)</u>	<u>8,233</u>	<u>(1,193,165)</u>	<u>(1,607,568)</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Net change in fund balances	203,964	122,178	344,389	(141,122)	-	(50,789)	(56,712)	17,604
Fund balances, beginning	1,445,322	1,083,324	3,629,733	472,710	-	1,447,940	56,712	109,057
Fund balances, ending	<u>\$ 1,649,286</u>	<u>\$ 1,205,502</u>	<u>\$ 3,974,122</u>	<u>\$ 331,588</u>	<u>\$ -</u>	<u>\$ 1,397,151</u>	<u>\$ -</u>	<u>\$ 126,661</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Continued)**  
**Year Ended June 30, 2013**

	Police Improvement	Lampkin Park	Homeland Security	Total Special Revenue Funds
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 405,093
Insurance premium taxes	-	-	-	1,891,245
Wages and net profits taxes	-	-	-	2,253,301
Judgments and settlements	-	-	-	13,598
Intergovernmental	-	-	79,430	7,063,675
Investment income	-	-	-	19,380
Charges for services	77,453	-	-	77,453
Contributions and donations	-	11,859	-	71,068
Miscellaneous	42,562	-	-	360,541
Total Revenues	120,015	11,859	79,430	12,155,354
<b>EXPENDITURES</b>				
Current:				
Public safety	31,156	-	79,430	1,971,116
Public works	-	-	-	1,737,452
Neighborhood and community services	-	-	-	3,419,305
Capital outlay	-	-	-	256,833
Total Expenditures	31,156	-	79,430	7,384,706
Excess (deficiency) of revenues over (under) expenditures	88,859	11,859	-	4,770,648
Other financing sources (uses):				
Transfers in	-	-	-	51,233
Transfers out	-	(30,000)	-	(4,311,651)
Total other financing sources (uses)	-	(30,000)	-	(4,260,418)
Net change in fund balances	88,859	(18,141)	-	510,230
Fund balances, beginning	258,940	40,705	-	8,544,443
Fund balances, ending	\$ 347,799	\$ 22,564	\$ -	\$ 9,054,673

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds**  
**Year Ended June 30, 2013**

	Riverfront Development	Equipment Replacement	Road Construction	Hennessey Way Construction	Heritage Trail Construction	Sidewalk Improvement	Stormwater Infrastructure Improvement
<b>REVENUES</b>							
Intergovernmental	\$ 107,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and donations	-	-	1,075,000	-	-	-	-
Total Revenues	107,245	-	1,075,000	-	-	-	-
<b>EXPENDITURES</b>							
Current:							
General Government	-	39,758	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	3,727	161
Neighborhood and community services	103,786	-	-	-	-	-	-
Capital outlay	3,459	391,957	2,151,800	-	-	252,865	293,473
Total Expenditures	107,245	431,715	2,151,800	-	-	256,592	293,634
Excess (deficiency) of revenues over (under) expenditures	-	(431,715)	(1,076,800)	-	-	(256,592)	(293,634)
Other financing sources (uses):							
Transfers in	-	495,500	800,000	250,000	-	400,000	500,000
Total other financing sources (uses)	-	495,500	800,000	250,000	-	400,000	500,000
Net change in fund balances	-	63,785	(276,800)	250,000	-	143,408	206,366
Fund balances, beginning	216,113	790,454	500,000	12,000	196,702	715,638	449,318
Fund balances, ending	\$ 216,113	\$ 854,239	\$ 223,200	\$ 262,000	\$ 196,702	\$ 859,046	\$ 655,684

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds (Continued)**  
**Year Ended June 30, 2013**

	Municipal Facilities	Technology Capital Improvement	800 Trucking Radio Systems Improvements	Total Nonmajor Capital Project Funds
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 107,245
Contributions and donations	-	-	284,930	1,359,930
Total Revenues	-	-	284,930	1,467,175
<b>EXPENDITURES</b>				
Current:				
Public safety	-	140,048	-	179,806
Public safety	-	-	600,373	600,373
Public works	-	-	-	3,888
Neighborhood and community services	-	-	-	103,786
Capital outlay	21,374	511,787	-	3,626,715
Total Expenditures	21,374	651,835	600,373	4,514,568
Excess (deficiency) of revenues over (under) expenditures	(21,374)	(651,835)	(315,443)	(3,047,393)
Other financing sources (uses):				
Transfers in	718,000	450,000	600,000	4,213,500
Total other financing sources (uses)	718,000	450,000	600,000	4,213,500
Net change in fund balances	696,626	(201,835)	284,557	1,166,107
Fund balances, beginning	401,812	879,233	1,891,664	6,052,934
Fund balances, ending	<u>\$ 1,098,438</u>	<u>\$ 677,398</u>	<u>\$ 2,176,221</u>	<u>\$ 7,219,041</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Principal	\$ 3,452,830	\$ 3,714,316	\$ 3,651,355	\$ 62,961
Interest and fiscal charges	1,716,430	1,706,944	1,660,750	46,194
Total expenditures	5,169,260	5,421,260	5,312,105	109,155
Excess (deficiency) of revenues over (under) expenditures	(5,169,260)	(5,421,260)	(5,312,105)	109,155
Other financing sources (uses):				
Proceeds from bond refunding	-	4,385,000	4,099,807	(285,193)
Premium from bond refunding	-	-	170,747	170,747
Payment to refunded debt escrow agent	-	(4,385,000)	(4,281,161)	103,839
Transfers in	5,169,260	5,421,260	5,312,107	(109,153)
Total other financing sources	5,169,260	5,421,260	5,301,500	(119,760)
Net change in fund balances	-	-	(10,605)	(10,605)
Fund balances, beginning	-	-	10,605	10,605
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 WKU Athletics Debt Service Fund  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 2,389,433	\$ 2,389,433	\$ 2,389,433	\$ -
Total revenues	2,389,433	2,389,433	2,389,433	-
<b>EXPENDITURES</b>				
Debt Service				
Principal	1,410,000	1,410,000	1,410,000	-
Interest	979,433	979,433	979,433	-
Total expenditures	2,389,433	2,389,433	2,389,433	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -



**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**ITA Bond Debt Service Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Rent Income	\$ -	\$ 2,345,500	\$ 2,345,500	\$ -
Investment income	-	-	433,673	433,673
Contributions and donations	1,327,790	1,327,790	1,352,784	24,994
Total revenues	1,327,790	3,673,290	4,131,957	458,667
<b>EXPENDITURES</b>				
Debt Service:				
Principal	2,235,000	4,580,500	4,580,500	-
Interest	1,553,220	1,553,220	1,553,206	14
Total expenditures	3,788,220	6,133,720	6,133,706	14
Excess (deficiency) of revenues over (under) expenditures	(2,460,430)	(2,460,430)	(2,001,749)	458,681
Other financing sources (uses):				
Transfers In	1,327,790	1,327,790	1,327,790	-
Total other financing sources (uses)	1,327,790	1,327,790	1,327,790	-
Net change in fund balances	(1,132,640)	(1,132,640)	(673,959)	458,681
Fund balances, beginning	13,689,334	13,689,334	13,689,334	-
Fund balances, ending	\$ 12,556,694	\$ 12,556,694	\$ 13,015,375	\$ 458,681

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
TIF District Debt Service Fund  
Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Principal	\$ 490,000	\$ 490,000	\$ 490,000	\$ -
Interest and fiscal charges	1,122,600	1,122,600	1,122,587	13
Total expenditures	1,612,600	1,612,600	1,612,587	13
Excess (deficiency) of revenues over (under) expenditures	(1,612,600)	(1,612,600)	(1,612,587)	13
Other financing sources (uses):				
Transfers in	1,612,600	1,612,600	1,612,600	-
Total other financing sources	1,612,600	1,612,600	1,612,600	-
Net change in fund balances	-	-	13	13
Fund balances, beginning	-	-	2,367,632	2,367,632
Fund balances, ending	\$ -	\$ -	\$ 2,367,645	\$ 2,367,645

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Community Development Special Revenue Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 3,531,721	\$ 3,835,478	\$ 3,388,077	\$ (447,401)
Investment income	1,400	1,400	903	(497)
Miscellaneous	71,670	236,670	249,615	12,945
Total revenues	3,604,791	4,073,548	3,638,595	(434,953)
<b>EXPENDITURES</b>				
Current:				
Neighborhood and community services	3,572,621	4,060,130	3,419,305	640,825
Capital outlay	-	15,326	15,326	-
Total expenditures	3,572,621	4,075,456	3,434,631	640,825
Excess (deficiency) of revenues over (under) expenditures	32,170	(1,908)	203,964	205,872
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	32,170	(1,908)	203,964	205,872
Fund balances, beginning	1,445,322	1,445,322	1,445,322	-
Fund balances, ending	\$ 1,477,492	\$ 1,443,414	\$ 1,649,286	\$ 205,872

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Fire Improvement Special Revenue Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Insurance premium taxes	\$ 1,700,000	\$ 1,700,000	\$ 1,891,245	\$ 191,245
Judgments and settlements	15,500	15,500	13,598	(1,902)
Intergovernmental	-	47,520	44,150	(3,370)
Investment income	11,600	11,600	4,599	(7,001)
Contributions and donations	-	-	-	-
Total revenues	1,727,100	1,774,620	1,953,592	178,972
<b>EXPENDITURES</b>				
Current:				
Public safety	331,515	381,899	263,293	118,606
Capital outlay	91,792	294,254	105,203	189,051
Total expenditures	423,307	676,153	368,496	307,657
Excess (deficiency) of revenues over (under) expenditures	1,303,793	1,098,467	1,585,096	486,629
Other financing sources (uses):				
Transfers out	(1,464,200)	(1,464,200)	(1,462,918)	1,282
Transfers in	-	-	-	-
Proceeds from capital lease obligation	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(1,464,200)	(1,464,200)	(1,462,918)	1,282
Net change in fund balances	(160,407)	(365,733)	122,178	487,911
Fund balances, beginning	1,083,324	1,083,324	1,083,324	-
Fund balances, ending	\$ 922,917	\$ 717,591	\$ 1,205,502	\$ 487,911

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Municipal Aid Special Revenue Fund  
Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 3,609,500	\$ 4,002,548	\$ 3,481,922	\$ (520,626)
Investment income	18,000	18,000	4,125	(13,875)
Miscellaneous	12,500	12,500	68,364	55,864
Total revenues	3,640,000	4,033,048	3,554,411	(478,637)
<b>EXPENDITURES</b>				
Current:				
Public safety	1,888,017	1,691,471	1,548,915	142,556
Public works	2,029,500	2,333,258	1,579,422	753,836
Capital outlay	78,500	133,779	89,918	43,861
Total expenditures	3,996,017	4,158,508	3,218,255	940,253
Excess (deficiency) of revenues over (under) expenditures	(356,017)	(125,460)	336,156	461,616
Other financing sources (uses):				
Transfers in	28,665	28,665	26,233	(2,432)
Transfers out	(18,000)	(18,000)	(18,000)	-
Total other financing sources (uses)	10,665	10,665	8,233	(2,432)
Net change in fund balances	(345,352)	(114,795)	344,389	459,184
Fund balances, beginning	3,629,733	3,629,733	3,629,733	-
Fund balances, ending	\$ 3,284,381	\$ 3,514,938	\$ 3,974,122	\$ 459,184

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Job Development Incentive Special Revenue Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Wages and net profits taxes	\$ 1,091,000	\$ 1,091,000	\$ 1,050,826	\$ (40,174)
Investment income	2,000	2,000	1,217	(783)
Total revenues	1,093,000	1,093,000	1,052,043	(40,957)
<b>EXPENSES</b>				
Capital outlay	-	-	-	-
Excess of revenues over expenditures	1,093,000	1,093,000	1,052,043	(40,957)
Other financing sources (uses):				
Transfers in	-	300,000	-	(300,000)
Transfers out	(1,215,495)	(1,215,495)	(1,193,165)	22,330
Total other financing sources (uses)	(1,215,495)	(915,495)	(1,193,165)	(277,670)
Net change in fund balances	(122,495)	177,505	(141,122)	(318,627)
Fund balances, beginning	472,710	472,710	472,710	-
Fund balances, ending	<u>\$ 350,215</u>	<u>\$ 650,215</u>	<u>\$ 331,588</u>	<u>\$ (318,627)</u>

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Parks Development Special Revenue Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Property taxes	\$ 404,750	\$ 404,750	\$ 405,093	\$ 343
Wages and net profits taxes	1,059,000	1,209,000	1,202,475	(6,525)
Total revenues	1,463,750	1,613,750	1,607,568	(6,182)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(1,463,750)	(1,613,750)	(1,607,568)	6,182
Total other financing sources (uses)	(1,463,750)	(1,613,750)	(1,607,568)	6,182
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Landfill Closure Special Revenue Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Interest income	\$ 42,000	\$ 42,000	\$ 8,536	\$ (33,464)
Contributions and donations	-	102,015	59,209	(42,806)
Total revenues	42,000	144,015	67,745	(76,270)
<b>EXPENDITURES</b>				
Current:				
Public works	94,320	231,911	118,534	113,377
Total expenditures	94,320	231,911	118,534	113,377
Net change in fund balances	(52,320)	(87,896)	(50,789)	37,107
Fund balances, beginning	1,447,940	1,447,940	1,447,940	-
Fund balances, ending	\$ 1,395,620	\$ 1,360,044	\$ 1,397,151	\$ 37,107



**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Local Law Enforcement Block Grant Special Revenue Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 55,207	\$ 37,996	\$ (17,211)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	34,300	48,322	(14,022)
Capital Outlay	-	77,619	46,386	31,233
Total expenditures	-	111,919	94,708	17,211
Net change in fund balances	-	(56,712)	(56,712)	-
Fund balances, beginning	56,712	56,712	56,712	-
Fund balances, ending	\$ 56,712	\$ -	\$ -	\$ -

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Trunking Operation Special Revenue Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 32,100	\$ 7,100
Investment Income	-	-	-	-
Contributions and donations	7,100	7,100	-	(7,100)
Total revenues	32,100	32,100	32,100	-
<b>EXPENDITURES</b>				
Current:				
Public works	49,850	49,850	39,496	10,354
Capital outlay	7,000	7,000	-	7,000
Total expenditures	56,850	56,850	39,496	17,354
Excess (deficiency) of revenues over (under) expenditures	(24,750)	(24,750)	(7,396)	17,354
Other financing sources (uses):				
Transfers in	25,000	25,000	25,000	-
Total other financing sources (uses)	25,000	25,000	25,000	-
Net change in fund balances	250	250	17,604	17,354
Fund balances, beginning	109,057	109,057	109,057	-
Fund balances, ending	\$ 109,307	\$ 109,307	\$ 126,661	\$ 17,354

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Police Improvement Special Revenue Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 83,000	\$ 83,000	\$ 77,453	\$ (5,547)
Investment income	-	-	-	-
Contributions and donations	-	-	-	-
Miscellaneous	52,500	52,500	42,562	(9,938)
	<u>135,500</u>	<u>135,500</u>	<u>120,015</u>	<u>(15,485)</u>
Total revenues	135,500	135,500	120,015	(15,485)
<b>EXPENDITURES</b>				
Public safety	-	3,721	31,156	(27,435)
Capital outlay	35,600	34,036	-	34,036
	<u>35,600</u>	<u>37,757</u>	<u>31,156</u>	<u>6,601</u>
Total expenses	35,600	37,757	31,156	6,601
Excess (deficiency) of revenues over (under) expenditures	99,900	97,743	88,859	(8,884)
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	99,900	97,743	88,859	(8,884)
Fund balances, beginning	258,940	258,940	258,940	-
	<u>258,940</u>	<u>258,940</u>	<u>258,940</u>	<u>-</u>
Fund balances, ending	\$ 358,840	\$ 356,683	\$ 347,799	\$ (8,884)

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Lampkin Park Special Revenue Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Contributions and donations	\$ 5,000	\$ 5,000	\$ 11,859	\$ 6,859
Total revenues	5,000	5,000	11,859	6,859
Other financing sources (uses):				
Transfers out	-	(30,000)	(30,000)	-
Net change in fund balances	5,000	(25,000)	(18,141)	6,859
Fund balances, beginning	40,705	40,705	40,705	-
Fund balances, ending	\$ 45,705	\$ 15,705	\$ 22,564	\$ 6,859

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Homeland Security Special Revenue Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 81,607	79,430	\$ (2,177)
Contributions and donations	-	-	-	-
Total revenues	-	81,607	79,430	(2,177)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	81,607	79,430	2,177
Total expenditures	-	81,607	79,430	2,177
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Riverfront Development Capital Projects Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 258,958	\$ 107,245	\$ (151,713)
Contributions and donations	-	-	-	-
Total revenues	-	258,958	107,245	(151,713)
<b>EXPENDITURES</b>				
Current:				
Neighborhood and community services	-	103,786	103,786	-
Capital outlay	-	264,213	3,459	260,754
Total expenditures	-	367,999	107,245	260,754
Excess (deficiency) of revenues over (under) expenditures	-	(109,041)	-	109,041
Other financing sources (uses):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(109,041)	-	109,041
Fund balances, beginning	216,113	216,113	216,113	-
Fund balances, ending	\$ 216,113	\$ 107,072	\$ 216,113	\$ 109,041

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Equipment Replacement Capital Projects Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
General Government	-	55,712	39,758	15,954
Capital outlay	641,000	609,777	391,957	217,820
Total expenditures	641,000	665,489	431,715	233,774
Excess (deficiency) of revenues over (under) expenditures	(641,000)	(665,489)	(431,715)	233,774
Other financing sources (uses):				
Transfers out	(20,000)	-	-	-
Transfers in	150,000	1,328,695	495,500	(833,195)
Net change in fund balances	(511,000)	663,206	63,785	(599,421)
Fund balances, beginning	790,454	790,454	790,454	-
Fund balances, ending	\$ 279,454	\$ 1,453,660	\$ 854,239	\$ (599,421)

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Road Construction Capital Projects Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Contributions and donations	\$ -	\$ 1,075,000	\$ 1,075,000	\$ -
Total revenues	-	1,075,000	1,075,000	-
<b>EXPENDITURES</b>				
Capital outlay	500,000	2,151,800	2,151,800	-
Total expenditures	500,000	2,151,800	2,151,800	-
Excess (deficiency) of revenues over (under) expenditures	(500,000)	(1,076,800)	(1,076,800)	
Other financing sources (uses):				
Transfers in	500,000	800,000	800,000	-
Transfers out	-	(223,200)	-	223,200
Total other financing sources (uses)	500,000	576,800	800,000	223,200
Net change in fund balances	-	(500,000)	(276,800)	223,200
Fund balances, beginning	500,000	500,000	500,000	-
Fund balances, ending	\$ 500,000	\$ -	\$ 223,200	\$ 223,200

See accompanying independent auditor's report



**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Hennessey Way Construction Capital Projects Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Capital outlay	250,000	485,200	-	485,200
Total expenditures	250,000	485,200	-	485,200
Other financing sources (uses):				
Transfer in	250,000	473,200	250,000	
Net change in fund balances	-	(12,000)	250,000	262,000
Fund balances, beginning	12,000	12,000	12,000	-
Fund balances, ending	\$ 12,000	\$ -	\$ 262,000	\$ 262,000

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Heritage Trail Construction Capital Projects Fund**  
**Year Ended June 30, 2013**

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

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Sidewalk Replacement Capital Projects Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
Current:				
Public works	\$ -	\$ 27,703	\$ 3,727	\$ 23,976
Capital outlay	400,000	855,010	252,865	602,145
Total expenditures	400,000	882,713	256,592	626,121
Other financing sources (uses):				
Transfers in	400,000	400,000	400,000	-
Total other financing sources (uses)	400,000	400,000	400,000	-
Net change in fund balances	-	(482,713)	143,408	626,121
Fund balances, beginning	715,638	715,638	715,638	-
Fund balances, ending	<u>\$ 715,638</u>	<u>\$ 232,925</u>	<u>\$ 859,046</u>	<u>\$ 626,121</u>

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Stormwater Infrastructure Improvement Capital Projects Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
Current:				
Public Works	\$ -	\$ 14,202	\$ 161	\$ 14,041
Capital Outlay	500,000	935,116	293,473	641,643
Total expenditures	(500,000)	(949,318)	(293,634)	655,684
Other financing sources (uses):				
Transfers in	500,000	500,000	500,000	-
Net change in fund balances	-	(449,318)	206,366	655,684
Fund balances, beginning	449,318	449,318	449,318	-
Fund balances, ending	\$ 449,318	\$ -	\$ 655,684	\$ 655,684

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Municipal Facilities Capital Projects Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Capital outlay	\$ 18,000	\$ 1,887,022	\$ 21,374	\$ 1,865,648
Deficiency of revenues under expeditu	(18,000)	(1,887,022)	(21,374)	1,865,648
Other financing sources (uses):				
Transfers in	18,000	2,251,500	718,000	(1,533,500)
Net change in fund balances	-	364,478	696,626	332,148
Fund balances, beginning	401,812	401,812	401,812	-
Fund balances, ending	<u>\$ 401,812</u>	<u>\$ 766,290</u>	<u>\$ 1,098,438</u>	<u>\$ 332,148</u>

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**800 Trunking Radio Systems Capital Projects Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Contributions and donations	\$ -	\$ 285,000	\$ 284,930	\$ (70)
Total revenues	-	285,000	284,930	(70)
<b>EXPENDITURES</b>				
Public Safety	-	861,663	600,373	261,290
Total expenditures	-	861,663	600,373	261,290
Other financing sources (uses):				
Transfers in	-	600,000	600,000	-
Total other financing sources (uses)	-	600,000	600,000	-
Net change in fund balances	-	23,337	284,557	261,220
Fund balances, beginning	1,891,664	1,891,664	1,891,664	-
Fund balances, ending	<u>\$ 1,891,664</u>	<u>\$ 1,915,001</u>	<u>\$ 2,176,221</u>	<u>\$ 261,220</u>

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Technology Capital Improvements Projects Fund**  
**Year Ended June 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
General Government	\$ 105,000	\$ 252,615	\$ 140,048	\$ 112,567
Capital outlay	404,225	519,885	511,787	8,098
Total expenditures	509,225	772,500	651,835	120,665
Other financing sources (uses):				
Transfers in	250,000	650,000	450,000	(200,000)
Total other financing sources (uses)	250,000	650,000	450,000	(200,000)
Net change in fund balances	(259,225)	(122,500)	(201,835)	(79,335)
Fund balances, beginning	879,233	879,233	879,233	-
Fund balances, ending	<u>\$ 620,008</u>	<u>\$ 756,733</u>	<u>\$ 677,398</u>	<u>\$ (79,335)</u>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **INTERNAL SERVICE FUNDS**

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

#### **Fleet Maintenance Fund**

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

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

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

#### **Workers Compensation Fund**

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

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

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



**City of Bowling Green, Kentucky**  
**Combining Statement of Net Position – Internal Service Funds**  
**June 30, 2013**

	Fleet Maintenance	Employee Health Care	Workers Compensation	Properly and Casualty	Total
<b>ASSETS</b>					
Current assets					
Pooled cash and cash equivalents	\$ 502,598	\$ 670,365	\$ 597,894	\$ 1,123,289	\$ 2,894,146
Investments	-	3,576,269	1,161,179	-	4,737,448
Accounts receivable	30,000	-	-	-	30,000
Interest receivable	-	10,563	190	-	10,753
Inventories	154,492	-	-	-	154,492
Prepaid items	-	323,000	-	-	323,000
Total current assets	687,090	4,580,197	1,759,263	1,123,289	8,149,839
Noncurrent assets					
Capital assets					
Building	200,986	-	-	-	200,986
Machinery and equipment	241,082	-	40,345	-	281,427
	442,068	-	40,345	-	482,413
Less accumulated depreciation	(314,664)	-	(38,272)	-	(352,936)
Total capital assets, net of accumulated depreciation	127,404	-	2,073	-	129,477
Total noncurrent assets	127,404	-	2,073	-	129,477
Total assets	\$ 814,494	\$ 4,580,197	\$ 1,761,336	\$ 1,123,289	\$ 8,279,316
<b>LIABILITIES</b>					
Current liabilities					
Vouchers and accounts payable	\$ 78,150	\$ 134,173	\$ 23,140	\$ 4,083	\$ 239,546
Accrued payroll	21,996	-	894	-	22,890
Insurance claims payable	-	169,177	22,240	-	191,417
Current portion of compensated absences payable	12,863	-	-	-	12,863
Total current liabilities	113,009	303,350	46,274	4,083	466,716
Noncurrent liabilities					
Compensated absences payable, net of current portion	4,668	-	-	-	4,668
Total liabilities	117,677	303,350	46,274	4,083	471,384
<b>NET POSITION</b>					
Net investment in capital assets	127,404	-	2,073	-	129,477
Unrestricted	569,413	4,276,847	1,712,989	1,119,206	7,678,455
Total net position	\$ 696,817	\$ 4,276,847	\$ 1,715,062	\$ 1,119,206	\$ 7,807,932

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds**  
**Year Ended June 30, 2013**

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,002,638	\$ -	\$ -	\$ -	\$ 2,002,638
Insurance premiums	-	4,288,905	608,145	-	4,897,050
Judgments and settlements	513	-	-	21,619	22,132
Contributions and donations	-	-	2,748	-	2,748
Miscellaneous	2,666	106	-	-	2,772
Total operating revenues	2,005,817	4,289,011	610,893	21,619	6,927,340
<b>OPERATING EXPENSES</b>					
Personnel services	565,841	-	21,745	-	587,586
Contractual services	1,503	347,896	57,767	-	407,166
Supplies	1,206,958	7,819	947	16,818	1,232,542
Utilities	31,750	-	-	-	31,750
Repairs and maintenance	214,946	-	20,837	15,535	251,318
Insurance premiums and claims	-	4,566,162	198,869	660,931	5,425,962
Depreciation	10,740	-	3,226	-	13,966
Miscellaneous	5,145	8,475	195	1,083	14,898
Total operating expenses	2,036,883	4,930,352	303,586	694,367	7,965,188
Operating income (loss)	(31,066)	(641,341)	307,307	(672,748)	(1,037,848)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	-	38,086	9,256	-	47,342
Total nonoperating revenues	-	38,086	9,256	-	47,342
Income (loss) before transfers	(31,066)	(603,255)	316,563	(672,748)	(990,506)
Transfer in	33,733	-	-	800,000	833,733
Transfers out	-	-	(100,000)	-	(100,000)
Change in net position	2,667	(603,255)	216,563	127,252	(256,773)
Net position, beginning	694,150	4,880,102	1,498,499	991,954	8,064,705
Net position, ending	\$ 696,817	\$ 4,276,847	\$ 1,715,062	\$ 1,119,206	\$ 7,807,932

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Cash Flows – Internal Service Funds**  
**Year Ended June 30, 2013**

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 1,976,764	\$ 4,296,360	\$ 611,004	\$ 21,619	\$ 6,905,747
Payments to employees	(563,043)	-	(22,168)	-	(585,211)
Payments to suppliers	(1,424,870)	(282,557)	(73,132)	(33,046)	(1,813,605)
Insurance premiums and claims paid	-	(4,493,452)	(297,057)	(660,931)	(5,451,440)
Net cash (used in) provided by operating activities	(11,149)	(479,649)	218,647	(672,358)	(944,509)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in (out)	33,733	-	(100,000)	800,000	733,733
Net cash provided by (used in) noncapital financing activities	33,733	-	(100,000)	800,000	733,733
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	-	42,817	9,066	-	51,883
Sale of investments	-	273,709	266,415	-	540,124
Net cash provided by investing activities	-	316,526	275,481	-	592,007
Net increase (decrease) in cash and cash equivalents	22,584	(163,123)	394,128	127,642	381,231
Cash and cash equivalents, beginning of year	480,014	833,488	203,766	995,647	2,512,915
Cash and cash equivalents, end of year	\$ 502,598	\$ 670,365	\$ 597,894	\$ 1,123,289	\$ 2,894,146
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	\$ (31,066)	\$ (641,341)	\$ 307,307	\$ (672,748)	\$ (1,037,848)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	10,740	-	3,226	-	13,966
Change in assets and liabilities					
Accounts receivable	(29,053)	7,349	111	-	(21,593)
Inventories	21,383	-	-	-	21,383
Accounts payable	14,049	81,633	6,614	390	102,686
Compensated absences	1,590	-	-	-	1,590
Accrued payroll	1,208	-	(423)	-	785
Insurance claims payable	-	72,710	(98,188)	-	(25,478)
Net cash provided by (used in) operating activities	\$ (11,149)	\$ (479,649)	\$ 218,647	\$ (672,358)	\$ (944,509)

See accompanying independent auditor's report

## **NONMAJOR GOVERNMENTAL FUNDS**

### **AGENCY FUNDS**

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

#### **Claims Fund**

Imprest vendor paying agent for all government funds.

#### **Payroll Fund**

Imprest paying agent for City payroll.

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

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

#### **Tax Distribution Fund**

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

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

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

**City of Bowling Green, Kentucky**  
**Combining Statement of Changes in Assets and Liabilities – Agency Funds**  
**Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>CLAIMS FUND</b>				
Assets				
Non-pooled cash and cash equivalents	\$ 1,629,855	\$ 106,264,466	\$ 106,213,193	\$ 1,681,128
Liabilities				
Other liabilities	\$ 1,629,855	\$ 106,264,466	\$ 106,213,193	\$ 1,681,128
<b>PAYROLL FUND</b>				
Assets				
Non-pooled cash and cash equivalents	\$ 22,413	\$ 35,064,085	\$ 35,071,418	\$ 15,080
Liabilities				
Other liabilities	\$ 22,413	\$ 35,064,085	\$ 35,071,418	\$ 15,080
<b>TOURIST &amp; CONVENTION FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 1,475,786	\$ 1,475,786	\$ -
Liabilities				
Due to Tourist Commission	\$ -	\$ 1,106,839	\$ 1,106,839	\$ -
Due to Convention Center Corp.	-	368,947	368,947	-
Total liabilities	\$ -	\$ 1,475,786	\$ 1,475,786	\$ -
<b>TAX DISTRIBUTION FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 19,504,718	\$ 19,504,718	\$ -
Liabilities				
Due to other funds	\$ -	\$ 9,527,581	\$ 9,527,581	\$ -
Due to other taxing units - School Board	-	9,353,943	9,353,943	-
Other liabilities	-	623,194	623,194	-
Total liabilities	\$ -	\$ 19,504,718	\$ 19,504,718	\$ -

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Statement of Changes in Assets and Liabilities – Agency Funds (Continued)  
Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>TREASURER'S DISTRIBUTION FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ 109,715	\$ 191,835	\$ 195,165	\$ 106,385
Liabilities				
Due to other governmental units	\$ 109,715	\$ 191,835	\$ 195,165	\$ 106,385
<b>TOTALS - ALL AGENCY FUNDS</b>				
Assets				
Pooled cash and cash equivalents	\$ 109,715	\$ 21,172,339	\$ 21,175,669	\$ 106,385
Non-pooled cash and cash equivalents	1,652,268	141,328,551	141,284,611	1,696,208
Total assets	\$ 1,761,983	\$ 162,500,890	\$ 162,460,280	\$ 1,802,593
Liabilities				
Due to other funds	\$ -	\$ 9,527,581	\$ 9,527,581	\$ -
Due to Tourist Commission	-	1,106,839	1,106,839	-
Due to Convention Center Corp.	-	368,947	368,947	-
Due to other taxing units - School Board	-	9,353,943	9,353,943	-
Due to other governmental units	109,715	191,835	195,165	106,385
Other liabilities	1,652,268	141,951,745	141,907,805	1,696,208
Total liabilities	\$ 1,761,983	\$ 162,500,890	\$ 162,460,280	\$ 1,802,593

City of Bowling Green, Kentucky  
Combining Statement of Net Position – Component Units – Bowling Green Municipal Utilities  
June 30, 2013

	Bowling Green Municipal Utilities			
	Electric Division	Water-Sewer Division	General Services Division	Total
<b>ASSETS</b>				
Non-pooled cash and cash equivalents	\$ 7,513,610	\$ 1,848,457	\$ 157,256	\$ 9,519,323
Receivables (net):				
Accounts	8,104,886	1,320,818	41,590	9,467,294
Other	126,686	174,568	-	301,254
Inventories	1,053,703	175,415	138,722	1,367,840
Prepaid items	392,524	155,557	17,661	565,742
Long-term investments	100,000	-	-	100,000
Prepayment to TVA	469,571	-	-	469,571
Investments and restricted funds	1,275,155	4,887,277	-	6,162,432
Due from component units	26,181	6,406,391	76,625	6,509,197
Capital assets, net of accumulated depreciation:				
Non-depreciable	5,339,524	69,046,601	101,708	74,487,833
Depreciable	47,760,736	73,145,644	4,414,962	125,321,342
Other assets	68,571	53,978	200,578	323,127
Total assets	72,231,147	157,214,706	5,149,102	234,594,955
<b>LIABILITIES</b>				
Vouchers and accounts payable	7,848,999	1,099,407	96,650	9,045,056
Compensated absences payable	463,526	244,413	-	707,939
Accrued interest payable	1,079,985	117,368	-	1,197,353
Due to component unit	708,016	-	775,000	1,483,016
Security deposits	4,117,440	-	-	4,117,440
Other current liabilities	766,118	219,166	86,791	1,072,075
Compensated absences payable, noncurrent	249,527	130,091	-	379,618
Customer advances	56,861	-	-	56,861
Noncurrent liabilities:				
Due within one year	260,000	4,052,491	40,234	4,352,725
Due in more than one year	6,871,808	75,044,323	127,106	82,043,237
Due to component unit	-	-	5,000,000	5,000,000
Total liabilities	22,422,280	80,907,259	6,125,781	109,455,320
<b>NET POSITION</b>				
Net investment in capital assets	45,968,452	63,473,798	(650,670)	108,791,580
Restricted	1,375,155	4,278,231	-	5,653,386
Unrestricted	2,465,260	8,555,418	(326,009)	10,694,669
Total net position	\$ 49,808,867	\$ 76,307,447	\$ (976,679)	\$ 125,139,635

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Statement of Revenues, Expenses and Changes in Net Position – Component Units – Bowling Green Municipal Utilities  
Year Ended June 30, 2013

Bowling Green Municipal Utilities	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Contributions	Capital Contributions	Electric System	Water and Sewer System	Fiber Optic System	Totals
Electric Division	\$ 84,451,189	\$ 85,820,286	\$ -	\$ -	\$ 1,369,097	\$ -	\$ -	\$ 1,369,097
Water-Sewer Division	17,729,319	19,568,158	-	403,985	-	2,242,824	-	2,242,824
General Services Division	1,990,008	2,410,321	-	-	-	-	420,313	420,313
Total component units	<u>\$ 104,170,516</u>	<u>\$ 107,798,765</u>	<u>\$ -</u>	<u>\$ 403,985</u>	<u>1,369,097</u>	<u>2,242,824</u>	<u>420,313</u>	<u>4,032,234</u>
<b>General revenues:</b>								
Investment income					69,718	114,529	-	184,247
Merchandising revenues, net					44,865	-	3,641	48,506
Miscellaneous					-	760,570	(17,212)	743,358
Total general revenues					<u>114,583</u>	<u>875,099</u>	<u>(13,571)</u>	<u>976,111</u>
Change in net position					1,483,680	3,117,923	406,742	5,008,345
Net position beginning of year					<u>48,325,187</u>	<u>73,189,524</u>	<u>(1,383,421)</u>	<u>120,131,290</u>
Net position end of year					<u>\$ 49,808,867</u>	<u>\$ 76,307,447</u>	<u>\$ (976,679)</u>	<u>\$ 125,139,635</u>

See accompanying independent auditor's report



# STATISTICAL SECTION

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

## Financial Trends:            Tables 1 - 4

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

## Revenue Capacity:            Tables 5 - 7

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

## Debt Capacity:            Tables 8 - 12

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

## Demographic and Economic Information:                            Tables 13 - 14

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

## Operating Information:    Tables 15 -17

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

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

	Fiscal Year									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities										
Net investment in capital assets	\$ 138,027,516	\$ 135,364,894	\$ 124,378,964	\$ 115,406,434	\$ 110,124,978	\$ 95,299,980	\$ 70,506,798	\$ 61,920,839	\$ 48,982,175	\$ 47,421,777
Restricted	9,755,642	8,334,411	7,678,890	8,489,209	12,648,978	13,706,589	16,471,139	7,114,135	8,614,231	2,697,480
Unrestricted	22,355,235	14,779,013	11,861,503	10,322,628	3,791,321	30,702,914	35,938,960	32,220,951	24,642,192	14,287,360
Total governmental activities net position	<u>\$ 170,138,393</u>	<u>\$ 158,478,318</u>	<u>\$ 143,919,357</u>	<u>\$ 134,218,271</u>	<u>\$ 126,565,277</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 6,831,728	\$ 6,697,127	\$ 6,601,646	\$ 6,073,639	\$ 5,673,876	\$ 4,914,526	\$ 4,536,514	\$ 4,391,188	\$ 4,007,468	\$ 4,148,183
Restricted	-	0	-	-	-	-	-	-	533	16,967
Unrestricted	6,966,658	5,855,494	5,109,640	4,408,480	3,763,476	2,954,021	2,723,849	1,908,071	1,503,788	1,618,039
Total business-type activities net position	<u>\$ 13,798,386</u>	<u>\$ 12,552,621</u>	<u>\$ 11,711,286</u>	<u>\$ 10,482,119</u>	<u>\$ 9,437,352</u>	<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>
Primary government										
Net investment in capital assets	\$ 144,859,244	\$ 142,062,021	\$ 130,980,610	\$ 121,480,073	\$ 115,798,854	\$ 100,214,506	\$ 75,043,312	\$ 66,312,027	\$ 52,989,643	\$ 51,569,960
Restricted	9,755,642	8,334,411	7,678,890	8,489,209	12,648,978	13,706,589	16,471,139	7,114,135	8,614,764	2,714,447
Unrestricted	29,321,893	20,634,507	16,971,143	14,731,108	7,554,797	33,656,935	38,662,809	34,129,022	26,145,980	15,905,399
Total primary government net position	<u>\$ 183,936,779</u>	<u>\$ 171,030,939</u>	<u>\$ 155,630,643</u>	<u>\$ 144,700,390</u>	<u>\$ 136,002,629</u>	<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>

See accompanying independent auditor's report

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
Governmental activities:										
General government	\$ 16,265,264	\$ 15,273,247	\$ 15,155,819	\$ 12,874,758	\$ 14,240,674	\$ 14,963,398	\$ 11,585,397	\$ 10,620,708	\$ 9,839,358	\$ 5,895,705
Public safety	23,180,539	22,297,308	21,843,704	22,477,932	20,629,290	20,888,002	18,477,954	17,028,198	16,864,958	16,260,982
Public works	6,207,967	7,576,164	6,700,923	7,782,325	6,276,210	6,445,139	8,024,218	6,407,082	6,126,248	5,144,685
Parks and recreation	5,280,474	5,011,216	5,478,404	4,895,725	4,715,430	4,643,176	4,579,136	4,318,574	4,056,394	3,989,799
Neighborhood and comm. services	4,787,160	5,158,144	4,948,826	4,739,011	5,562,852	4,533,189	5,891,219	5,221,716	4,170,122	3,716,744
Community services	1,070,544	1,341,318	1,238,015	2,446,270	24,078,708	4,087,698	3,016,601	2,585,297	2,445,889	2,406,986
Miscellaneous	-	-	-	-	-	-	-	-	5,595	280,874
Interest expense	6,634,088	6,498,659	5,670,703	6,789,892	7,033,869	4,380,214	3,501,788	3,478,617	3,470,870	2,991,536
Total governmental activities expenses	\$ 63,426,036	\$ 63,156,056	\$ 61,036,394	\$ 62,005,913	\$ 82,537,033	\$ 59,940,816	\$ 55,076,313	\$ 49,660,192	\$ 46,979,434	\$ 40,687,311
Business-type activities:										
Golf course	\$ 2,066,604	\$ 2,759,341	\$ 2,366,430	\$ 2,323,270	\$ 2,342,624	\$ 2,379,799	\$ 2,375,208	\$ 2,316,855	\$ 2,251,191	\$ 2,116,158
Aquatics	885,993	919,636	871,429	849,210	848,501	1,231,201	862,409	877,479	1,039,779	991,237
Convention center	673,102	904,908	607,015	823,333	742,829	850,659	682,734	897,524	1,087,721	1,136,688
Total business-type activities expenses	3,625,699	4,583,885	3,844,874	3,995,813	3,933,954	4,461,659	3,920,351	4,091,858	4,378,691	4,244,083
Total primary government expenses	\$ 67,051,735	\$ 67,739,941	\$ 64,881,268	\$ 66,001,726	\$ 86,470,987	\$ 64,402,475	\$ 58,996,664	\$ 53,752,050	\$ 51,358,125	\$ 44,931,394
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	\$ 4,650,906	\$ 3,728,986	\$ 3,415,888	\$ 3,095,600	\$ 3,545,304	\$ 2,234,584	\$ 2,124,151	\$ 1,072,180	\$ 1,248,536	\$ 603,853
Public safety	252,181	269,502	187,098	187,228	250,696	294,866	191,964	199,137	572,295	113,112
Public works	-	-	-	-	-	-	-	-	-	668,347
Parks and recreation	380,360	389,486	398,333	421,798	390,693	382,818	323,999	361,444	351,497	591,871
Operating grants and contributions	9,538,468	7,308,403	8,425,923	8,986,469	7,311,410	7,544,586	6,445,180	5,614,030	5,242,315	5,570,258
Capital grants and contributions	5,169,106	13,461,928	9,941,334	8,339,284	7,689,270	14,582,910	17,335,681	7,856,470	4,185,783	2,847,325
Total governmental activities program revenues	\$ 19,991,021	\$ 25,158,305	\$ 22,368,576	\$ 21,030,379	\$ 19,187,373	\$ 25,039,764	\$ 26,420,975	\$ 15,103,261	\$ 11,600,426	\$ 10,394,766
Business-type activities:										
Charges for services:										
Golf course	\$ 1,368,727	\$ 1,438,517	\$ 1,275,821	\$ 1,316,218	\$ 1,429,946	\$ 1,416,483	\$ 1,430,200	\$ 1,369,313	\$ 1,326,003	\$ 1,388,009
Aquatics	477,508	649,347	578,532	518,834	511,395	475,673	421,185	461,381	460,480	490,405
Convention center	212,823	205,503	216,665	214,459	223,958	203,324	194,675	312,682	570,517	287,876
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities	2,059,058	2,293,367	2,071,018	2,049,511	2,165,299	2,095,480	2,046,060	2,143,376	2,357,000	2,166,290
Total primary government program revenues	\$ 22,050,079	\$ 27,451,672	\$ 24,439,594	\$ 23,079,890	\$ 21,352,672	\$ 27,135,244	\$ 28,467,035	\$ 17,246,637	\$ 13,957,426	\$ 12,561,056
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (43,435,015)	\$ (37,997,751)	\$ (38,667,818)	\$ (40,975,534)	\$ (63,349,660)	\$ (34,901,052)	\$ (28,655,338)	\$ (34,556,931)	\$ (35,379,008)	\$ (30,292,545)
Business-type activities	(1,566,641)	(2,290,518)	(1,773,856)	(1,946,302)	(1,768,655)	(2,366,179)	(1,874,291)	(1,948,482)	(2,021,691)	(2,077,793)
Total primary government net expense	\$ (45,001,656)	\$ (40,288,269)	\$ (40,441,674)	\$ (42,921,836)	\$ (65,118,315)	\$ (37,267,231)	\$ (30,529,629)	\$ (36,505,413)	\$ (37,400,699)	\$ (32,370,338)

See accompanying independent auditor's report

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 11,763,153	\$ 11,377,484	\$ 11,220,959	\$ 11,346,706	\$ 10,824,938	\$ 11,871,893	\$ 10,835,879	\$ 13,163,115	\$ 10,797,549	\$ 10,401,190
Insurance premium taxes <sup>a</sup>	3,342,087	3,156,411	3,087,621	3,140,598	3,100,377	3,154,521	3,097,857	-	-	-
Wages and net profits taxes	41,392,272	39,490,949	37,220,689	35,502,869	36,016,500	36,502,625	37,247,653	37,285,158	35,711,658	29,965,370
Gain (loss) on sale of capital assets	53,678	-	(1,839,170)	-	-	-	(872,410)	44,519	6,107	(226,900)
Judgements and settlements	-	-	-	-	-	-	-	730,458	427,363	-
Investment income	644,577	815,700	886,084	1,031,911	2,435,228	2,351,828	2,253,732	1,787,940	957,679	588,707
Miscellaneous	251,083	262,868	270,561	144,527	696,997	327,802	159,972	148,603	1,302,587	1,235,134
Transfers	(2,351,760)	(2,546,700)	(2,477,840)	(2,538,083)	(2,868,586)	(2,515,031)	(2,406,373)	(2,318,501)	(1,651,859)	(1,613,157)
Total governmental activities	\$ 55,095,090	\$ 52,556,712	\$ 48,368,904	\$ 48,628,528	\$ 50,205,454	\$ 51,693,638	\$ 50,316,310	\$ 50,841,292	\$ 47,551,084	\$ 40,350,344
Business-type activities:										
Taxes										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 512,710
Transient room taxes	460,640	432,158	420,300	382,340	396,518	398,381	369,162	373,236	379,571	-
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	(10,854)	10,386	(777)
Judgements and settlements	-	-	-	-	-	-	-	-	-	16,162
Investment income	6	152,995	84,510	70,646	72,356	60,951	59,860	55,069	39,089	11,987
Miscellaneous	-	-	20,373	-	-	-	-	-	17,542	-
Transfers	2,351,760	2,546,700	2,477,840	2,538,083	2,868,586	2,515,031	2,406,373	2,318,501	1,651,859	1,613,157
Total business-type activities	2,812,406	3,131,853	3,003,023	2,991,069	3,337,460	2,974,363	2,835,395	2,735,952	2,098,447	2,153,239
Total primary government	\$ 57,907,496	\$ 55,688,565	\$ 51,371,927	\$ 51,619,597	\$ 53,542,914	\$ 54,668,001	\$ 53,151,705	\$ 53,577,244	\$ 49,649,531	\$ 42,503,583
<b>Changes in Net Position</b>										
Governmental activities	\$ 11,660,075	\$ 14,558,961	\$ 9,701,086	\$ 7,652,994	\$ (13,144,206)	\$ 16,792,586	\$ 21,660,972	\$ 16,284,361	\$ 12,172,076	\$ 10,057,799
Business-type activities	1,245,765	841,335	1,229,167	1,044,767	1,568,805	608,184	961,104	787,470	76,756	75,446
Total primary government	\$ 12,905,840	\$ 15,400,296	\$ 10,930,253	\$ 8,697,761	\$ (11,575,401)	\$ 17,400,770	\$ 22,622,076	\$ 17,071,831	\$ 12,248,832	\$ 10,133,245

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

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Nonspendable	\$ 102,022	\$ 110,067	\$ 116,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	580,258	1,843,259	2,175,158	853,653	681,409	573,802	991,825
Restricted	-	-	28,381	-	-	-	-	-	-	-
Committed	10,476,400	10,142,001	7,153,358	-	-	-	-	-	-	-
Assigned	4,147,690	3,946,030	2,350,558	-	-	-	-	-	-	-
Unassigned	4,084,127	4,288,920	8,083,626	-	-	-	-	-	-	-
Unreserved	-	-	-	16,393,728	13,888,739	15,328,742	20,593,019	21,042,696	16,742,378	10,721,868
Total General Fund	<u>\$ 18,810,239</u>	<u>\$ 18,487,018</u>	<u>\$ 17,732,514</u>	<u>\$ 16,973,986</u>	<u>\$ 15,731,998</u>	<u>\$ 17,503,900</u>	<u>\$ 21,446,672</u>	<u>\$ 21,724,105</u>	<u>\$ 17,316,180</u>	<u>\$ 11,713,693</u>
All Other Governmental Funds										
Restricted	17,445,124	17,804,417	20,223,543	\$ 4,992,442	\$ 3,672,061	\$ 6,198,535	\$ 6,364,120	\$ 4,340,670	\$ 3,348,334	\$ 5,115,715
Committed	4,093,440	3,875,464	-	-	-	-	-	-	-	-
Assigned	11,005,485	9,810,617	11,382,712	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special Revenue funds	-	-	-	25,691,575	27,562,694	24,465,839	7,658,317	8,367,593	7,091,740	5,305,482
Capital Projects funds	-	-	-	3,285,091	8,778,626	8,619,293	13,733,273	2,747,696	4,887,593	6,722,685
Debt Service funds	-	-	-	-	-	47,702	104,610	105,116	104,949 <sup>a</sup>	-
Permanent fund	-	-	-	36,806	93,736	67,610	47,988	32,288	541,276	104,014
Total all other governmental funds	<u>\$ 32,544,049</u>	<u>\$ 31,490,498</u>	<u>\$ 31,606,255</u>	<u>\$ 34,005,914</u>	<u>\$ 40,107,117</u>	<u>\$ 39,398,979</u>	<u>\$ 27,908,308</u>	<u>\$ 15,593,363</u>	<u>\$ 15,973,892</u>	<u>\$ 17,247,896</u>

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

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

Nonspendable  
Committed  
Assigned  
Unassigned

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

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

	Fiscal Year									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Revenues</b>										
Taxes	\$ 11,642,257	\$ 11,233,161	\$ 11,094,132	\$ 11,174,838	\$ 10,633,642	\$ 11,743,169	\$ 10,835,879 <sup>a</sup>	\$ 13,163,115	\$ 10,797,549	\$ 10,401,190
Insurance premium taxes	3,342,087	3,131,426	3,087,621	3,140,598	3,100,377	3,154,521	3,097,857 <sup>a</sup>	-	-	-
Wage and net profit taxes	41,392,272	39,490,949	37,218,764	35,502,869	36,111,281	36,681,744	37,406,227 <sup>b</sup>	37,285,157	35,711,658	31,085,066
Licenses and permits	1,196,829	1,225,876	1,008,531	1,164,737	898,603	945,383	735,949 <sup>b</sup>	-	-	-
Intergovernmental	9,699,484	10,282,887	10,490,457	12,457,418	9,836,174	10,453,862	11,392,786	9,868,433	9,428,098	8,417,583
Investment income	597,234	709,096	774,589	940,504	2,236,555	2,099,729	2,017,219 <sup>c</sup>	-	-	-
Charges for services	655,280	617,189	572,038	616,196	481,491	547,340	595,021	571,009	572,295	451,453
Parks and recreation	345,951	352,727	379,821	410,111	380,317	372,484	323,999	361,444	351,497	383,879
Rental Income	3,698,284	1,418,056	1,410,533	976,868	1,685,901	-	-	-	-	-
Miscellaneous	2,045,088	678,284	1,007,904	492,125	954,532	591,109	965,356	3,050,865	2,188,073	1,813,668
Total revenues	<u>74,614,766</u>	<u>69,139,651</u>	<u>67,044,390</u>	<u>66,876,264</u>	<u>66,318,873</u>	<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>
<b>Expenditures</b>										
General government	5,929,691	6,416,600	6,319,543	6,753,844	6,899,349	8,512,371	7,018,903	6,490,388	6,034,350	5,721,598
Public safety	26,153,318	24,472,880	23,911,824	24,774,100	23,200,660	23,276,993	21,382,962	19,849,913	17,481,667	15,716,344
Public works	7,611,230	7,879,907	7,330,975	7,590,188	7,862,753	6,885,983	7,369,126	7,518,741	6,504,418	5,204,488
Parks and recreation	5,733,383	5,298,687	5,591,502	4,986,858	5,412,954	5,758,676	5,107,121	4,274,028	3,913,462	3,722,246
Neighborhood & Community Services	4,979,298	5,756,566	5,194,215	6,937,549	27,800,163	6,062,010	6,652,290	5,298,730	4,253,515	3,784,107
Community services	423,326	625,098	461,995	751,278	1,066,412	3,116,912	3,016,601	2,576,613	2,437,205	2,373,892
Miscellaneous	-	-	-	-	-	-	-	-	5,595	285,827
Capital outlay	3,883,548	2,491,802	5,879,013	5,675,679	12,407,497	10,561,509	9,324,923	6,254,064	9,846,885	10,198,474
Debt service:										
Principal	10,131,855	7,391,770	6,798,046	5,489,095	5,009,606	4,201,347	4,757,074	3,506,898	2,648,501	2,172,095
Interest and fiscal charges	5,315,976	5,632,984	6,145,566	6,655,188	7,277,785	4,500,337	3,403,076	3,403,726	3,576,060	3,206,406
Total Expenditures	<u>70,161,625</u>	<u>65,966,294</u>	<u>67,632,679</u>	<u>69,613,779</u>	<u>96,937,179</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	4,453,141	3,173,357	(588,289)	(2,737,515)	(30,618,306)	(6,286,797)	(661,783)	5,126,922	2,347,512	167,362

See accompanying independent auditor's report

**Other Financing Sources (Uses)**

Transfers in	12,547,232	13,721,906	10,727,493	14,823,177	19,275,432	14,236,314	12,653,038	9,202,125	9,336,999	6,640,294
Transfers out	(15,632,723)	(16,452,014)	(13,105,332)	(17,011,260)	(22,144,018)	(16,816,345)	(15,186,551)	(11,448,126)	(10,893,858)	(8,148,010)
Issuance of debt	-	-	-	-	31,420,000	-	-	-	1,630,000	14,658,705
Premium on general obligation bonds	-	-	-	-	667,110	-	83,038	-	-	237,204
Discount on general obligation bonds	-	-	-	-	(8,009)	-	-	-	-	(1,643)
Capital lease proceeds	-	-	1,309,391	-	-	-	-	-	1,708,594	212,000
General Obligation note proceeds	-	-	-	-	-	-	-	-	-	1,730,000
General Obligation bond proceeds	-	-	-	-	-	-	14,682,962	-	-	-
Issuance of refunding debt	4,099,807	7,409,463	29,627,561	-	12,119,800	30,443,095	-	-	-	-
Payment to refunded bonds redeemed	170,747	-	-	-	(2,147,888)	-	-	-	-	-
Payments to refunded debt escrow agent	(4,281,161)	(7,718,497)	(29,627,561)	-	(9,971,912)	(13,803,815)	-	-	-	-
Premium from bond refunding	19,731	319,639	-	-	-	-	-	-	-	-
Other financing costs	-	-	-	-	-	(319,653)	-	-	-	-
Sale of capital assets	-	184,893	15,604	66,383	344,027	95,100	466,807	1,146,475	199,236	213,637
<b>Total other financing sources (uses)</b>	<b>(3,076,367)</b>	<b>(2,534,610)</b>	<b>(1,052,844)</b>	<b>(2,121,700)</b>	<b>29,554,542</b>	<b>13,834,696</b>	<b>12,699,294</b>	<b>(1,099,526)</b>	<b>1,980,971</b>	<b>15,542,187</b>
<b>Net Change in fund balances</b>	<b>\$ 1,376,774</b>	<b>\$ 638,747</b>	<b>\$ (1,641,133)</b>	<b>\$ (4,859,215)</b>	<b>\$ (1,063,764)</b>	<b>\$ 7,547,899</b>	<b>\$ 12,037,511</b>	<b>\$ 4,027,396</b>	<b>\$ 4,328,483</b>	<b>\$ 15,709,549</b>
Debt service as a percentage of noncapital expenditures	24.37%	24.37%	22.78%	21.03%	15.55%	21.74%	18.28%	13.41%	12.75%	12.04%

(a) Insurance Premium Taxes were previously reported as Property Tax Revenue.

(b) Licenses and Permits were previously reported under Wage and Net Profit Taxes.

(c) Investment Income was previously reported as Miscellaneous Revenue.

(d) Neighborhood & Community Services was previously known as Community Development.

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

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

Source: City of Bowling Green, Department of Finance

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

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



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

<b>City of Bowling</b>		
<b><u>Fiscal Year</u></b>	<b><u>Green Direct Rate</u></b>	<b><u>Total Direct</u></b>
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%
2009	1.85%	1.85%
2010	1.85%	1.85%
2011	1.85%	1.85%
2012	1.85%	1.85%
2013	1.85%	1.85%

Source: City of Bowling Green, Department of Finance

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

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

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

<b>Taxpayer</b>	
<b><u>2013</u></b>	<b><u>2004</u></b>
Bowling Green Independent Schools	Bowling Green Independent Schools
Bowling Green Metalforming LLC	City of Bowling Green
Commonwealth of Kentucky	Commonwealth of Kentucky
Country Oven Bakery	County Oven Bakery
General Motors Corporation	Desa Heating LLC
Sun Products Corporation	General Motors Corporation
The Medical Center at BG	The Medical Center at BG
Union Underwear Co. LLC	Union Underwear Co. LLC
Warren County Board of Education	Warren County Board of Education
Western Kentucky University	Western Kentucky University

Source: City of Bowling Green, Department of Finance

Note: Taxpayer information is listed alphabetically.

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

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

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)
	General Obligation Bonds	Lease Revenue Bonds	Special Assessment Bonds (a)	Notes Payable and Capital Leases	General Obligation Bonds	Lease Revenue Bonds	Notes Payable and Capital Leases				
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	
2009	132,181,377	-	131,906	4,510,477	11,288,624	-	60,698	148,173,082	4.64%	2,694	
2010	128,561,433	-	125,229	3,241,585	10,073,568	-	47,544	142,049,359	4.17%	2,492	
2011	124,964,655	-	118,419	3,944,088	9,165,353	-	28,925	138,221,440	4.02%	2,383	
2012	119,325,846	-	112,506	3,412,034	8,274,155	-	50,256	131,174,797	3.90%	2,223	
2013	108,501,710	-	-	2,871,504	6,752,559	-	34,390	118,160,163	3.19%	1,950	

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. The 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 Ten Fiscal Years**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General bonded debt outstanding										
General obligation bonds	\$ 108,501,710	\$ 119,325,846	\$ 124,964,655	\$ 128,561,433	\$ 132,181,377	\$ 102,042,174	\$ 77,134,277	\$ 64,175,565	\$ 65,738,223	\$ 66,537,320
Lease revenue bonds	-	-	-	-	-	1,230,000	1,350,000	2,350,000	2,805,000	3,240,000
Special Assessment bonds	-	112,506	118,419	125,229	131,906	136,590	143,167	148,250	153,331	160,241
Total	\$ 108,501,710	\$ 119,438,352	\$ 125,083,074	\$ 128,686,662	\$ 132,313,283	\$ 103,408,764	\$ 78,627,444	\$ 66,673,815	\$ 68,696,554	\$ 69,937,561
Less: Amounts set aside to repay general debt	-	-	-	-	-	(47,702)	(104,610)	(105,116)	(105,482)	(106,397)
Net general bonded debt	\$ 108,501,710	\$ 119,438,352	\$ 125,083,074	\$ 128,686,662	\$ 132,313,283	\$ 103,361,062	\$ 78,522,834	\$ 66,568,699	\$ 68,591,072	\$ 69,831,164
Property Values	\$ 4,941,833,867	\$ 4,725,859,276	\$ 4,565,229,850	\$ 4,551,808,439	\$ 4,489,771,784	\$ 4,394,868,241	\$ 4,094,335,746	\$ 3,394,130,088	\$ 3,117,333,952	\$ 2,942,526,746
Percentage of estimated actual taxable value of property	2.20%	2.53%	2.74%	2.83%	2.95%	2.35%	1.92%	1.96%	2.20%	2.37%
Per capita (a)	1,790	2,024	2,194	2,258	2,406	1,914	1,510	1,280	1,319	1,343

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, 2013**

<b>Governmental Unit</b>	<b>Debt Outstanding (1)</b>	<b>Estimated Percentage Applicable (2)</b>	<b>Estimated Share of Overlapping Debt</b>
Bowling Green Independent Schools	\$ 36,122,000	100.00%	\$ 36,122,000
Warren County	78,375,000	57.68%	45,203,625
Warren County Schools	135,031,235	49.80%	67,243,854
Bowling Green Municipal Utilities	96,963,674	100.00%	<u>96,963,674</u>
Subtotal, overlapping debt			245,533,153
<b>City direct debt</b>			<u>118,194,553</u>
<b>Total direct and overlapping debt</b>			<u><b>\$ 363,727,706</b></u>

Notes:

(1) Gross governmental debt, less reserves.

(2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of Bowling Green.

(Warren County ratio = City + Annex/All Districts; Warren County Schools = Annex/County + Annex)

Sources:

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

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

<b>Legal Debt Margin Calculation for Fiscal Year 2013</b>	
Assessed value	4,941,833,867
Debt Limit (10% of assessed value)	494,183,387
Debt applicable to limit:	
General Obligation bonds	115,254,269
Notes and Capital Leases payable	2,905,894
Less: Amount set aside for repayment of general obligation debt	-
Less: Non tax-supported debt	34,390
Total net debt applicable to limit	118,194,553
Legal debt margin	<u>\$ 375,988,834</u>

	<b>Fiscal Year</b>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt Limit	\$494,183,387	\$472,585,927	\$456,522,985	\$455,180,844	\$448,977,178	\$439,486,824	\$ 409,433,575	\$ 339,413,009	\$ 311,733,395	\$ 321,124,611
Total net debt applicable to limit	<u>118,194,553</u>	<u>129,153,378</u>	<u>135,935,233</u>	<u>140,594,305</u>	<u>145,580,339</u>	<u>117,768,696</u>	<u>94,166,847</u>	<u>80,217,030</u>	<u>85,646,789</u>	<u>93,892,441</u>
Legal Debt Margin	<u>\$375,988,834</u>	<u>\$343,432,549</u>	<u>\$320,587,752</u>	<u>\$314,586,539</u>	<u>\$303,396,839</u>	<u>\$321,718,128</u>	<u>\$ 315,266,728</u>	<u>\$ 259,195,979</u>	<u>\$ 226,086,606</u>	<u>\$ 227,232,170</u>
Total net debt applicable to limit as a percentage of debt limit	23.92%	27.33%	29.78%	30.89%	32.42%	26.80%	23.00%	23.63%	27.47%	29.24%

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		
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		
2009	117,482	33,000	85,712	0.99	29,238	10,000	19,213	1.00	16,150	6,577	9,574	1.00		
2010	126,701	34,000	83,840	1.08	29,632	10,000	18,538	1.04	15,581	6,896	9,255	0.96		
2011	107,345	40,000	82,560	0.88	28,003	10,000	17,863	1.01	15,385	7,229	8,921	0.95		
2012	131,031	42,000	74,643	1.12	27,112	10,000	17,188	1.00	16,247	7,579	8,571	1.01		
2013	122,336	42,000	77,580	1.02	26,210	10,000	16,513	0.99	15,387	7,946	8,204	0.95		

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>
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%
2009	55,000	3,195,505,000	30,802	29	16,107	8.0%
2010	57,000	3,410,173,000	31,993	29	17,917	9.9%
2011	58,000	3,438,236,000	31,640	28	18,157	9.0%
2012	59,000	3,359,422,000	29,426	28	18,128	7.9%
2013	60,600	3,699,388,000	32,025	28	18,957	7.2%

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

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

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

(d) U.S. Department of the Census American FactFinder (2010 Census)  
(<http://factfinder2.census.gov>).

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

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

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



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

<u>Employer</u>	<b>2013</b>			<b>2004</b>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Western Kentucky University	4,741	1	7.54%	3,979	1	7.21%
The Medical Center at BG	2,145	2	3.41%	1,630	2	2.95%
Union Underwear Co. LLC	1,610	3	2.56%	837	3	1.52%
Sun Products	975	4	1.55%	----	----	----
Warren County Board of Education	941	5	1.50%	680	5	1.23%
Express Services Inc	878	6	1.40%	----	----	----
Wal-Mart Associates Inc.	851	7	1.35%	593	9	1.07%
Houchens Food Group Inc.	816	8	1.30%	703	4	1.27%
BG Metalforming LLC	755	9	1.20%	----	----	----
Commonwealth of Kentucky	700	10	1.11%	----	----	----
Bowling Green Independent Schools	----	----	----	553	10	1.00%
Desa International Inc.	----	----	----	623	7	1.13%
City of Bowling Green	----	----	----	610	8	1.11%
Eagle Industries LLC & Subs	----	----	----	644	6	1.17%
Total	<u>14,412</u>		<u>22.91%</u>	<u>10,852</u>		<u>19.66%</u>

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

Note: North America Operations (NAO Comp Oper) is now listed as General Motors Corporation

**Schedule 15**  
**City of Bowling Green**  
**Full-time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

<b><u>Function/Program</u></b>	<b><u>Fiscal Year</u></b>									
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
<b>General government</b>	<b>41</b>	<b>41</b>	<b>42</b>	<b>41</b>	<b>45</b>	<b>45</b>	<b>44</b>	<b>44</b>	<b>46</b>	<b>46</b>
Administration	7	7	7	7	6	6	6	4	4	4
Citizen's Assistance		-	-	-	6	7	7	9	9	9
Finance	17	18	18	18	18	17	17	17	19	20
Human Resources	6	5	6	6	5	6	6	6	6	6
Legal	2	2	2	2	2	2	2	2	2	2
Information Technology	9	9	9	8	8	7	6	6	6	5
<b>Public Safety</b>	<b>267</b>	<b>266</b>	<b>269</b>	<b>263</b>	<b>276</b>	<b>265</b>	<b>260</b>	<b>257</b>	<b>247</b>	<b>239</b>
Police										
Officers	110	109	110	104	114	111	107	103	97	95
Civilians	37	35	38	38	40	38	35	35	34	31
Fire										
Firefighters and officers	117	118	117	117	118	112	115	115	112	109
Civilians	3	4	4	4	4	4	3	4	4	4
<b>Public Works</b>	<b>53</b>	<b>52</b>	<b>50</b>	<b>51</b>	<b>57</b>	<b>58</b>	<b>60</b>	<b>60</b>	<b>57</b>	<b>58</b>
<b>Parks and Recreation</b>	<b>57</b>	<b>58</b>	<b>57</b>	<b>61</b>	<b>60</b>	<b>60</b>	<b>58</b>	<b>60</b>	<b>60</b>	<b>58</b>
<b>Neighborhood &amp; Community Services</b>	<b>23</b>	<b>23</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>22</b>	<b>26</b>	<b>24</b>	<b>22</b>	<b>23</b>
<b>Total</b>	<b>441</b>	<b>440</b>	<b>439</b>	<b>437</b>	<b>460</b>	<b>450</b>	<b>448</b>	<b>445</b>	<b>432</b>	<b>424</b>

Source: City of Bowling Green Department of Finance

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

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

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Citizen's Information</b>										
Anti-Litter presentations/events	-	2	7	8	7	28	50	23	10 <sup>d</sup>	-
Neighborhood Meetings conducted	63	71	71	72	91	97	84	91	70	65
<b>Finance</b>										
Tax bills sent	21,703	21,495	21,405	21,372	21,238	20,946	20,444	20,330	19,714	19,555
Business registrations received	923	801	835	819	776	967	1,072	1,134	1,351	1,193
<b>Human Resources</b>										
Job applicants	1,299	1,394	1,346	1,137	1,938	1,567	2,505	1,386	942	611
Position filled	234	216	216	178	204	224	147	185	132	122
<b>Police</b>										
911 Service calls	61,859 <sup>a</sup>	67,842	65,440	54,754	60,013	59,041	54,294	55,730	53,226	50,789
Animal control calls	2,027	3,203	3,176	3,202	3,283	3,615	3,990	4,900	4,867 <sup>e</sup>	524
Traffic stops	11,897	13,476	15,650	15,777	17,356	13,021	14,066	3,237	3,367	3,281
<b>Fire</b>										
Accident runs	5,523	5,049	4,836	4,517	4,586	4,552	2,475	2,292	2,741	3,161
Fire runs	278	300	285	258	294	499	534	405	578	648
Fires investigated	61 <sup>b</sup>	71	2,845	3,373	3,838	2,761	937	134	2,183	1,136
<b>Public Works</b>										
Street resurfacing (miles)	7	12	5	5	4	5	18	17	14	14
Potholes repaired	772	392	478	466	385	408	294	349	625	567
<b>Parks and Recreation</b>										
Fitness & Athletic participants	859,614	927,403	765,462	878,035	871,724	842,043	845,618	821,759	729,967	705,271
Visits to Community Center	267,813	269,596	271,722	214,184	223,628	176,998	298,315	110,929	109,599	120,000 <sup>f</sup>
<b>Neighborhood &amp; Community Services<sup>c</sup></b>										
Households receiving asst	725	726	723	765	791	688	579	663	616	628
Bldg/Electrical & Code inspections	12,170	9,912	8,804	15,631	12,302	13,038	15,460	16,001	13,935	9,032

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

Source: Citizens Information & Assistance department compiled information from various City of Bowling Green departments.  
See accompanying independent auditor's report

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

	Fiscal Year									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>Function/Program</u></b>										
Police										
Police Stations	1	1	1	1	1	1	1	1	1	3
Substations	2	2	2	2	2	2	2	2	2	-
Fire										
Fire stations	7	7	7	7	6	5	5	5	5	5
Training centers	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	258	266	265	257	247	242	241	235	230	221
Sidewalks (miles)	112	109	104	95	94	90	88	106	106	207
Alleys (miles)	19	19	17	17	17	15	4	4	4	3
Parks and recreation										
Number of Parks	20	25	25	25	25	25	25	25	24	24
Number of Facilities	7 <sup>a</sup>	-	-	-	-	-	-	-	-	-
Acreage	972	972	970	970	970	970	970	944	886	886
Playgrounds	22	22	22	22	22	22	19	19	17	17
Baseball/Softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer fields	13	13	13	13	13	13	13	13	13	13
Community Centers	3	3	3	3	3	2	2	2	2	2
Community Development										
Building Permits Issued	1,868	1,609	1,515	1,571	1,523	2,082	2,400	2,787	2,765	2,488

Notes: (a) Effective with FY2013, parks and facilities are categorized separately.

Source: Various City of Bowling Green Departments