

**PRELIMINARY OFFICIAL STATEMENT DATED JULY 29, 2008**

**Book Entry Only  
New Issues**

**Ratings: Moody's "\_\_\_"  
See Rating herein**

In the opinion of Bond Counsel, under existing law interest on the Bonds will be excludible from gross income of the holders thereof for purposes of federal income taxation and will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, all subject to the qualifications described herein under the heading "LEGAL MATTERS – Tax Exemption." Interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky.

**\$25,000,000\***  
**CITY OF BOWLING GREEN, KENTUCKY**  
**GENERAL OBLIGATION PUBLIC PROJECT BONDS, SERIES 2008A**

Dated: Date of Delivery

Due: See Inside Cover

**and**

**\$6,600,000\***  
**CITY OF BOWLING GREEN, KENTUCKY**  
**GENERAL OBLIGATION PUBLIC PROJECT BONDS, SERIES 2008B**

Dated: Date of Delivery

Due: See Inside Cover

Interest on the captioned Series A Bonds (herein the "Series A Bonds") will be payable from the dated date, on June 1 and December 1, commencing December 1, 2008, and the Series A Bonds mature on each June 1, as shown on the inside cover.

Interest on the captioned Series B Bonds (herein the "Series B Bonds", and together with the Series A Bonds, the "Bonds") will be payable from the dated date, on June 1 and December 1, commencing December 1, 2008, and the Series B Bonds mature on each June 1, as shown on the inside cover.

The Bonds will be issuable under a book entry system, registered in the name of The Depository Trust Company ("DTC") or its nominee. There will be no distribution of the Bonds to the ultimate purchasers. See "Book Entry" herein. Principal and interest on the Bonds is payable at the principal office of Branch Banking and Trust Company, Louisville, Kentucky, as Paying Agent and Bond Registrar. The Bonds are subject to optional and extraordinary mandatory redemption prior to maturity as described herein.

The Bonds are being issued as fully registered bonds in denominations of \$5,000 and integral multiples thereof. Interest payments will be mailed by the Paying Agent to each holder of record as of the fifteenth day of the month preceding the date for such interest payment.

The City deems this Preliminary Official Statement to be final for purposes of Security and Exchange Commission Rule 15c2-12, except for certain information on the cover page hereof and certain pages herein which has been omitted in accordance with the Rule and will be provided with the final Official Statement.

The Bonds are offered when, as and if issued, subject to the approval of legality and tax exemption by Peck, Shaffer & Williams LLP, Bond Counsel, Covington, Kentucky. Certain legal matters have been passed upon for the City by Eugene Harmon, Esq., City Attorney. The Bonds are expected to be available for delivery on or about August 18, 2008.

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

**MORGAN KEEGAN & COMPANY, INC.**  
**FINANCIAL ADVISOR**

\*Preliminary; subject to change

This Preliminary Official Statement and information contained herein are subject to change, completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**[INSIDE COVER]**

**\$25,000,000\***  
**CITY OF BOWLING GREEN, KENTUCKY**  
**GENERAL OBLIGATION PUBLIC PROJECT BONDS, SERIES 2008A**

**Dated: Date of Delivery**

**Due: June 1, as shown below**

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>Cusip</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>Cusip</u>
June 1, 2010	\$460,000	%	%		June 1, 2025	\$815,000	%	%	
June 1, 2011	470,000	%	%		June 1, 2026	860,000	%	%	
June 1, 2012	485,000	%	%		June 1, 2027	900,000	%	%	
June 1, 2013	500,000	%	%		June 1, 2028	945,000	%	%	
June 1, 2014	515,000	%	%		June 1, 2029	995,000	%	%	
June 1, 2015	535,000	%	%		June 1, 2030	1,045,000	%	%	
June 1, 2016	550,000	%	%		June 1, 2031	1,100,000	%	%	
June 1, 2017	575,000	%	%		June 1, 2032	1,160,000	%	%	
June 1, 2018	595,000	%	%		June 1, 2033	1,220,000	%	%	
June 1, 2019	620,000	%	%		June 1, 2034	1,280,000	%	%	
June 1, 2020	645,000	%	%		June 1, 2035	1,350,000	%	%	
June 1, 2021	675,000	%	%		June 1, 2036	1,420,000	%	%	
June 1, 2022	705,000	%	%		June 1, 2037	1,495,000	%	%	
June 1, 2023	740,000	%	%		June 1, 2038	1,570,000	%	%	
June 1, 2024	775,000	%	%						

**\$6,600,000\***  
**CITY OF BOWLING GREEN, KENTUCKY**  
**GENERAL OBLIGATION PUBLIC PROJECT BONDS, SERIES 2008B**

**Dated: Date of Delivery**

**Due: June 1, as shown below**

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>Cusip</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>Cusip</u>
June 1, 2009	\$275,000	%	%		June 1, 2019	\$315,000	%	%	
June 1, 2010	235,000	%	%		June 1, 2020	330,000	%	%	
June 1, 2011	240,000	%	%		June 1, 2021	345,000	%	%	
June 1, 2012	245,000	%	%		June 1, 2022	360,000	%	%	
June 1, 2013	255,000	%	%		June 1, 2023	380,000	%	%	
June 1, 2014	265,000	%	%		June 1, 2024	400,000	%	%	
June 1, 2015	270,000	%	%		June 1, 2025	420,000	%	%	
June 1, 2016	280,000	%	%		June 1, 2026	440,000	%	%	
June 1, 2017	295,000	%	%		June 1, 2027	460,000	%	%	
June 1, 2018	305,000	%	%		June 1, 2028	485,000	%	%	

\*Preliminary; subject to change

**CITY OF BOWLING GREEN, KENTUCKY**

*Mayor*  
Elaine Walker

*Board of Commissioners*  
Joe Denning  
Brian Strow  
Bruce Wilkerson  
Brian "Slim" Nash

*City Manager*  
Kevin DeFebbo

*Chief Financial Officer*  
Jeff Meisel

*Assistant City Manager/City Clerk*  
Katie Schaller

*City Attorney*  
Eugene Harmon, Esq.

**BOND COUNSEL**  
Peck, Shaffer & Williams LLP  
Covington, Kentucky

**FINANCIAL ADVISOR**  
Morgan Keegan & Company, Inc.  
Nashville, Tennessee

**BOND REGISTRAR AND PAYING AGENT**  
Branch Banking and Trust Company  
Louisville, Kentucky

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## **REGARDING THIS OFFICIAL STATEMENT**

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the City. No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Upon issuance, the Bonds will not be registered by the City under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency except the City will have, at the request of the City, passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future. Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the City preliminary to sale of the Bonds should be regarded as part of the City's contract with the successful bidder or the holders from time to time of the Bonds.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes ("KRS") or uncodified, or to the provisions of the Kentucky Constitution or the City's ordinances or resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, "debt service" means principal of, interest and any premium on, the obligations referred to; "City" means the City of Bowling Green; and "State" or "Kentucky" means the Commonwealth of Kentucky.

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## **INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance of \$25,000,000\* aggregate principal amount of General Obligation Public Project Bonds, Series 2008A (the "Series A Bonds") and \$6,600,000\* aggregate principal amount of General Obligation Public Project Bonds, Series 2008B (the "Series B Bonds," and together with the Series A Bonds, the "Bonds") of the City of Bowling Green, Kentucky as specified on the cover hereof.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

### **The Issuer**

The Bonds are being issued by the City of Bowling Green, Kentucky (the "City"), a municipal corporation and political subdivision of the State of Kentucky. The City is located in South Central Kentucky and has an estimated population in 2006 of 52,000. It is the county seat of Warren County and the principal city of and is included in the Bowling Green, Kentucky Metropolitan Statistical Area with an estimated population of 110,990 (2005). Bowling Green was founded in 1798 after Robert and George Moore donated 30-40 acres to the Warren County trustees. In 2003, Bowling Green and its surrounding communities were designated as a metropolitan area. (See "Appendix A: Supplemental Information on the City of Bowling Green, Kentucky" for additional information).

### **Sources of Payment for the Bonds**

The Bonds are general obligation debt of the City. The basic security for the Bonds is the City's ability to levy an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. The City has covenanted in the Ordinance to deposit to the Series A Bond Fund (as hereinafter defined) as, when and if received (i) all incremental tax revenues received by the City from the WKU Gateway to Downtown Bowling Green Development Area Tax Increment Financing District (the "Development Area") pursuant to Sections 65.7041 to 65.7083 of the Kentucky Revised Statutes, as amended (the "TIF Act") which are required to be deposited with the City pursuant to that certain Agreement on Sharing of Revenues dated as of June 1, 2008 (the "Revenue Sharing Agreement") among the City, the County of Warren, Kentucky, the Warren County Downtown Economic Development Authority, Inc. (the "Authority") and Branch Banking & Trust Company and (ii) such revenues derived from the Series A Project (hereinafter defined) and the operation of the public parking garages to be owned by the Authority and as referenced in that certain Interlocal Cooperation Agreement dated as of June 1, 2008 (the "Interlocal Agreement") among the City, the County of Warren, Kentucky and the Authority, to which the City shall be entitled pursuant to the provisions of the Interlocal Agreement and for which the City has received an opinion of bond counsel that the deposit of such amounts will not adversely affect the exclusion from gross income of the interest on the Series A Bonds for federal income tax purposes. Any amounts so deposited will constitute a credit against amounts otherwise required to be deposited in Series A Bond Fund by the City to pay the interest on and principal of the Series A Bonds. See "Security and Source of Payment for the Bonds," herein.

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\*Preliminary; subject to change

## **Purpose of the Bonds**

The Series A Bonds are being issued for the purpose of (i) paying the costs of designing, constructing and installing within the Development Area a public baseball park and related approved public infrastructure improvements suitable for use by a Single A minor league professional baseball team (collectively, the "Series A Project") and (ii) paying certain costs related to the issuance of the Series A Bonds. The Series B Bonds are being issued for the purpose of (i) paying the costs of the following projects: (a) Greenwood Fire Station construction; (b) Fire Headquarters Station expansion; and (c) Airport Fire Station expansion and (ii) paying certain costs related to the issuance of the Series B Bonds (collectively, the "Series B Project," and together with the Series A Project, the "Project") (See "DESCRIPTION OF THE PROJECT" herein.)

## **Description of the Bonds**

The Bonds mature as indicated on the inside cover page hereof. The Bonds are being offered in the denominations of \$5,000 or any integral multiple thereof. The Bonds are initially being issued in Book-Entry-Only form registered in the name of DTC or its nominee. There will be no distribution of Bonds to ultimate purchasers (see "Book-Entry", herein).

The Bonds maturing on or after June 1, 2019 are subject to optional redemption prior to maturity, commencing June 1, 2018 (see "DESCRIPTION OF THE BONDS - Redemption Provisions", herein).

In the event any Bonds are called for redemption, notice shall be given by mailing a copy of the redemption notice at least thirty (30) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed (see "DESCRIPTION OF THE BONDS - Redemption Provisions", herein).

## **Book Entry**

The Bonds are issuable only as fully registered Bonds, without coupons. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest due on the Bonds will be made directly to DTC. Principal of, redemption premium, if any, and interest on the Bonds will be paid directly to DTC by Branch Banking and Trust Company, Louisville, Kentucky, as Registrar and Paying Agent (the "Paying Agent and Registrar"). See "BOOK-ENTRY" herein.

## **Interest**

The Bonds shall be dated their date of initial issuance and delivery and bear interest at the rates set forth on the inside cover hereof, payable semi-annually on June 1 and December 1, beginning December 1, 2008. Interest on the Bonds shall be calculated on the basis of a 360 day year with 30 day months.

## **Tax Exemption**

Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest, including original issue discount, if any, on the Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax for individuals and corporations. In rendering the opinions in this paragraph, Bond Counsel has assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. Bond Counsel expresses no

other opinion as to the federal tax consequences of purchasing, holding or disposing of the Bonds. Interest on the Bonds is also exempt from income taxation and the bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The City has not designated the Bonds as "qualified tax-exempt obligations" with respect to certain financial institutions under Section 265 of the Internal Revenue Code of 1986, as amended. See Appendix D hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the Bonds.

### **Parties to the Issuance of the Bonds**

The Registrar and Paying Agent is Branch Banking and Trust Company. Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest on the Bonds are subject to the approving legal opinion of Peck, Shaffer & Williams LLP, Covington, Kentucky, Bond Counsel. The Financial Advisor to the City is Morgan Keegan & Company, Inc.

### **Authority for Issuance**

Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 of the Kentucky Revised Statutes and an ordinance (the "Ordinance") adopted by the Board of Commissioners of the City on June 17, 2008.

### **Offering and Delivery of the Bonds**

The Bonds are offered when, as and if issued by the City. The Bonds will be delivered on or about August 18, 2008 in New York, New York through the Depository Trust Company (DTC).

### **Disclosure Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and continuing disclosure documents of the City are intended to be made available through one or more repositories. Copies of the basic documentation relating to the Bonds, including the authorizing Ordinance, the Lease and the bond forms, are available from the City.

The City deems this Preliminary Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) except for certain information on the inside cover page hereof and certain pages herein which has been omitted in accordance with the Rule and will be provided with the final Official Statement.

### **Additional Information**

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Bonds, is available from Morgan Keegan & Company, Inc., Financial Advisor to the City of Bowling Green, One Burton Hills Boulevard – Suite 225, Nashville, Tennessee 37215, Telephone (800) 764-1002.

## **DESCRIPTION OF THE BONDS**

The Bonds are dated their date of initial issuance and delivery and bear interest from such date at the rates set forth on the inside cover page of this Official Statement. The Bonds are being issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Bonds is payable semi-annually on June 1 and December 1, commencing December 1, 2008. Interest on all Bonds is payable by check or draft mailed to the registered holder by Branch Banking and Trust Company, Louisville, Kentucky, the Registrar and Paying Agent. Principal is payable when due to the registered holder upon surrender of the Bonds at the principal corporate office of the Registrar and Paying Agent.

## **Redemption Provisions**

### **Optional Redemption**

The Bonds maturing on and after June 1, 2019 are subject to optional redemption on any date on and after June 1, 2018 in whole or in part, in such order of maturity as shall be designated in writing by the City and by lot within any maturity, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date of redemption.

### **Notice of Redemption**

If less than all Bonds which are payable by their terms on the same date are to be called, the particular Bonds or portions of Bonds payable on such same date and to be redeemed from such series shall be selected by lot by the Registrar and Paying Agent, in such manner as the Registrar and Paying Agent in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof, and that, in selecting Bonds for redemption, the Registrar and Paying Agent shall treat each bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

At least thirty (30) days before the redemption date of any Bonds the Registrar and Paying Agent shall cause a notice of such redemption either in whole or in part, signed by the Registrar and Paying Agent, to be mailed, postage prepaid, to all registered owners of Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Registrar and Paying Agent, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive numbers or letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date upon surrender of such Bonds, a new Bond in principal amount equal to the unredeemed portion of such Bonds will be issued.

On the date so designated for redemption, notice having been sent in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Registrar and Paying Agent for the holders of the Bonds or portions thereof to be redeemed, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, and the holders or registered owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and to receive Bonds for any unredeemed portions of Bonds.

In case part but not all of an outstanding Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Bond to the Registrar and Paying Agent for payment of the principal amount hereof so called for redemption, and the County shall execute and the Registrar and Paying Agent shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed

portion of the principal amount of the Bond so surrendered a Bond of the same series and maturity and bearing interest at the same rate.

### **Security and Source of Payment for Bonds**

The Bonds are general obligations of the City and the full faith, credit and taxing power of the City is irrevocably pledged to the payment of principal of and interest on the Bonds when due. The basic security for the general obligation debt of the City, including the Bonds, is the City's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as the same become due, the principal of and interest on the Bonds as well as the principal of and interest on all outstanding general obligation bonds and bond anticipation notes of the City. The Constitution of the State mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The Ordinance levies such annual tax which shall be collected to the extent other lawfully available monies of the City are not provided. The Ordinance also maintains the previously established sinking fund (the "Sinking Fund") into which the proceeds of such tax or other lawfully available monies of the City are to be deposited for payment of the interest on and principal of the Bonds and shall not be used for any other purpose.

The City has heretofore approved a certain Agreement on Sharing of Revenues dated as of June 1, 2008 (the "Revenue Sharing Agreement") among the City, the County of Warren, Kentucky, the Warren County Downtown Economic Development Authority, Inc. (the "Authority") and Branch Banking & Trust Company. Under the Revenue Sharing Agreement, a portion of certain incremental state and local tax revenues derived pursuant to Sections 65.7041 to 65.7083 of the Kentucky Revised Statutes, as amended (the "TIF Act") from the WKU Gateway to Downtown Bowling Green Development Area Tax Increment Financing District, an approximately 106 acre tax increment district established within the City (the "Development Area") are to be deposited, if, when and as received by the City in the bond payment fund established under the Ordinance for the Series A Bonds (the "Series A Bond Payment Fund") and applied to the payment of the principal of, and interest on, the Series A Bonds. Under the Ordinance, the City has covenanted to deposit any amounts so received by the City into the Series A Bond Payment Fund. Under the Ordinance, the City has further covenanted to deposit to the Series A Bond Payment fund such revenues as may be derived from the Series A Project and those revenues from the operation of the public parking garages referenced in that certain Interlocal Cooperation Agreement dated as of June 1, 2008 (the "Interlocal Agreement") among the City, the County of Warren, Kentucky and the Authority, to which the City shall be entitled pursuant to the provisions of the Interlocal Agreement, provided the City has received an opinion of bond counsel that the deposit of such amounts will not adversely affect the exclusion from gross income of the interest on the Series A Bonds for federal income tax purposes. Any of such amounts derived from the Revenue Sharing Agreement, the Series A Project and the Interlocal Agreement and deposited to the Series A Bond Payment Fund shall constitute a credit against the amounts otherwise required to be transferred from the Sinking Fund to the Series A Bond Payment Fund to pay the principal of, and interest on the Series A Bonds as and when due. No assurance is given that any amounts referenced in this paragraph will be received by the City, or if received, as to any projected timetable for their receipt.

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a State's political subdivisions, public agencies and instrumentalities ("eligible entity"), such as the City. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

Section 66.400 of the Kentucky Revised Statutes permits a political subdivision, such as the City, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code,

and for that purpose only, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

The Federal Bankruptcy Code and Section 66.400 of the Kentucky Revised Statutes also permit the County to initiate Chapter 9 proceedings, which, because the County collects certain revenues on behalf of the City (particularly ad valorem property taxes), may adversely affect the financial condition of the City if the proper transfer of revenues is delayed.

## **BOOK ENTRY**

The Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by The Depository Trust Company ("DTC"), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of beneficial ownership interests, each actual purchaser of each Bond (a "Beneficial Owner") will not be or be considered to be, and will not have any rights as, owner or holder of the Bonds under the Trust Agreement.

The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. Neither the City nor the Paying Agent and Registrar makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for in the aggregate principal amount of the Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent and Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or its nominee, the Paying Agent and Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent and Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and

disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent and Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

NEITHER THE CITY NOR THE PAYING AGENT AND REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE PAYING AGENT AND REGISTRAR AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The City cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

## **PURPOSE OF THE BONDS**

The Bonds are being issued for the purpose of (i) paying the costs of the Project and (ii) paying certain costs related to the issuance of the Bonds. (See "DESCRIPTION OF THE PROJECT" herein for a more detailed description of the Project).



## DESCRIPTION OF THE PROJECT

The Series A Project consists of the design, construction and installation within the Development Area of a public baseball park and related approved public infrastructure improvements suitable for use by a Single A minor league professional baseball team. The Series B Project consists of the construction of the Greenwood Fire Station and the expansion of the Fire Headquarters Station and the Airport Fire Station.

## SOURCES AND USES OF FUNDS

### Sources:

Par Amount of Bonds	<u>\$31,600,000*</u>
Total Sources	<u>\$31,600,000*</u>

### Uses:

Deposit to Series A Construction Fund for Series A Project	\$ _____
Deposit to Series B Construction Fund for Series B Project	_____
Original Issue Discount	_____
Underwriter's Discount	_____
Accrued Interest	_____
Cost of Issuance	_____
Total Uses:	<u>\$31,600,000*</u>

## INVESTMENT CONSIDERATIONS

The Bonds, like all obligations of state and local government, are subject to changes in value due to changes in the condition of the tax-exempt bond market and/or changes in the financial condition of the City.

Prospective purchasers of the Bonds may need to consult their own tax advisors prior to any purchase of the Bonds as to the impact of the Internal Revenue Code of 1986, as amended, upon their acquisition, holding or disposition of the Bonds.

It is possible under certain market conditions, or if the financial condition of the City should change, that the market price of the Bonds could be adversely affected.

With regard to the risk involved in a lowering of the City's bond rating, see "RATINGS" herein. With regard to creditors' rights, see "SECURITY AND SOURCE OF PAYMENT FOR BONDS" herein.

## PROFILE OF THE CITY AND SURROUNDING AREA

Supplemental information with respect to the City is set forth in Appendix A hereto.

## CITY GOVERNMENT

### Elected and Appointed Officials

The City of Bowling Green, Kentucky is a municipal corporation of the 2nd class. The City of Bowling Green is governed by a Board of Commissioners, comprised of a Mayor, elected to a four year

term, and four (4) commissioners who are elected to two (2) year terms. The members of the Board of Commissioners and their terms of office are as follows:

<u>Member</u>	<u>Original Term Began</u>	<u>Current Term Ends</u>
Mayor Elaine Walker	January 1, 2005	December 31, 2008
Joe Denning	January 1, 2007	December 31, 2008
Brian Strow	January 1, 2007	December 31, 2008
Bruce Wilkerson	January 1, 2007	December 31, 2008
Brian "Slim" Nash	January 1, 2007	December 31, 2008

The day-to-day activities of City government are managed by a professional staff, led by a City Manager. The management staff consists of 10 department heads who report directly to the City Manager and comprise the executive management team. These department heads average 10 years each of local government work experience including tenure with the city organization ranging from <1 to 27 years. The current appointed City officials who serve at the pleasure of the Board of Commissioners are:

	<u>Title</u>	<u>Years of Service</u>
Kevin DeFebbo	City Manager	2
Katie Schaller	Assistant City Manager/City Clerk	10

#### Department Heads

Eugene Harmon, Esq.	City Attorney	4
Jeff Meisel	Chief Financial Officer	6
Ernie Gouvas	Parks and Recreation Director	28
Emmett Wood	Public Works Director	6
Alice Burks	Housing & Community Development Director	4
Mike Grubbs	Citizen Information and Assistance Director	20
Lynn Hartley	Information Technology	1
Michele Tolbert	Human Resources and Risk Management	12
Greg Johnson	Fire Chief	20
Doug Hawkins	Police Chief	18

#### **Financial Matters**

The Chief Financial Officer is the fiscal officer of the City, and is appointed by and serves at the pleasure of the Commission. The Chief Financial Officer is responsible for the accounting, collection, custody and disbursement of the funds of the City. The Chief Financial Officer serves the Board of Commissioners and the City Manager as financial advisor in connection with City affairs, and performs such other duties as the Commission or City Manager request.

The City's fiscal year commences July 1 and ends the following June 30.

The administrative functions of the City are performed by or under the supervision of the following:

1. Establishment of overall financial policy, the Board of Commissioners.
2. Planning and development, City Manager and Chief Financial Officer.

3. Assessment of real and personal property, the Warren County Property Valuation Administrator.
4. Financial control functions, the Chief Financial Officer.
5. Inspection and supervision of the accounts and reports of the City as required by law, by independent certified public accountants.

### **Financial Management**

The Board of Commissioners is responsible for appropriating the funds used to support the various City activities. The Board of Commissioners exercises its legislative powers by budgeting, appropriating, levying taxes issuing bonds and notes, and letting contracts for public works and services to provide this financial management.

### **Financial Reports and Examinations of Accounts**

Each city in the State is required to keep its accounting records and render financial reports in such a way as to: (a) determine compliance with statutory provisions and (b) determine fairly and with full disclosure the financial operations of consistent funds and account groups of the city in conformity with generally accepted governmental accounting principles. Municipal accounting systems are required to be organized and operated on a fund basis. The City maintains its accounts and other fiscal records on an appropriation and modified accrual basis in accordance with the procedures established and prescribed by the Governmental Accounting Standards Board (GASB).

As required by law, financial reports are prepared annually by the City and filed with the Kentucky Governor's Office for Local Development. Audits are required to be completed by February 1<sup>st</sup> immediately following the fiscal year being audited.

The accounting procedures prescribed by the Kentucky Governor's Office for Local Development are generally applicable to all cities in Kentucky and may be different from generally accepted government accounting principles as presented and recommended in the National Council on Governmental Accounting publication "Governmental Accounting Auditing and Financial Reporting," and the Industry Audit Guide of the American Institute of Certified Public Accountants, entitled "Audits of State and Local Governmental Units." Those publications, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service fund, and for a full accrual basis of accounting for all other funds, and further provide for the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances.

### **Budgeting and Appropriations Procedures**

Detailed provisions for City budgeting, tax levies and appropriations are made in the Kentucky Revised Statutes. Cities are required to operate under an annual budget ordinance and no City may expend any moneys from a governmental or proprietary fund except in accordance with such budget. A budget proposal must be submitted to the City's legislative body no later than 30 days prior to the beginning of the fiscal year covered by the budget. No budget ordinance may be adopted which provides for appropriations to exceed revenues and the available fund balance in a fiscal year. The full amount estimated to be required for debt service during the budget year must be appropriated.

## Investment Policies

Section 66.480 of the Kentucky Revised Statutes sets forth the requirements and limitations for investments of the state's political subdivisions, including the City. Under that Section, the City must adopt an investment policy and may invest its funds only in the classifications of obligations; which are eligible for investment, which are as follows:

- (a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky;
- (b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including but not limited to:
  - 1. United States Treasury;
  - 2. Export-Import Bank of the United States;
  - 3. Farmers Home Administration;
  - 4. Governmental National Mortgage corporation; and
  - 5. Merchant Marine bonds;
- (c) Obligations of any corporation of the United States government, including but not limited to:
  - 1. Federal Home Loan Mortgage Corporation;
  - 2. Federal Farm Credit Banks;
  - 3. Bank for Cooperatives;
  - 4. Federal Intermediate Credit Banks;
  - 5. Federal Land Banks;
  - 6. Federal Home Loan Banks;
  - 7. Federal National Mortgage Association; and
  - 8. Tennessee Valley Authority;
- (d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by KRS 41.240(d);
- (e) Uncollateralized certificates of deposit issued by any bank or savings and loan institutions rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- (f) Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- (g) Commercial paper rated in the highest category by a nationally recognized rating agency;
- (h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;

- (i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three highest categories by a nationally recognized rating agency; and
- (j) Shares of mutual funds, each of which shall have the following characteristics:
  - 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
  - 2. The management company of the investment company shall have been in operation for at least five (5) years; and
  - 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

The City's current investment policy is more restrictive than is permitted by State law.

### **Debt Limitation**

Kentucky Constitution Section 158 provides that cities shall not incur indebtedness to an amount exceeding the following maximum percentages on the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness:

- (a) Cities having a population of fifteen thousand (15,000) or more, ten percent (10%);
- (b) Cities having a population of less than fifteen thousand (15,000) but not less than three thousand, five percent (5%); and
- (c) Cities having a population of less than three thousand (3,000), three percent (3%).

Nothing shall prevent the issue of renewal bonds, or bonds to fund the floating indebtedness of any city, county, or taxing district. Subject to the limits and conditions set forth in that section and elsewhere in the Constitution, the General Assembly has the power to establish additional limits on indebtedness and conditions under which debt may be incurred by cities.

KRS 66.041 provides the same limitations as are set forth in the Constitution except that the limitations apply to "net indebtedness". In calculating "net indebtedness," KRS 66.031 provides that certain obligations of a municipality are not to be considered in the calculation, including self-supporting obligations, revenue bonds, and special assessment debt. (For a complete list of exempt debt see the Statement of Indebtedness attached as Appendix C.)

Other infrequently-issued types of obligations are also excluded from the calculation of net indebtedness. The City has no such obligations outstanding. Notes issued in anticipation of bonds excluded from the calculation of net indebtedness are also excluded from such calculation. Appendix C of this Official Statement is a Statement of Indebtedness for the City, certified by the Chief Financial Officer, calculating the amount of the outstanding obligations of the City (including the Bonds) which are subject to the total direct debt limit (10% limit). The total principal amount of general obligation debt that could be issued by the City, subject to the 10% total direct debt limitation is \$409,433,575 and the City's net debt subject to such limitation presently outstanding (including the Bonds) is \$110,979,862 leaving a balance of approximately \$298,453,713 borrowing capacity issuable within such limitation.

However, as described below, the City's ability to incur debt in these amounts is restricted by tax limitations. In the case of general obligation debt, both the debt limitations and tax limitations must be met.

## **Tax Limitation**

The Kentucky Constitution Section 157 also indirectly imposes a debt limitation on general obligation indebtedness of Cities by limiting the tax rates cities may impose upon the value of taxable property, as follows:

- (a) cities having a population of fifteen thousand or more, one dollar and fifty cents on each hundred dollars of assessed value;
- (b) cities having a population of less than fifteen thousand and not less than ten thousand, one dollar on each hundred dollars of assessed value; and
- (c) cities having a population of less than ten thousand, seventy-five cents on the hundred dollars.

Section 159 of the Kentucky Constitution requires the collection of an annual tax sufficient to pay the interest on contracted indebtedness and to retire indebtedness over a period not exceeding forty years. The two constitutional provisions operate as a limit on general obligation debt. Because the indirect debt limit results from tax limitations and the requirement to levy taxes to pay debt charges, it has application only to debts which are payable from taxes either initially or in the event other pledged non-tax revenues prove to be insufficient. It does not have any application where the type of debt being issued does not pledge the credit of the municipality or when the debt is payable solely out of the revenues of non-tax sources, such as utility income.

Appendix C of this Official Statement contains a Statement of Indebtedness, certified by the City, setting forth the property tax rates currently levied by the City of \$.249 per \$100 for real property and \$.260 per \$100 for tangible property and certifying that the issuance of the Bonds will not cause such rates to increase to amounts which would exceed the maximum permissible rates.

## **Bond Anticipation Notes**

Under Kentucky law, notes, including renewal notes, issued in anticipation of general obligation bonds may be issued from time to time upon the same terms and conditions as bonds except that notes may be sold by private negotiated sale in a manner determined or authorized by the legislative authority.

The ability of the City to retire bond anticipation notes from the proceeds of the sale of either renewal notes or bonds will be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing.

## **Future Borrowings of the City**

The City's current capital plans do not contemplate the financing of any additional public capital improvements during fiscal year 2009 through the issuance of general obligation indebtedness. The City's Board of Commissioners has, at this time, not approved capital expenditure plans beyond the 2009 fiscal year, and accordingly the City cannot currently predict specific borrowing plans beyond the 2009 fiscal year.

## **LEGAL MATTERS**

### **General Information**

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status thereof are subject to the approving legal opinions of Peck, Shaffer & Williams LLP, Bond Counsel.

Upon delivery of the Bonds of the City to the successful bidder therefor, the Bonds will be accompanied by the approving legal opinions dated the date of such delivery, rendered by Peck, Shaffer & Williams LLP. Drafts of such legal opinions for the Bonds are attached as Appendix D.

Said firm as Bond Counsel has performed certain functions to assist the City in the preparation by the City of its Official Statement. However, said firm assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the City or the Bonds that may be made available by the City or others to the bidders or holders of the Bonds or others.

The engagement of said firm as Bond Counsel is limited to the preparation of certain of the documents contained in the transcript of proceedings with regard to the Bonds, and an examination of such transcript proceedings incident to rendering its legal opinion. In its capacity as Bond Counsel, said firm has reviewed the information in this Official Statement under Sections entitled "General Information" as to legal matters, "Authority for Issuance", "Security and Source of Payment for Bonds", "Debt Limitation", "Tax Limitation" and "Tax Exemption", which review did not include any independent verification of financial statements and statistical data included therein, if any.

### **Transcript and Closing Certificates**

A complete transcript of proceedings, a no-litigation certificate and other appropriate closing documents will be delivered by the City when the Bonds are delivered to the original purchaser(s). The City will also provide to the original purchaser(s), at the time of such delivery, a certificate from the City's Mayor and or Chief Financial Officer addressed to such purchaser(s) relating to the accuracy and completeness of this Official Statement.

### **Litigation**

To the knowledge of the City, no litigation or administrative action or proceeding is pending or threatened directly affecting the Bonds, the security for the Bonds or the improvements being financed from the proceeds of the Bonds. A No-Litigation Certificate to that effect will be delivered to the purchaser(s) at the time of the delivery of the Bonds.

### **Tax Exemption**

#### ***General***

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds is excludable from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

A copy of the form of opinion of Bond Counsel for the Bonds is set forth in Appendix D, attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of Bonds will not be includable in gross income for Federal income tax purposes. Failure to

comply with these covenants could result in interest on the Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Peck, Shaffer & Williams LLP.

Although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will be excludable from gross income for Federal income tax purposes and the above-described opinions with respect to Kentucky taxation of the Bonds, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

For example, although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will not be a specific item of tax preference for the alternative minimum tax, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership or disposition of the Bonds may result in other collateral Federal, state or local tax consequence for certain taxpayers, including, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits under Section 86 of the Code and limiting the use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

The City has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

### ***Original Issue Premium***

"Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The Bonds that bear an interest rate that is higher than the yield (as shown on the inside cover page hereof), are being initially offered and sold to the public at an Acquisition Premium (the "Premium Bonds"). For federal income tax purposes, the amount of Acquisition Premium on each bond the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt



bonds") must be amortized and will reduce the bondholder's adjusted basis in that bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining bondholder's taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the Bonds, that must be amortized during any period will be based on the "constant yield" method, using the original bondholder's basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

### ***Original Issue Discount***

The Bonds having a yield that is higher than the interest rate (as shown on the inside cover page hereof) are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at maturity thereon (the "Discount Bonds"). OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond. The amount accrued will be based on a single rate of interest, compounded semiannually (the "yield to maturity") and, during each semi-annual period, the amount will accrue ratably on a daily basis. The OID accrued during the period that an initial purchaser of a Discount Bond at its issue price owns it is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond. In practical effect, accrued OID is treated as stated interest is treated, that is, as excludible from gross income for federal income tax purposes.

In addition, original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

### **RATING**

As noted on the cover page of this Official Statement, Moody's Investor's Service ("Moody's") has assigned its municipal bond rating of "\_\_\_", to the Bonds.

Such rating reflects only the view of said organization. Any explanation of the significance of such rating may only be obtained from Moody's, at the following address: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, 23<sup>rd</sup> Floor, New York, New York 10007.

There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances

so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the Bonds.

### **CONTINUING DISCLOSURE**

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule") and so long as the Bonds are outstanding the City of Bowling Green, Kentucky (the "Obligated Person") will agree pursuant to a Continuing Disclosure Agreement dated as of August 1, 2008 between the City and Branch Banking and Trust Company, Louisville, Kentucky, to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

- (i) to each nationally recognized municipal securities information repository ("NRMSIR") and, if one is established for the Commonwealth of Kentucky, to its state information depository ("SID"), certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained in "Appendix A" of the Official Statement ("Financial Data"). The annual financial information shall be provided within 365 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2008; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person; and;
- (ii) to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB") and to the SID, if any, notice of the occurrence of the following events, if material, with respect to the Bonds:
  - (a) Principal and interest payment delinquencies;
  - (b) Non-payment related defaults;
  - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
  - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (e) Substitution of credit or liquidity providers, or their failure to perform;
  - (f) Adverse tax opinions or events affecting the tax-exempt status of the security;
  - (g) Modifications to rights of security holders;
  - (h) Bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event;
  - (i) Release, substitution or sale of property securing repayment of the securities;
  - (j) The cure, in the manner provided under the Bond Ordinance, of any payment or nonpayment related default.
- (iii) to each NRMSIR or to the MSRB and to the SID, if any, notice of a failure (of which the Obligated Person or Disclosure Agent has knowledge) of and Obligated Person to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

The Continuing Disclosure Agreement provides bondholders with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Continuing Disclosure Agreement does not constitute a default under the Bond Legislation. The Continuing Disclosure Agreement may be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Continuing Disclosure Agreement copies of which are available at the office of the Obligated Party should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no liquidity providers applicable to the Bonds;
- (c) there are no credit enhancements applicable to the Bonds; and
- (d) there is no property securing the repayment of the Bonds.

The City has previously entered into continuing disclosure undertakings under the Rule. To the best of the City's knowledge, the City is currently in compliance the continuing disclosure undertaking requirements of the Rule in connection with its outstanding obligations which are subject to such requirements.

## **UNDERWRITING**

The Series A Bonds are being purchased for reoffering by \_\_\_\_\_ (the "Series A Underwriter"). The Series A Underwriter has agreed to purchase the Series A Bonds at an aggregate purchase price of \$\_\_\_\_\_ (reflecting the par amount of the Series A Bonds, less original issue discount of \$\_\_\_\_\_, less underwriter's discount of \$\_\_\_\_\_, plus accrued interest of \$\_\_\_\_\_). The initial public offering prices which produce the yields set forth on the inside cover page of this Official Statement may be changed by the Series A Underwriter and the Series A Underwriter may offer and sell the Series A Bonds to certain dealers (including dealers depositing Series A Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the inside cover page.

The Series B Bonds are being purchased for reoffering by \_\_\_\_\_ (the "Series B Underwriter"). The Series B Underwriter has agreed to purchase the Series B Bonds at an aggregate purchase price of \$\_\_\_\_\_ (reflecting the par amount of the Series B Bonds, less original issue discount of \$\_\_\_\_\_, less underwriter's discount of \$\_\_\_\_\_, plus accrued interest of \$\_\_\_\_\_). The initial public offering prices which produce the yields set forth on the inside cover page of this Official Statement may be changed by the Series B Underwriter and the Series B Underwriter may offer and sell the Series B Bonds to certain dealers (including dealers depositing Series B Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the inside cover page.

## **FINANCIAL ADVISOR**

Morgan Keegan & Company, Inc. ("Morgan Keegan"), Nashville, Tennessee has been employed by the City to serve as its Financial Advisor. The Financial Advisor is a subsidiary of Morgan Keegan, Inc. which is a wholly-owned subsidiary of Regions Financial Corporation.

Certain information relative to the location, economy and finances of the City is found in Appendix A of the Preliminary Official Statement, in final form, and the Official Statement, in final form. All such data, as in the case for other information herein contained, was prepared for and with the assistance of the City under the direction of Morgan Keegan. While not guaranteed as to completeness or accuracy, the Preliminary Official Statement, in final form, and the Official Statement, in final form, both are believed to be correct as of their respective dates. As the Financial Advisor for this transaction, Morgan Keegan has reviewed the information in this Preliminary Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction; but Morgan Keegan does not guarantee the accuracy or completeness of such information.

Consistent with applicable rules of the Municipal Securities Rulemaking Board (the "MSRB"), Morgan Keegan has received written permission from the City to bid on the Bonds and intends to participate in the competitive public sale as a bidder.

## MISCELLANEOUS

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Bonds.

The City has deemed this Preliminary Official Statement as "final" as of its date within the meaning of Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC") (the "Rule") except for the omission of certain information permitted to be excluded by the Rule.

This Official Statement has been duly executed and delivered for and on behalf of the City of Bowling Green, Kentucky, by its Mayor.

**CITY OF BOWLING GREEN, KENTUCKY**

By: /s/  
Mayor

Dated: August \_\_, 2008

**APPENDIX A**

**CITY OF BOWLING GREEN, KENTUCKY  
GENERAL OBLIGATION PUBLIC PROJECT BONDS, SERIES 2008**

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**Supplemental Information Statement**

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## INTRODUCTION

*General.* Bowling Green (the "City") is the county seat of Warren County and a "Hall of Fame", Kentucky Certified City. Bowling Green is also home of Western Kentucky University. Situated on the banks of the Barren River, Bowling Green is Kentucky's fourth largest city with a 2000 census population of 49,296. The estimated population of the City in 2006 was 52,000. The city is located 62 miles northeast of Nashville, Tennessee; 117 miles southwest of Louisville, Kentucky; and 274 miles southeast of St. Louis, Missouri. For additional information, please see the City's web site: [www.bgky.org](http://www.bgky.org).



Warren County covers a land area of 545 square miles in Kentucky's Pennyroyal Region. Warren County had an estimated 2000 population of 92,522. Following the 2000 Census, the City was designated as an "Urbanized Area" with a population of 58,314.

*Transportation.* Major highways directly serving Bowling Green include Interstate 65, the William H. Natcher Parkway (a multilane toll road), and U.S. Highways 31W, 68 and 231. Access to the Cumberland Parkway (another multilane toll road) is twenty miles northeast of Bowling Green. Access to the Western Kentucky Parkway is thirty-seven miles northwest of Bowling Green. Of the thirty-two trucking companies providing interstate and/or intrastate service to Bowling Green, eight companies maintain local terminals. CSX Transportation provides main line rail service to the City. The Warren County Regional Airport maintains two paved runways: 6,500 and 3,956 feet in length for general aviation use. The nearest scheduled commercial airline service is available at the Nashville International Airport located 71 miles southeast of the City.

## GOVERNMENTAL STRUCTURE

*Introduction.* The City is governed under a city manager plan, one of the alternative forms of city government established under Kentucky laws. Under the city manager plan, a Mayor and four City Commissioners govern the City. The Mayor and the City Commissioners together comprise the Board of Commissioners of the City in which is vested all legislative and executive authority of the City. The Mayor is elected for a term of four years and serves as the chief executive officer of the City. The Mayor presides at and may vote at all meetings of the Board of Commissioners. The Mayor is recognized as the head of the City government, but has no regular administrative duties. City Commissioners are elected at-large for terms of two years each. The City Commissioner receiving the most votes serves as Mayor Pro-Tem in the absence or disability of the Mayor.

By ordinance, the Board of Commissioners establishes all appointive offices within City government, the duties and responsibility of those offices and establishes rules and regulations for the public health, safety and welfare. The Board of Commissioners also adopts an annual ordinance establishing the City's budget through which funds are appropriated for the operation of City government.

*General.* The City is a full-service municipal corporation, which provides the normal array of City services typical in similar full-service Kentucky cities. For the current fiscal year 2008 - 2009, there are 472 full-time and 292 part-time or seasonal employees authorized.

The Board of Commissioners appoints a City Manager by a majority vote of all its members. The City Manager is the chief administrative officer of the City and exercises all executive powers and duties delegated by ordinance and statute. The City Manager enforces City ordinances and all applicable state statutes. The Board of Commissioners appoints and may remove the director, or chief executive, of each City administrative department, upon recommendation of the City Manager. The Assistant City Manager/City Clerk is responsible for preparation of the annual budget and reports directly to the City Manager. The Public Information Office, a division of the Citizens Information & Assistance Office, oversees the City's public access cable television channel 4.

The Department of Finance is under the direction of the Chief Financial Officer. Responsibilities include treasury management, occupational licensing, accounting, and payroll. Revenue forecasting and multi-year financial planning play a big role in maintaining adequate reserve levels for funding municipal activities in the future. Once adopted, this department oversees accountability for the City's annual operating budget.

Major divisions of the Bowling Green Police Department include: administration, patrol, investigations, crime prevention, media relations, DARE program, crime analysis and drug enforcement. Additional civilian employees work in support services. The Police Department is active in community policing concepts and plays a vital role in neighborhood watch programs.

Major divisions of the City's Fire Department include: administration, suppression, prevention/inspection, training and maintenance. A special revenue fund exists to aid this department in the acquisition of expensive fire apparatus and payment of debt service requirements on buildings and facilities. A multi-year financing plan for this special revenue fund is maintained and updated annually for review with the Board of Commissioners.

The Public Works Department is dedicated to maintaining approximately 221 miles of City streets, 26 miles of storm sewers, more than 400 storm water injection wells and sinkholes, nearly 64 miles of sidewalks, 31 traffic signals and over 190 City vehicles and major pieces of equipment. Major divisions include administration, engineering, operations, special projects, support services and fleet maintenance.

The Parks and Recreation Department provides comprehensive year-round programs of leisure services to citizens of the City and surrounding areas. The Parks and Recreation Department's mission is to identify recreational needs in all segments of the population, thereby improving the quality of life for participants while improving the community's aesthetics and environment. The Parks and Recreation Department operates two community centers and major activities include fitness programs, a swimming pool, skate park, arts and crafts programs, three golf courses, numerous year-round athletic programs and a full maintenance division for parks and cemetery property and equipment.

The City's Housing and Community Development Department works to provide affordable housing to ensure high quality construction through the Building and Inspections and Code Enforcement divisions and to foster economic opportunity through partnership with public agencies, private individuals and companies. The department administers Section 8 rental assistance programs for persons of very low income.

Bowling Green Municipal Utilities ("BGMU"), an agency and component unit of City government, is governed by five-member board (the "Board"), which operates a Water-Sewer Division and an Electric Division. BGMU Board members, who must be qualified electors residing in the City, are appointed by the Mayor subject to the approval of the City's Board of Commissioners. One member of the Board is either the Mayor or a member of the Board of Commissioners. The Board has jurisdiction and control over the construction, equipping, management and operation of the municipal electric distribution system, water treatment and distribution system and wastewater collection and treatment system. The Water-Sewer Division and the Electric Division of BGMU are operated as distinct and separate departmental entities. User charges and rates and revenue bond issues for the Water-Sewer Division, as recommended by the Board, are subject to the approval of the Board of Commissioners of the City. Revenues of BGMU are restricted by revenue bond documents and are not available to the City for payment of its debts.

## **EDUCATIONAL OPPORTUNITIES**

*Primary and Secondary Education.* The Bowling Green Independent School System and the Warren County School System provide Primary and secondary educational opportunities for community residents. The Southern Association of Colleges and Schools accredit each school system.

*Western Kentucky University.* Western Kentucky University is located in Bowling Green. During the most recent school year, approximately 20,000 students were enrolled in Western's undergraduate and graduate programs.

Western has been an educational leader since its beginning. Its roots come from the Southern Normal School of Bowling Green. The University has been broadening its horizons throughout the region since its founding in 1906.

The school's first president, Henry Hardin Cherry, expressed a theme for Western's educational commitment that is a constant inspiration to faculty, students and alumni: "The Spirit Makes the Master."

Western grew in distinction with each decade. The institution changed locations, acquired other schools and became a teacher's college by 1922. In 1948, Western was elevated to Western Kentucky State College by the Kentucky General Assembly. Acquiring Bowling Green Business University, Western achieved university status in 1966.

As a university, Western has produced educational opportunities to more than 110,000 active alumni who proudly call WKU "the home of the Hilltoppers."

Western's campus crowns a hill overlooking the City of Bowling Green and is proclaimed as one of the most beautiful in the nation.

Western's undergraduate division provides four-year programs leading to the bachelor of arts, the bachelor of fine arts, the bachelor of general studies, the bachelor of science, the bachelor of science in nursing and the bachelor of music degrees. Eighty-eight (88) academic majors and fifty-seven (57) academic minors are available. A number of professional and pre-professional curricula provide additional options.

Eighteen (18) associate degree programs are offered leading to the associate of arts degree, associate of science degree, associate of applied science and associate of general studies degree. Three (3) certificate programs are also offered.

Graduate Studies programs offer the master of arts, master of arts in education, master of business administration, master of science, master of music, master of public service, and the master of public administration. Western also offers the specialist degree and rank I and II programs. A joint doctoral program is also offered with the University of Louisville and the University of Kentucky.

For additional information on Western Kentucky University, please visit the web site: [www.wku.edu](http://www.wku.edu). Source: Western Kentucky University web site.

*Other Educational Opportunities.* Draughtons Junior College, also in Bowling Green, provides academic programs in twelve (12) areas. In addition, eight other colleges and universities are located within sixty miles of Bowling Green. Bowling Green Technical College and the Kentucky Advanced Technology Center, which have articulation agreements with Western Kentucky University, are located in Bowling Green and there are seven technical institutions within sixty miles of Bowling Green.

## **MANUFACTURING AND COMMERCE**

There is a current estimated labor supply of 571,892 persons available for industrial jobs in the labor market area. In addition, from 2006-2009, it is estimated that approximately 23,397 young persons in the area will become 18 years of age and potentially available for industrial jobs.

The total number of Warren County residents employed in 2006 averaged 56,832. Selected economic statistics are presented in the following table:

<b><u>Year</u></b>	<b><u>Per Capita Income</u></b>	<b><u>Median Family Income</u></b>	<b><u>Employment</u></b>	<b><u>Civilian Labor Force</u></b>	<b><u>Unemployment Rate</u></b>
2006	\$28,904	\$43,958	42,155	58,832	5.2%
2005	\$27,945	\$39,514	52,232	55,232	5.5%
2004	\$26,568	\$37,403	50,370	52,771	4.3%
2003	\$25,011	\$37,483	49,130	51,966	4.5%
2002	\$24,012	\$36,428	48,045	50,589	4.5%
2001	\$23,242	\$36,294	47,543	49,914	3.9%

Source: Kentucky Cabinet for Economic Development. Kentucky Department for Employment Services. U. S. Department of Commerce, Bureau of Economic Analysis.

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

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

Source: City of Bowling Green, Department of Finance

## DEBT STRUCTURE

The following section outlines various important factors related to the outstanding debt of the City.

### SUMMARY OF BONDED INDEBTEDNESS

As of June 30, 2008				
Amount Issued - (1)	Purpose	Due Date	Interest Rates	Debt Outstanding
2,180,000	General Obligation Bonds, 1998 Series A	October 2018	4.125%	1,415,000
3,420,000	General Obligation Bonds, 1998 Series B	October 2009	3.750%	720,000
17,250,000	General Obligation Bonds, Series 2000	June 2020	5.250 - 5.300%	14,400,000
6,430,000	General Obligation Refunding Bonds, Series 2002A	December 2017	3.000 - 4.700%	4,400,000
8,585,000	General Obligation Bonds, Series 2003	December 2018	2.000 - 3.700%	6,970,000
13,375,000	General Obligation Bonds, Series 2004 A	June 2024	2.250 - 4.750%	11,400,000
2,025,000	General Obligation Bonds, Series 2004 B (Taxable)	June 2024	3.800 - 5.050%	1,760,000
14,905,000	General Obligation Bonds, Series 2007	December 2032	(3)	14,350,000
227,000	Traffic Signal Note	May 2009	4.94%	33,374
425,000	1999 Pierce Quint Fire Truck Note	September 2009	5.25%	85,000
713,000	2004 Fire Truck Ladder Note	December 2013	Variable	427,600
400,000	Realignment of 14th Avenue Note (GO)	2014	Variable	279,761
881,153	Depot Project Lease (GO Lease)	June 2019	5.02%	646,180
1,230,000	Lapsley Lane Relocation Note (GO)	2025	Variable	1,096,238
1,019,193	Chase Fire Truck Lease	8/31/17	3.972%	1,019,193
30,115,000	General Obligation and Special Revenue Bonds, Series 2002B	June 2026	3.500 - 5.000%	29,720,000
1,800,000	General Obligation and Special Revenue Bonds, Series 2002C	June 2026	5.875 - 6.500%	1,780,000
2,365,000	Municipal Projects Corporation Lease Revenue Bonds, Series 1995	November 2015	4.700 -5.400%	1,230,000
165,954	Warren County Water District 2003 Bond - (2)	July 2025	3.70%	86,853
790,000	Various Vehicles and Equipment Lease	March 2010	2.44%	260,029
3,560,000	Pay off Various Leases and Notes Lease	July 2010	Variable	855,000
387,000	Purchase Fire Pumper Lease	June 2015	3.59%	284,934
1,145,857	Purchase Various 2005 Ford Vehicles Lease	March 20014	3.20%	599,866
300,000	Greenwood Fire Station Property Lease	August 2010	5.02%	100,000
20,615,000	General Obligation Public Project Bonds, Series 2007B (ITA)	September 2023	3.375% - 4.625%	20,615,000
6,800,000	General Obligation Public Project Bonds, Series 2007C (Taxable) (ITA)	September 2023	5.60%	6,800,000
\$ 141,598,394	<b>Total Existing Debt</b>			\$ 121,334,028
25,000,000	General Obligation Public Project Bonds, Series 2008A		(3)	25,000,000
6,600,000	General Obligation Public Project Bonds, Series 2008B		(3)	6,600,000
\$ 173,198,394	<b>Total Existing and Proposed Debt</b>			\$ 152,934,028
(74,968,548)	Revenue Supported Bonds			(68,931,682)
\$ 98,229,846	<b>Net Direct Debt</b>			\$ 84,002,346

(1) Does not include compensated absences, if any and may not include all capitalized leases and notes. Does not include the City's portion of the deficiency obligation of the ITA, see notes to financial statements for additional information.

(2) The City is responsible for \$165,954 of the original principal of \$363,059.

(3) Estimated combined average interest rate - 4.99%.

## Indebtedness and Debt Ratios

### INTRODUCTION

The information set forth in the following table is based upon information derived from the General Purpose Financial Statements, including those for the most recent reporting period which are included as Appendix C. This table should be read in conjunction with those statements. The table does not include future funding plans, if any.

	2004	2005	2006	2007	2008	After Issuance 2008
<b>INDEBTEDNESS</b>						
<b>TAX SUPPORTED</b>						
General Obligation Bonds and Notes - (1)	\$ 52,659,420	\$ 55,047,579	\$ 51,871,535	\$ 61,620,458	\$ 55,634,651	\$ 84,002,346
<b>TOTAL TAX SUPPORTED</b>	<u>\$ 52,659,420</u>	<u>\$ 55,047,579</u>	<u>\$ 51,871,535</u>	<u>\$ 61,620,458</u>	<u>\$ 55,634,651</u>	<u>\$ 84,002,346</u>
<b>REVENUE SUPPORTED</b>						
Revenue Supported Debt & Leases - (1)	\$ 40,960,566	\$ 38,614,576	\$ 37,297,744	\$ 36,591,724	\$ 62,331,682	\$ (68,931,682)
<b>TOTAL REVENUE SUPPORTED</b>	<u>\$ 40,960,566</u>	<u>\$ 38,614,576</u>	<u>\$ 37,297,744</u>	<u>\$ 36,591,724</u>	<u>\$ 62,331,682</u>	<u>\$ (68,931,682)</u>
<b>TOTAL DEBT</b>	\$ 93,619,986	\$ 93,662,155	\$ 89,169,279	\$ 98,212,182	\$ 117,966,333	\$ 15,070,664
Less: Revenue Supported Debt	(40,960,566)	(38,614,576)	(37,297,744)	(36,591,724)	(62,331,682)	68,931,682
Less: Debt Service Fund Balance - (2)	<u>(100,325)</u>	<u>(89,430)</u>	<u>(105,116)</u>	<u>(104,610)</u>	<u>(104,610)</u>	<u>(104,610)</u>
<b>NET DIRECT DEBT</b>	\$ 52,559,095	\$ 54,958,149	\$ 51,766,419	\$ 61,515,848	\$ 55,530,041	\$ 83,897,736
<b>OVERLAPPING DEBT - (3)</b>	\$ 76,867,087	\$ 92,525,871	\$ 95,645,766	\$ 132,480,617	\$ 132,480,617	\$ 132,480,617
<b>NET DIRECT &amp; OVERLAPPING DEBT</b>	\$ 129,426,182	\$ 147,484,020	\$ 147,412,185	\$ 193,996,465	\$ 188,010,658	\$ 216,378,353
<b>PROPERTY TAX BASE</b>						
Estimated Actual Value	\$ 3,338,278,766	\$ 3,547,971,567	\$ 3,673,188,910	\$ 4,222,403,365	\$ 4,575,134,995	\$ 4,575,134,995
Appraised Value	3,105,619,497	3,286,532,242	3,532,135,077	3,926,958,286	4,247,599,044	4,247,599,044
Assessed Value	3,105,619,497	3,286,532,242	3,532,135,077	3,926,958,286	4,247,599,044	4,247,599,044
Source: Comprehensive Annual Financial Report of the City of Bowling Green. The Amounts for the 2008 and After Issuance columns include estimates.						

- (1) Does not include compensated absences. See the Notes to the Financial Statements in APPENDIX C for additional details.  
(2) Based on information in the Comprehensive Annual Financial Reports of the City. The After Issuance column is based on the prior year information.  
(3) Overlapping Debt includes the City's portion of the debt of Bowling Green Independent Schools, Warren County, and Warren County Schools. Best available information - amounts shown include estimates.



After Issuance

2008

2008

2007

2006

2005

2004

**DEBT RATIOS**

TOTAL DEBT to Estimated Actual Value	2.80%	2.64%	2.43%	2.33%	2.58%	0.33%
TOTAL DEBT to Appraised Value	3.01%	2.85%	2.52%	2.50%	2.78%	0.35%
TOTAL DEBT to Assessed Value	3.01%	2.85%	2.52%	2.50%	2.78%	0.35%
NET DIRECT DEBT to Estimated Actual Value	1.57%	1.55%	1.41%	1.46%	1.21%	1.83%
NET DIRECT DEBT to Appraised Value	1.69%	1.67%	1.47%	1.57%	1.31%	1.98%
NET DIRECT DEBT to Assessed Value	1.69%	1.67%	1.47%	1.57%	1.31%	1.98%
OVERLAPPING DEBT to Estimated Actual Value	2.30%	2.61%	2.60%	3.14%	2.90%	2.90%
OVERLAPPING DEBT to Appraised value	2.48%	2.82%	2.71%	3.37%	3.12%	3.12%
OVERLAPPING DEBT to Assessed Value	2.48%	2.82%	2.71%	3.37%	3.12%	3.12%
NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value	3.88%	4.16%	4.01%	4.59%	4.11%	4.73%
NET DIRECT & OVERLAPPING DEBT to Appraised Value	4.17%	4.49%	4.17%	4.94%	4.43%	5.09%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	4.17%	4.49%	4.17%	4.94%	4.43%	5.09%

**PER CAPITA RATIOS**

POPULATION (1)	49,296	49,296	49,296	49,296	49,296	49,296
PER CAPITA PERSONAL INCOME (2)	\$26,568	\$27,945	\$27,945	\$27,945	\$27,945	\$27,945
Estimated Actual Value to POPULATION	\$67,719	\$71,973	\$74,513	\$85,654	\$92,809	\$92,809
Assessed Value to POPULATION	\$62,999	\$66,669	\$71,652	\$79,661	\$86,165	\$86,165
Total Debt to POPULATION	\$1,899	\$1,900	\$1,809	\$1,992	\$2,393	\$306
Net Direct Debt to POPULATION	\$1,066	\$1,115	\$1,050	\$1,248	\$1,126	\$1,702
Overlapping Debt to POPULATION	\$1,559	\$1,877	\$1,940	\$2,687	\$2,687	\$2,687
Net Direct & Overlapping Debt to POPULATION	\$2,625	\$2,992	\$2,990	\$3,935	\$3,814	\$4,389

Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	7.15%	6.80%	6.47%	7.13%	8.56%	1.09%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	4.01%	3.99%	3.76%	4.47%	4.03%	6.09%
Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	5.87%	6.72%	6.94%	9.62%	9.62%	9.62%
Net Direct & Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	9.88%	10.71%	10.70%	14.08%	13.65%	15.71%

- (1) POPULATION data according to the 2000 U.S. Census.  
(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the Bureau of Economic Analysis.

# **DEBT SERVICE REQUIREMENTS - General Debt as of June 30, 2008**

Year Ending June 30	Principal - General Debt			Percent Total Debt Retired	Interest - General Debt			Total Debt Service Requirements
	Outstanding Debt - (1)	Current Issues	Total Principal		Outstanding Debt	Current Issues - (2)	Total Interest	
2009	\$ 3,569,507	-	\$ 3,569,507		\$ 2,488,955	998,763	\$ 3,487,717	\$ 7,057,225
2010	3,636,260	460,000	4,096,260		2,354,703	1,194,534	3,549,237	7,645,497
2011	3,429,042	470,000	3,899,042		2,221,359	1,183,218	3,404,577	7,303,619
2012	3,524,485	485,000	4,009,485	18.540%	2,087,272	1,169,541	3,256,813	7,266,298
2013	3,745,094	500,000	4,245,094		1,943,749	1,154,360	3,098,109	7,343,203
2014	3,860,673	515,000	4,375,673		1,791,151	1,137,760	2,928,911	7,304,584
2015	3,962,751	535,000	4,497,751		1,631,558	1,119,735	2,751,293	7,249,044
2016	4,006,958	550,000	4,556,958		1,462,092	1,100,208	2,562,299	7,119,257
2017	4,141,283	575,000	4,716,283	45.196%	1,287,439	1,079,198	2,366,637	7,082,919
2018	4,335,729	595,000	4,930,729		1,104,657	1,056,255	2,160,912	7,091,641
2019	3,926,925	620,000	4,546,925		920,758	1,031,682	1,952,439	6,499,364
2020	3,080,623	645,000	3,725,623		757,972	1,005,022	1,762,993	5,488,616
2021	1,578,158	675,000	2,253,158		608,843	976,319	1,585,162	3,838,320
2022	1,645,785	705,000	2,350,785	66.395%	539,627	945,404	1,485,031	3,835,816
2023	1,718,505	740,000	2,458,505		464,793	912,551	1,377,344	3,835,849
2024	1,796,324	775,000	2,571,324		386,777	875,181	1,261,958	3,833,282
2025	724,243	815,000	1,539,243		302,079	836,044	1,138,123	2,677,366
2026	675,000	860,000	1,535,000		267,663	794,886	1,062,549	2,597,549
2027	705,000	900,000	1,605,000	77.953%	233,163	751,456	984,619	2,589,619
2028	745,000	945,000	1,690,000		196,913	706,006	902,919	2,592,919
2029	770,000	995,000	1,765,000		161,925	658,284	820,209	2,585,209
2030	805,000	1,045,000	1,850,000		128,456	606,444	734,900	2,584,900
2031	835,000	1,100,000	1,935,000		93,606	552,000	645,606	2,580,606
2032	875,000	1,160,000	2,035,000	88.994%	57,269	494,690	551,958	2,586,958
2033	910,000	1,220,000	2,130,000		19,338	434,254	453,591	2,583,591
2034	-	1,280,000	1,280,000		-	370,692	370,692	1,650,692
2035	-	1,350,000	1,350,000		-	304,004	304,004	1,654,004
2036	-	1,420,000	1,420,000		-	233,669	233,669	1,653,669
2037	-	1,495,000	1,495,000	98.131%	-	159,687	159,687	1,654,687
2038	-	1,570,000	1,570,000	100.000%	-	81,797	81,797	1,651,797
	\$ 59,002,346	\$ 25,000,000	\$ 84,002,346		\$ 23,512,115	\$ 23,923,636	\$ 47,435,751	\$ 131,438,097

(1) Does not include capitalized leases or compensated absences. For more information, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements included in APPENDIX B.

(2) Estimated combined average interest rate - 4.99%.

# **DEBT SERVICE REQUIREMENTS - Lease Revenue Supported as of June 30, 2008**

Year Ending June 30	Principal - Revenue Supported Bonds			Interest - Revenue Supported Bonds			Total Debt Service Requirements
	Outstanding Debt - (1)	Total Principal	Percent Total Debt Retired	Outstanding Debt	Total Interest		
2009	\$ 895,889	\$ 895,889		\$ 138,439	\$ 138,439	\$	1,034,328
2010	909,378	909,378		100,682	100,682		1,010,060
2011	508,996	508,996	67.734%	69,449	69,449		578,445
2012	219,476	219,476		50,062	50,062		269,538
2013	201,077	201,077		39,748	39,748		240,825
2014	212,736	212,736		29,524	29,524		242,260
2015	224,523	224,523		18,623	18,623		243,146
2016	189,489	189,489	98.387%	7,117	7,117		196,606
2017	4,655	4,655		1,953	1,953		6,608
2018	4,827	4,827		1,778	1,778		6,605
2019	5,006	5,006		1,596	1,596		6,602
2020	5,191	5,191		1,407	1,407		6,598
2021	5,383	5,383	99.120%	1,212	1,212		6,595
2022	5,583	5,583		1,009	1,009		6,592
2023	5,789	5,789		798	798		6,587
2024	6,003	6,003		580	580		6,583
2025	6,225	6,225		354	354		6,579
2026	6,456	6,456	100.000%	119	119		6,575
	<u>\$ 3,416,682</u>	<u>\$ 3,416,682</u>		<u>\$ 464,450</u>	<u>\$ 464,450</u>	<u>\$</u>	<u>3,881,132</u>

(1) Does not include capitalized leases or compensated absences. For more information, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements included in APPENDIX B.

# DEBT SERVICE REQUIREMENTS - Revenue and Tax Supported as of June 30, 2008

Year Ending June 30	Principal - Lease Revenue Supported Bonds				Interest - Lease Revenue Supported Bonds			
	Outstanding Debt - (1)	Current Issue	Total Principal	Percent Total Debt Retired	Outstanding Debt	Current Issue - (2)	Total Interest	Total Debt Service Requirements
2009	\$ 445,000	\$ 275,000	\$ 720,000		\$ 2,953,389	\$ 234,982	\$ 3,188,371	\$ 3,908,371
2010	620,000	235,000	855,000		2,719,240	274,442	2,993,682	3,848,682
2011	2,280,000	240,000	2,520,000	6.250%	2,665,091	268,661	2,933,752	5,453,752
2012	2,535,000	245,000	2,780,000		2,573,734	261,677	2,835,411	5,615,411
2013	2,700,000	255,000	2,955,000		2,469,168	254,009	2,723,176	5,678,176
2014	2,900,000	265,000	3,165,000		2,355,453	245,543	2,600,996	5,765,996
2015	3,110,000	270,000	3,380,000		2,231,433	236,268	2,467,700	5,847,700
2016	3,325,000	280,000	3,605,000	30.497%	2,096,758	226,413	2,323,170	5,928,170
2017	3,565,000	295,000	3,860,000		1,948,910	215,717	2,164,627	6,024,627
2018	3,815,000	305,000	4,120,000		1,787,363	203,946	1,991,309	6,111,309
2019	4,075,000	315,000	4,390,000		1,611,638	191,350	1,802,987	6,192,987
2020	4,370,000	330,000	4,700,000		1,413,283	177,805	1,591,087	6,291,087
2021	4,675,000	345,000	5,020,000	64.214%	1,198,341	163,120	1,361,461	6,381,461
2022	4,850,000	360,000	5,210,000		966,719	147,319	1,114,037	6,324,037
2023	4,875,000	380,000	5,255,000		725,401	130,543	855,944	6,110,944
2024	5,150,000	400,000	5,550,000		480,472	111,353	591,824	6,141,824
2025	2,730,000	420,000	3,150,000	93.467%	286,425	91,153	377,578	3,527,578
2026	2,895,000	440,000	3,335,000		147,450	69,943	217,393	3,552,393
2027		460,000	460,000			47,723	47,723	507,723
2028		485,000	485,000	100.000%		24,493	24,493	509,493
	<u>\$ 58,915,000</u>	<u>\$ 6,600,000</u>	<u>\$ 65,515,000</u>		<u>\$ 30,630,265</u>	<u>\$ 3,576,452</u>	<u>\$ 34,206,718</u>	<u>\$ 99,721,718</u>

(1) Does not include capitalized leases or compensated absences. For more information, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements included in APPENDIX B.

(2) Estimated combined average interest rate - 4.99%.

**Five Year Summary of Revenues, Expenditures and  
Changes In Fund Balances - General Fund**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>					
Property Taxes	\$ 9,245,687	\$ 10,030,190	\$ 10,413,549	\$ 11,154,674	\$ 10,396,879
Licenses and Permits	20,640,403	27,920,487	32,193,992	34,749,955	37,302,859
Intergovernmental	426,953	590,604	710,591	949,816	1,100,674
Investment Income	-	-	-	1,101,144	1,192,996
Charges for Services	510,395	451,453	572,295	571,009	595,021
Parks and Recreation	340,043	383,879	351,497	361,444	323,999
Miscellaneous	<u>337,365</u>	<u>768,992</u>	<u>1,034,302</u>	<u>853,941</u>	<u>281,338</u>
<b>Total Revenues</b>	\$ 31,500,846	\$ 40,145,605	\$ 45,276,226	\$ 49,741,983	\$ 51,193,766
<b>Expenditures</b>					
General government	\$ 4,715,922	\$ 5,566,678	\$ 5,955,373	\$ 6,409,469	\$ 6,784,515
Public Safety	13,109,684	14,645,267	16,164,373	18,468,595	20,111,742
Public Works	3,880,865	4,463,987	5,313,449	6,094,722	6,593,414
Parks and Recreation	3,668,061	3,716,477	3,913,462	4,274,028	5,107,121
Planning and Development	1,047,969	1,154,946	1,307,682	1,464,402	1,863,575
Community Services	778,323	2,373,892	2,437,205	2,576,613	3,016,601
Miscellaneous	111,458	285,827	2,495	-	-
Capital Outlay	<u>434,398</u>	<u>733,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	\$ 27,746,680	\$ 32,940,824	\$ 35,094,039	\$ 39,287,829	\$ 43,476,968
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ 3,754,166</u>	<u>\$ 7,204,781</u>	<u>\$ 10,182,187</u>	<u>\$ 10,454,154</u>	<u>\$ 7,716,798</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	\$ 529,868	\$ 344,500	\$ 359,700	\$ 200,000	\$ -
Transfers Out	(6,381,244)	(2,894,051)	(5,214,373)	(6,392,704)	(8,617,743)
Sale of Capital Assets	40,377	213,637	99,236	146,475	215,512
Capital Lease Proceeds	3,253,128	17,821	175,737	-	-
Net Premium on Proceeds	-	-	-	-	2,294
Debt Proceeds	<u>-</u>	<u>252,000</u>	<u>-</u>	<u>-</u>	<u>405,706</u>
<b>Total</b>	\$ (2,557,871)	\$ (2,066,093)	\$ (4,579,700)	\$ (6,046,229)	\$ (7,994,231)
<b>Excess of Revenues Over (Under) Expenditures &amp; Other Uses</b>	\$ 1,196,295	\$ 5,138,688	\$ 5,602,487	\$ 4,407,925	\$ (277,433)
<b>Fund Balance July 1</b>	5,378,710	6,575,005	11,713,693	17,316,180	21,724,105
<b>Prior Period Adjustment</b>	-	-	-	-	-
<b>Residual Equity Transfers</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance June 30</b>	<u>\$ 6,575,005</u>	<u>\$ 11,713,693</u>	<u>\$ 17,316,180</u>	<u>\$ 21,724,105</u>	<u>\$ 21,446,672</u>

Note: During fiscal year 2003, the City adopted and implemented GASB Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments. The numbers shown in fiscal years prior to fiscal year 2003 are displayed in the format above for comparison purposes from information contained in the Comprehensive Annual Financial Reports of the City. For additional information, see the Note 1 of the Notes to the Financial Statements included in Appendix B.

Source: Comprehensive Annual Financial Reports of the City of Bowling Green, Kentucky.

# **CITY OF BOWLING GREEN, KENTUCKY**

## **PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTAL UNITS (Per \$100 of Assessed Value) Last Ten Fiscal Years**

### **REAL ESTATE**

<b>Fiscal Year</b>	<b><u>City Proper</u> <sup>(1)</sup></b>					<b><u>City Annex</u> <sup>(1)</sup></b>				
	<b><u>City</u></b>	<b><u>County</u></b>	<b><u>City School</u></b>	<b><u>State</u></b>	<b><u>Total</u></b>	<b><u>City</u></b>	<b><u>County</u></b>	<b><u>County School</u></b>	<b><u>State</u></b>	<b><u>Total</u></b>
1998	.230	.121	.629	.157	1.137	.230	.121	.307	.157	.815
1999	.238	.121	.661	.153	1.173	.238	.121	.306	.153	.818
2000	.249	.125	.668	.148	1.190	.249	.125	.306	.148	.828
2001	.249	.127	.668	.141	1.185	.249	.127	.306	.141	.823
2002	.256	.127	.670	.136	1.189	.256	.127	.314	.136	.833
2003	.264	.127	.667	.135	1.193	.264	.127	.322	.135	.848
2004	.269	.135	.691	.131	1.226	.269	.135	.380	.131	.915
2005	.257	.135	.688	.131	1.211	.257	.135	.378	.131	.901
2006	.255	.135	.692	.128	1.210	.255	.135	.377	.128	.895
2007	.249	.1645	.692	.124	1.2295	.249	.1645	.371	.124	.9085

### **PERSONAL PROPERTY**

<b>Fiscal Year</b>	<b><u>City Proper</u> <sup>(1)</sup></b>					<b><u>City Annex</u> <sup>(1)</sup></b>				
	<b><u>City</u></b>	<b><u>County</u></b>	<b><u>City School</u></b>	<b><u>State</u></b>	<b><u>Total</u></b>	<b><u>City</u></b>	<b><u>County</u></b>	<b><u>County School</u></b>	<b><u>State</u></b>	<b><u>Total</u></b>
1998	.260	.152	.629	.450	1.491	.260	.152	.307	.450	1.169
1999	.260	.152	.661	.450	1.523	.260	.152	.306	.450	1.168
2000	.260	.152	.670	.450	1.532	.260	.152	.306	.450	1.168
2001	.260	.152	.668	.450	1.530	.260	.152	.306	.450	1.168
2002	.260	.153	.670	.450	1.533	.260	.153	.314	.450	1.177
2003	.260	.153	.673	.450	1.536	.260	.153	.322	.450	1.185
2004	.260	.187	.691	.450	1.588	.260	.187	.380	.450	1.277
2005	.260	.186	.688	.450	1.584	.260	.186	.384	.450	1.280
2006	.260	.185	.692	.450	1.587	.260	.185	.380	.450	1.275
2007	.260	.2315	.692	.450	1.6335	.260	.232	.380	.45	1.3215

<sup>(1)</sup> City Proper and City Annex are terms used to designate in which school system property is located. All City residents pay both the City and County taxes, but are required to pay tax to only the one appropriate school system.

Source: City of Bowling Green, KY

**CITY OF BOWLING GREEN, KENTUCKY  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

<b><u>Fiscal Year</u></b>	<b><u>Total Current Levy</u></b> <sup>(1)</sup>	<b><u>Current Taxes Collected</u></b>	<b><u>Percent of Levy Collected</u></b>	<b><u>Delinquent Tax Collected</u></b>	<b><u>Total Delinquent Taxes Receivable</u></b>
1998	4,978,656	4,919,682	98.8%	137,383	226,133
1999	5,535,371	5,486,207	99.1%	140,479	186,556
2000	5,905,648	5,842,934	98.9%	55,860	187,769
2001	6,295,539	6,189,914	98.3%	74,393	230,679
2002	6,852,789	6,752,724	98.5%	67,760	231,203
2003	7,207,803	7,063,906	98.0%	107,544	277,557
2004	7,608,660	7,534,573	99.0%	98,935	178,622
2005	8,092,796	8,028,912	99.2%	120,366	209,579
2006	8,797,577	8,490,047	96.5%	142,495	320,052
2007	9,664,741	9,264,470	95.8%	156,977	289,759

<sup>(1)</sup> Original Levy, Warren County Property Valuation Administrator's Office.

Source: City of Bowling Green, KY

**CITY OF BOWLING GREEN, KENTUCKY  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION <sup>(1)</sup>  
(GAAP)  
Last Ten Fiscal Years**

<b><u>Fiscal Year</u></b>	<b><u>General Government</u></b>	<b><u>Public Safety</u></b>	<b><u>Public Works</u></b>	<b><u>Parks and Recreation</u></b>	<b><u>Housing &amp; Community Development</u></b>	<b><u>Sundry &amp; Services</u></b>	<b><u>Totals</u></b>
1998	4,563,759	10,199,692	4,500,375	2,967,988	3,123,637	6,549,563	31,905,014
1999	5,373,088	11,257,640	5,105,235	3,397,841	3,149,569	7,633,773	35,917,146
2000	5,426,425	12,964,877	7,267,295	4,142,760	3,120,044	17,135,763	50,057,164
2001	5,829,413	12,772,406	6,541,610	4,544,635	3,934,528	12,957,244	46,579,836
2002	6,591,301	12,068,648	4,716,384	3,281,851	32,917,328 <sup>(2)</sup>	8,379,279	67,954,791
2003	4,858,711	14,079,630	4,935,979	3,698,588	3,199,980	12,215,935	42,988,823
2004	5,721,598	15,716,344	5,204,488	3,722,246	3,784,107	18,236,694	52,385,477
2005	6,034,350	17,481,667	6,504,418	3,913,462	4,253,515	18,514,246	56,701,658
2006	6,490,388	19,849,913	7,518,741	4,274,028	5,298,730	15,741,301	59,173,101
2007	7,018,903	21,382,962	7,369,126	5,107,121	6,652,290	20,501,674	68,032,076

<sup>(1)</sup> Includes only the General, Special Revenue, Debt Service and Permanent Funds of the primary government unit.

<sup>(2)</sup> Includes the expenditure of \$30,136,451 for the Western Kentucky University Athletic Facility Project, which will improve athletics and parking facilities in order to increase the public use of those facilities.

Source: City of Bowling Green, KY

**GENERAL REVENUES BY SOURCE <sup>(1)</sup>**  
**(GAAP)**  
**Last Ten Fiscal Years**

<b><u>Fiscal Year</u></b>	<b><u>Property Taxes</u></b>	<b><u>Licenses, Permits &amp; Other Taxes</u></b>	<b><u>Inter-Governmental</u></b>	<b><u>Charges for Services</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
1998	8,181,580	16,677,492	3,833,551	793,087	1,356,380	30,842,090
1999	8,764,666	18,063,553	4,333,273	755,429	1,521,708	33,438,629
2000	8,040,906	20,145,980	4,877,776	787,258	2,004,081	35,856,001
2001	8,532,853	20,372,698	5,023,739	673,424	1,960,778	36,563,492
2002	9,182,285	21,700,035	5,421,909	723,860	1,099,512	38,127,601
2003	9,590,687	23,100,389	5,767,804	850,438	754,555	40,063,873
2004	10,401,190	31,085,066	8,417,583	835,332	1,813,668	52,552,839
2005	10,797,549	35,711,658	9,428,098	923,792	2,188,073	59,049,170
2006	13,163,115	37,285,157	9,868,433	932,453	3,050,865	64,300,023
2007	12,241,813	37,406,227	11,392,786	919,020	2,982,575	64,942,421

(1) Includes only the General, Special Revenue, Debt Service and Permanent Funds of the primary government unit.

Source: City of Bowling Green

**CITY OF BOWLING GREEN, KENTUCKY**  
**OCCUPATIONAL LICENSE RECEIPTS**  
**GENERAL FUND**  
**Last Ten Fiscal Years**

<b><u>Fiscal Year</u></b>	<b><u>Business Registration Fees</u></b>	<b><u>Occupational Net Profit Fees</u></b>	<b><u>Occupational Withholding Fees</u></b>	<b><u>Total</u></b>	<b><u>Percentage Growth</u></b>
1998	63,820	2,157,272	13,311,081	15,978,179	(4.6)
1999	56,343	2,567,985	14,188,560	16,742,888	4.8
2000	105,963	2,596,319	14,890,138	17,592,420	5.1
2001	114,371	2,292,886	15,163,049	17,470,306	(0.7)
2002	102,722	2,463,714	16,121,277	18,687,713	7.0
2003	114,591	3,279,304	16,576,355	19,970,250	6.9
2004	132,240	4,224,568	22,575,126	26,931,934	34.9
2005	163,856	5,561,657	25,429,475	31,154,988	13.0
2006	129,541	6,318,342	27,385,469	33,833,352	7.0
2007	114,816	6,837,978	28,103,464	35,056,258	3.0

Source: City of Bowling Green, KY



## **GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS**

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

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 also summarized.

Source: Comprehensive Financial Report of the City of Bowling Green, KY.

## **BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the City, available means expected to be received within sixty days of year end. Major revenue sources not susceptible to accrual include charges 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, a reconciliation is presented which briefly explains the adjustments necessary to transform the fund based financial statements into the Government-wide presentation.

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

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

Source: Comprehensive Financial Report of the City of Bowling Green, KY.

## **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 statements 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".

Source: Comprehensive Financial Report of the City of Bowling Green, KY.

## **BUDGETS**

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

All agencies of the City submit requests to the City Manager so that an annual budget can be prepared. The budget is prepared by fund, function and activity and includes information on the part year, current year estimates and requested appropriations for the next fiscal year.

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

Expenditures may not legally exceed budgeted appropriations at the activity level. On the recommendation of the City Manager, amendments are submitted from time to time during the fiscal year to the City Commission for their review and consideration.

Source: Comprehensive Financial Report of the City of Bowling Green, KY.

## **INVESTMENT AND CASH MANAGEMENT PRACTICES**

The Board of Commissioners has adopted an investment policy recommended by the Chief Financial Officer. This policy requires the investment of public funds in a manner that will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the City and fully conforming to all Kentucky Revised Statutes 66.480 and City regulations. Investment objectives include safety, liquidity and return on investment. Authorized investments include the following:

- Obligations of the United States and of its agencies and instrumentalities
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency
- Obligations of any corporation of the United States government
- Certificates of depositor other interest-bearing accounts of any bank or savings and loan institution which are insured by the FDIC or which are collateralized, to the extent uninsured, by obligations permitted under Section 41.240(4) of the Kentucky Revised Statutes
- Bonds or certificates of indebtedness of the Commonwealth of Kentucky

It is the policy of the City to require that all deposits maintained by the City in any financial institution named as depository be fully collateralized.

## **DERIVATIVE INSTRUMENTS**

In February 2003 and November 2006, the City entered into interest rate swap agreements which are described in Note 3 to the General Purpose Financial Statements for the fiscal year ended June 30, 2007, included as a part of APPENDIX B of this document.

## **DISCUSSION OF OPERATIONS**

The City has four major sources of funding its governmental activities.

*Wages and Net Profits Taxes.* In fiscal year 2007, this category contributed approximately 48.3 percent of total revenues received by the City. On January 1, 2007, the City began collecting this license fee at a rate of 1.85 percent. In addition, the City imposes a 1.85% fee on business net profits generated in the City. The City also charges for building and electrical permits and alcoholic beverage licenses.

*Governmental Revenues, Grants and Contributions.* The majority of revenue received from these sources is restricted for use in specific Federal or State projects. This source generated approximately 28.1 percent of total City revenues during fiscal year 2007.

*Property Taxes.* The City imposes a property tax on all real and personal property located in the City limits. The property tax rate for 2007 was \$0.249 (\$0.255 for 2006) per \$100 assessed value on real estate and \$0.260 (\$0.260 for 2005) per \$100 on personal property. Kentucky allows a homestead exemption for residential real estate for those property owners who are over 65. In addition to property taxes, the City also imposes taxes on insurance policy premiums and franchise taxes on cable television and natural gas.

*Miscellaneous Revenues.* Parks and Recreation fees, such as swimming pool, golf, community center, fitness and athletics fees are charged. This source of income totaled approximately 2.0 percent for fiscal year 2007.

For fiscal year 2007, total governmental expenses were \$55.1 million compared to \$49.6 million in the previous year. The main reasons for the increase were capital projects and increases in salaries and benefits. Public Safety activities totaled \$18.5 million and accounted for 33.6 percent of total expenditures. The second largest category of expenses was for General Government which totaled \$11.6 million or 21.5 percent of the total. Public Works totaled \$8.0 million or 14.5 percent of total expenditures and Housing and Community Development expenses totaled \$5.9 million or around 10.7 percent of the total.

The City's governmental funds for fiscal year 2007 reflected a combined ending fund balance of \$49.4 million or an increase of \$12.1 million over the prior year. Of this amount, \$10.2 million was unreserved and available for City discretionary spending. The total General Fund balance was \$21.4 million which was a \$0.3 decrease over the prior

year. The undesignated General Fund balance totaled \$10.1 million or approximately 19.7 percent of General Fund revenues for the year.

The City's proprietary funds increased their net assets from \$6.3 million to \$7.3 million in fiscal year 2007. These funds include the City's Golf, Aquatics and Convention Center Funds.

## **TEN LARGEST PROPERTY TAXPAYERS**

For the fiscal year ending June 30, 2007, the ten largest taxpayers in the City were as follows:

	<u><b>Taxpayer</b></u>	<u><b>Type of Business</b></u>	<u><b>Assessed Value</b></u>	<u><b>Percent of Total Assessed Valuation</b></u>
1.	Union Underwear	Clothing Manufacturer	\$56,666,634	1.75%
2.	Huish Detergents	Detergent Manufacturer	42,132,155	1.30%
3.	Greenwood Mall	Retail Mall	38,585,000	1.19%
4.	DHP Holdings II Corp	Heating Equipment Mfg	27,393,749	.85%
5.	WalMart	Retail	24,314,868	.75%
6.	Insight Midwest LP	Cable Service	22,942,415	.71%
7.	Atmos Energy Corporation	Natural Gas Service	21,991,397	.68%
8.	Chandler Park Apartments	Apartment Complex	19,910,000	.61%
9.	The Registry	Apartment Complex	19,140,000	.60%
10.	BGK1 LLLP	Apartment Complex	19,000,000	.59%

\* Note: Based on Total Assessed Value for real property of \$3,232,577,886 (January 1, 2007)

## **PENSION PLANS**

*Policemen and Firemen's Retirement Fund (PFRF).* The Policemen and Firemen's Retirement Fund (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 for 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 of this retirement fund are determined by *Kentucky Revised Statutes* sections 95.851 and 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 the 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, 1017 College Street, Bowling Green, Kentucky 42101.

*County Employees Retirement System (CERS).* The City as well as employees of Bowling Green Municipal Utilities' Electric, Water and Sewer Divisions, and Bowling Green Public Library are participants in the County Employees Retirement System (CERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Board of Trustees of Kentucky Retirement System (KRS). CERS provides retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of the State Legislature. Section 61.645 of the *Kentucky Revised Statutes* assigns the authority to establish and amend benefit provisions to the KRS Board of Trustees. The KRS issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained by writing to the Kentucky Retirement Systems, 1260 Louisville, Road, Frankfort, KY 40601 or by calling 1-502-564-4646.

For additional information on the funding status, trend information and actuarial status of the City's PFRF retirement program and the CERS retirement program, please refer to the appropriate Notes to Financial Statements located in the General Purpose Financial Statements of the City located in APPENDIX B.

#### **OTHER POST EMPLOYMENT BENEFITS**

Other than pension benefits, the City does not provide any other post employment benefits ("OPEB") to its employees or retirees.

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**APPENDIX B**

**CITY OF BOWLING GREEN, KENTUCKY  
GENERAL OBLIGATION PUBLIC PROJECT BONDS, SERIES 2008**

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AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF CITY OF BOWLING GREEN,  
KENTUCKY FOR FISCAL YEAR ENDING JUNE 30, 2007

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**City of Bowling Green**

**Comprehensive Annual Financial Report**

**for the**

**Fiscal Year Ended June 30, 2007**



**Issued by the**  
**Department of Finance**

# CITY OF BOWLING GREEN

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**Fax: 270-393-3047**

December 5, 2007

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

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Bowling Green (City) for the fiscal year ended June 30, 2007. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The CAFR includes all funds of the City and its component units.

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

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

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

The independent accounting firm of Mountjoy & Bressler, LLP, Certified Public Accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2007 are free of any material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the City; and evaluating the overall financial statement presentation. The independent auditor rendered an unqualified (“clean”) opinion that the City’s financial statements for the fiscal year ended June 30, 2007 are fairly presented in conformity with GAAP. Their report is the first component in the Financial Section of this report.

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

## **PROFILE OF THE CITY**

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

The City operates under the City Manager form of government, one of the alternative forms of municipal government established under Kentucky Statutes. Under this form of government, a Mayor, who is elected for a term of four years, and four City Commissioners, who serve two years each, are all voted into office in non-partisan elections. The Mayor and the City Commissioners comprise the Board of Commissioners (Board), in which all legislative and executive authority of the City is vested. As such, the Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring all City staff. The Board appoints a City Manager, who serves as the Chief Administrative Officer of the City and enforces City ordinances and policy as well as carrying out its day-to-day operations. The City has 433 authorized full-time positions, with 58% of those being public safety related.

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

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

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

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

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

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



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

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

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

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

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

## **SIGNIFICANT EVENTS AND INITIATIVES**

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

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

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

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

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

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

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

## **FINANCIAL INFORMATION**

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

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

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

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

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

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

## **AWARDS AND ACKNOWLEDGEMENTS**

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

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

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

Respectfully submitted,

Jeff Meisel, CPA  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bowling Green  
Kentucky

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

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



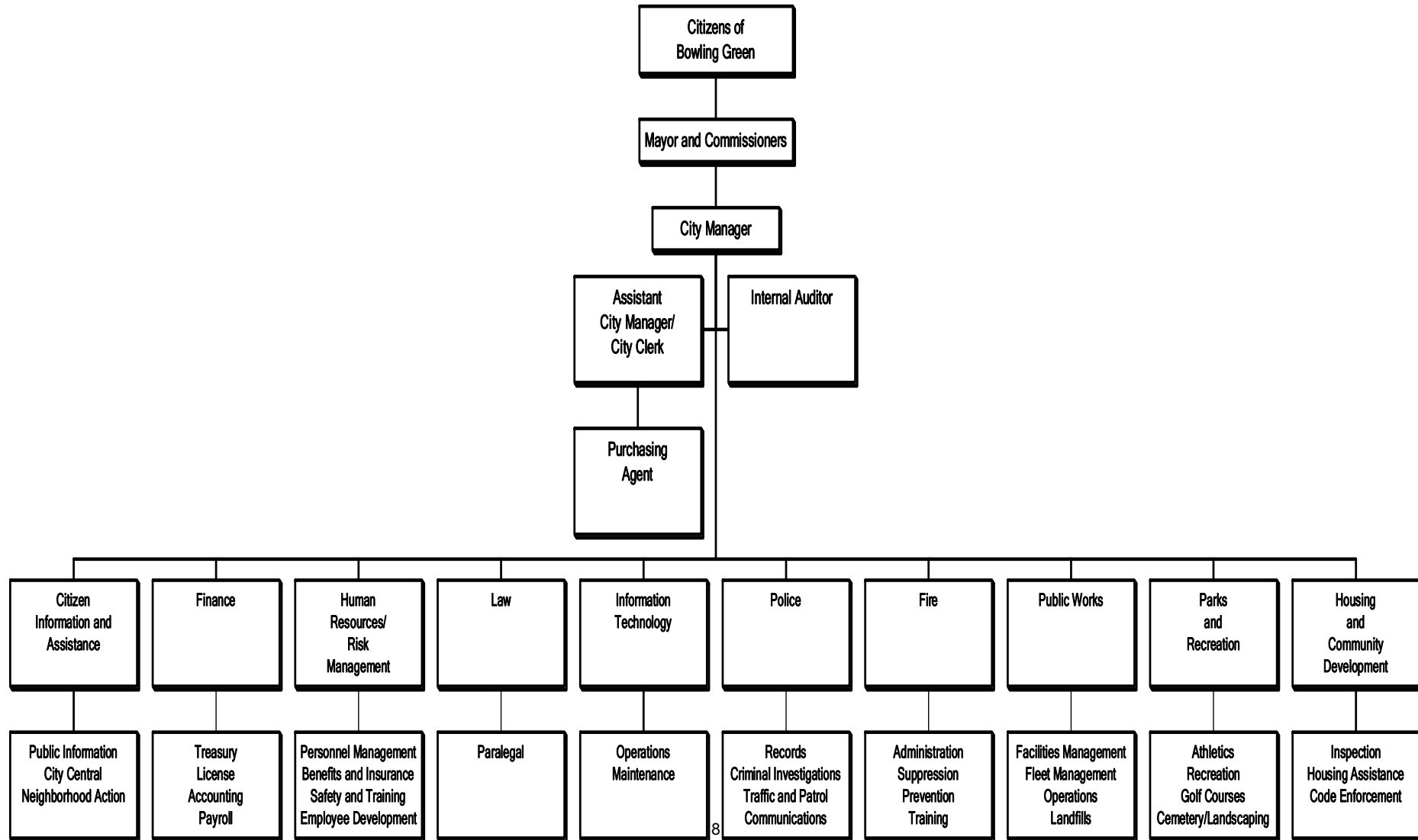
*Charles S. Cox*

President

*Jeffrey R. Emen*

Executive Director

# CITY OF BOWLING GREEN



# **CITY OF BOWLING GREEN, KENTUCKY**

## **Directory – Principal Officials**

### **Mayor and Commissioners**

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

**Mayor  
Mayor Pro Tem  
Commissioner  
Commissioner  
Commissioner**

### **Kevin D. DeFebbo – City Manager**

#### **Administration:**

**Katie Schaller**

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

**Jennifer Portmann  
Deborah Jenkins**

#### **Citizen Information & Assistance:**

**J. Michael Grubbs**

**Director**

#### **Finance:**

**Jeff Meisel, CPA  
Wilma Brown**

**Chief Financial Officer  
Comptroller**

#### **Human Resources:**

**Michele Tolbert**

**Director**

#### **Law:**

**H. Eugene Harmon**

**City Attorney**

#### **Information Technology:**

**Lynn Hartley**

**Chief Information Officer**

#### **Public Safety:**

**Doug Hawkins  
Greg Johnson**

**Police Chief  
Fire Chief**

#### **Public Works:**

**Emmett Wood, Jr., PE  
Jeff Lashlee**

**Director  
City Engineer**

#### **Parks and Recreation:**

**Ernie Gouvas**

**Director**

#### **Housing and Community Development:**

**Alice Burks**

**Director**

## **Report of Independent Accountants**

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

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

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

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

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

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

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



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) offers readers of the financial statements an overview and analysis of the financial position and activities of the City of Bowling Green ("the City") for the fiscal year ended June 30, 2007. The information presented here should be read in conjunction with the Letter of Transmittal and the financial statements immediately following this analysis.

### **Financial Highlights**

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

### **Overview of Financial Statements**

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

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

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

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

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

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

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

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

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

## **Fund Financial Statements**

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

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

## **The City as Trustee**

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

## Government-wide Financial Analysis

### Net Assets

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

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

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

### Net Assets June 30, 2007 (In Millions)

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

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

\*Numbers may not total due to rounding.

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

### Analysis of City Operations

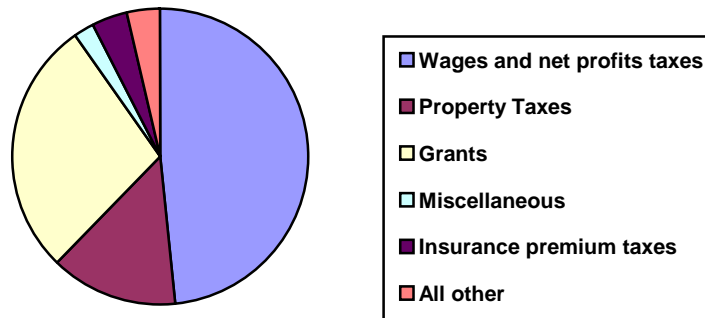
The following table summarizes City operations for the fiscal year ended June 30, 2007. Governmental activities increased the City of Bowling Green's net assets by \$19.5 million, accounting for 95% of the growth in the net assets. Business-type activities increased the City's net assets by \$1.0 million,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

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

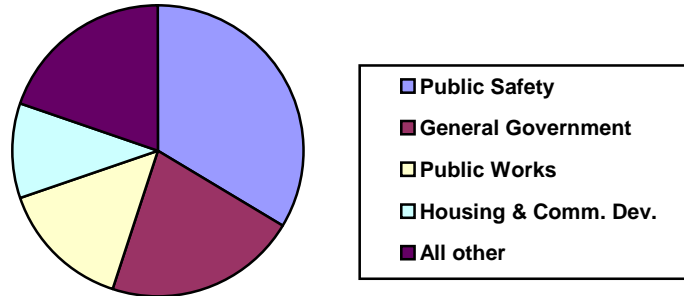
	Governmental Activities		Business- type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$2.6	\$1.6	\$2.0	\$2.1	\$4.6	\$3.8
Operating grants and contributions	6.4	5.6			6.4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

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

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

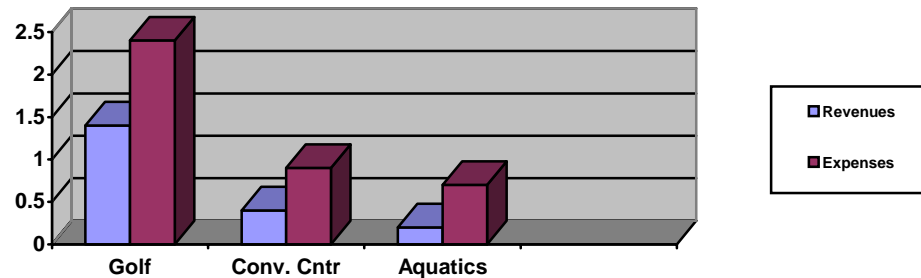


This year total expenses of the City's governmental activities were \$55.1 million, compared to \$49.6 million last year. The reason for this increase was continued implementation of the Service Enhancement program plus several capital projects. Public safety activities totaled \$18.5 million and accounted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



### Business-type Activities

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



### Funds of the City of Bowling Green

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

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

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

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

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

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

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

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

### **General Fund Budgetary Highlights**

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

Our original revenue estimates were changed by the following:

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

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



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

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

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

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

### **Capital Assets**

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

This year's major capital additions included the following:

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

The following table summarizes the changes in net capital assets.

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

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

\*Numbers may not total due to rounding.

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

### Debt Administration

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

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

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

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

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

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

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

\*Numbers may not total due to rounding.

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

**Next Year's Budget**

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

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

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

### **Requests for Information**

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

## CITY OF BOWLING GREEN, KENTUCKY

## STATEMENT OF NET ASSETS

June 30, 2007

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

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2007

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

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

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

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

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

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

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

5,615,712

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

32,157,970

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

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

\$ 122,916,897



**CITY OF BOWLING GREEN, KENTUCKY**

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

For the Year Ended June 30, 2007

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

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

June 30, 2007

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

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

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

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

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

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

Accrued interest expense on long-term debt is reported in the statement of activities, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. (36,346)

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

Compensated absences payable	12,785
Landfill postclosure care	(893,700)

The internal service funds used by management to charge the costs of insurance and fleet maintenance to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal fund revenues are eliminated. 1,592,055

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

## CITY OF BOWLING GREEN, KENTUCKY

## STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

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

For the year ended June 30, 2007

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

## CITY OF BOWLING GREEN, KENTUCKY

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the year ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**STATEMENT OF FIDUCIARY NET ASSETS**

June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

For the year ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

STATEMENT OF NET ASSETS

COMPONENT UNITS

June 30, 2007

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



**CITY OF BOWLING GREEN, KENTUCKY**

STATEMENT OF ACTIVITIES

COMPONENT UNITS

For the Year Ended June 30, 2007

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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

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## CITY OF BOWLING GREEN, KENTUCKY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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

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

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

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

#### Governmental Fund Type

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

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

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

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

**June 30, 2007**

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

**Proprietary Fund Type**

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

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

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

**Governmental Fund Type**

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

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

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

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

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

**Proprietary Fund Type**

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

## **CITY OF BOWLING GREEN, KENTUCKY**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2007**

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

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

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

#### **C. Basic Financial Statements**

##### **Government-wide and Fund Financial Statements**

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

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

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

##### **Basis of Accounting and Financial Statement Presentation**

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

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

## CITY OF BOWLING GREEN, KENTUCKY

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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

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

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

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

#### **D. Basis of Presentation**

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

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

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

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

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

## CITY OF BOWLING GREEN, KENTUCKY

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

and remitted to the City pursuant to the Memorandum of Agreement between the City, WKU and the Hilltopper Athletic Foundation. The student athletic fees and suite rentals are to be paid to the City each year in sufficient amounts to pay debt services on the City's \$30,115,000 General Obligation and Special Revenue Bonds, Series 2002B and \$1,800,000 General Obligation and Special Revenues Bonds, Series 2002C.

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

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

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

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

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

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

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

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

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

#### Agency Funds

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

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

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

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

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

**June 30, 2007**

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

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

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

**E. Budgetary Control and Encumbrances**

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

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

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

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

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

Encumbrances are not recorded in the financial statements for proprietary, internal service and fiduciary fund types. However, the following funds had purchase orders outstanding at June 30, 2007 as follows:

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

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

**Deposits and Investments** - The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the



## CITY OF BOWLING GREEN, KENTUCKY

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

date of acquisition. Some of the cash resources of the individual funds are combined to form a pool of cash for cash management purposes. Interest income earned as a result of pooling is distributed to the appropriate funds based on the ending monthly balance of pooled cash in each fund. Funds that incur a negative balance in pooled cash during the year are not charged interest. No reclassification has been made at year end for negative balances of pooled cash.

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

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

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

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

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

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

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

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

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

# CITY OF BOWLING GREEN, KENTUCKY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and improvements	40 years	30 - 50 years
Improvements other than buildings	15 years	10 - 35 years
Machinery and equipment	3 - 7 years	5 - 10 years
Vehicles	5 - 7 years	5 - 7 years

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

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

Sick leave for most classified employees is earned on the basis of one working day or eight hours per month of service. Sick leave for Fire Department personnel working 24 hours/48 hours off is earned on the basis of 12 hours per month of service. Earned sick leave may be accumulated up to a maximum of 180 days; thereafter, employees are compensated as of December 31 for days accumulated in excess of 180 days in an amount equal to one-half of the base rate straight-time value. For retiring employees who are participating members of CERS, the City will purchase service credit for up to six months (120 days) of unused sick leave at the time of retirement. Employees who retire with more than 120 accrued sick days may receive cash payment for the number of days over 120 in the amounts of \$25/day.

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

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

## CITY OF BOWLING GREEN, KENTUCKY

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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

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

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

Long-term liabilities include the following:

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

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

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

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

#### **G. Revenues, Expenditures and Expenses**

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

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

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

**June 30, 2007**

transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the Government-wide columnar presentation.

**H. Estimates**

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

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

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

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

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

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

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

**A. Cash and Investments**

**Primary Government**

The Government's bank balances at June 30, 2007 are entirely insured or collateralized with securities held by the City's agent in the City's name. In accordance with Kentucky Revised Statutes (KRS) 66.480 and the Government's investment policy, the Government is allowed to invest in obligations of the U.S. Treasury and U.S. agencies and instruments, repurchase agreements, bankers' acceptances, commercial paper, obligations of the Commonwealth of Kentucky and its agencies and instrumentalities, shares of mutual funds or interest bearing deposits of insured national or state banks. In addition, the

# CITY OF BOWLING GREEN, KENTUCKY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

Fiduciary Funds are allowed to invest in equity securities, corporate bonds and international stocks listed as American Depository Receipts (ADR). Investments of the City as of June 30, 2007 are summarized and categorized below in the following table:

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

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

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

### Component Units

#### Bowling Green Municipal Utilities

The Bowling Green Municipal Utilities may legally invest in direct obligations of and other obligations guaranteed as to principal by the U. S. Treasury and U. S. Agencies and instrumentalities, Kentucky bonds and certificates of indebtedness, highly-rated securities issued by a state or local government in the United States and certain other investments more fully described in the Kentucky Revised Statutes. Investments of each division of the utility as of June 30, 2007 are summarized and categorized in the following tables:

Bowling Green Municipal Utilities Water-Sewer Division		
Investment Type	Fair Value	Maturities in Years Less than 1
U.S. agencies obligations	\$1,662,614	\$1,662,614
U.S. Treasury mutual fund	6,200,077	6,200,077
Government obligation mutual fund	292,517	292,517
	<u>\$8,155,208</u>	<u>\$8,155,208</u>

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

# CITY OF BOWLING GREEN, KENTUCKY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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

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

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

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

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

### Policemen and Firefighters' Retirement Fund

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

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

### Investment Maturities (In Years)

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

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

**June 30, 2007**

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

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

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

**B. Restricted Assets**

**Governmental Activities**

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

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

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

**CITY OF BOWLING GREEN, KENTUCKY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2007**

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

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

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

**Component Units**

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

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

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

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

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



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

**June 30, 2007**

**C. Loans Receivable**

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

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

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

**June 30, 2007**

**D. Capital Assets**

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

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

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

**June 30, 2007**

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

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

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

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

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

**June 30, 2007**

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

**E. Interfund Receivables, Payables, and Transfers**

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

**Due to/from other funds:**

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

**Interfund transfers:**

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

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

**June 30, 2007**

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

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

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

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

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

**June 30, 2007**

**F. Long-term Debt**

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

**Primary Government:**

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

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

**June 30, 2007**

**Business-Type Activities**

**General Obligation Bonds**

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

**Notes Payable and Capital Leases**

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

**Other Long-Term Liabilities**

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

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

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

**CITY OF BOWLING GREEN, KENTUCKY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2007**

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

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

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

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



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

**June 30, 2007**

**Component Units**

Principal requirements for component units' debt are as follows:

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

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

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

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

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

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

**CITY OF BOWLING GREEN, KENTUCKY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2007**

7. \$1,800,000 general obligation and special revenue bonds, Series 2002C, issued to provide funds to assist in the financing of the renovation, improvement and equipping of certain WKU athletic and parking facilities subject to a Memorandum of Agreement between the City and WKU (see Memorandum of Agreement below).
8. \$8,585,000 general obligation bonds, Series 2003, serviced by the Convention Center Enterprise Fund and issued to advance refund \$7,860,000 of outstanding Series 1993 Tourism and Economic Development, Inc. mortgage revenue bonds issued to finance the purchase of real estate for a convention center and trade show facility and for Crosswinds municipal golf course pro shop facilities.
9. \$165,954, which is 45.71% of the 2003 Warren County Water District bond, issued for the John Jones area water and sewer construction by the Warren County Water District. The City entered into a pledge agreement to assist the Water District in repaying this indebtedness.
10. \$13,375,000 general obligation bonds, Series 2004A, portion of proceeds (94.4%) used to provide funds for the demolition and reconstruction of the Parks Community Center, renovation and expansion of the Police Department headquarters, major building improvements for a relocated Public Works operations facility, improvements to parks and cemetery facilities, and various road improvements.  
  
The remainder of the proceeds (5.6%) serviced by the Golf Enterprise Fund and used for the construction of the Hobson Grove golf course pro shop and maintenance facility.
11. \$2,025,000 general obligation bonds, Series 2004B, issued to finance the City's cost of acquisition and clearing of real properties in the Historic Bowling Green Revitalization Project Target area.
12. \$14,905,000 general obligation bonds, Series 2007, issued to finance costs for construction of public park improvements, construction of utilities, design and construction of a skate park, Circus Square acquisition and construction, land acquisition, construction of public roads, and installation of downtown signalization upgrades.

# CITY OF BOWLING GREEN, KENTUCKY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

### Memorandum of Agreement/WKU Project Financing

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

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

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

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

As of June 30, 2007 the City has recorded a receivable from WKU and deferred revenue of \$31,785,000 in the WKU Athletics Special Revenue Fund applicable to future revenues to be received from WKU related to the above agreement.

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

On June 1, 2002, the City entered into a Fund Depository and Administration Agreement with the Finance and Administration Cabinet of the Commonwealth of Kentucky (FAC) applicable to the WKU project. The WKU project is and will be the property of the Commonwealth of Kentucky for the benefit of WKU and all contracts for the construction, acquisition and installation of the project are awarded, administered and

## **CITY OF BOWLING GREEN, KENTUCKY**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2007**

carried out by the FAC through its Department for Facilities Management and its Office of Financial Management as a State-administered capital construction project.

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

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

#### **Prior Year Defeasance of Debt**

In a prior year the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2007, \$7,060,000 of bonds outstanding is considered defeased.

#### **Derivative Instruments**

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

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

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

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

## **CITY OF BOWLING GREEN, KENTUCKY**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2007**

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

#### **Landfill Closure and Postclosure Care Cost**

Landfill closure and post-closure costs are accounted for in the Landfill Closure Special Revenue Fund. As of June 30, 2007, the cash available totaled \$1,240,008. In August 2005, the City entered into a non-exclusive franchise agreement with Monarch Waste for operation of the City's transfer station on Preston Avenue. Under the terms of the agreement, the City receives an annual franchise fee of \$20,000 per month for three years (2005 to 2007, inclusive). This revenue is used to defray landfill closure costs at all three landfill sites. The Board of Commissioners approved a one-year extension of the transfer station franchise agreement on May 1, 2007 for a total lease sum of \$150,000 at a rate of \$12,500 per month.

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

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

#### *Glen Lily Road Landfill*

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

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

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

#### *Butler County Landfill*

## **CITY OF BOWLING GREEN, KENTUCKY**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2007**

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

#### *Old Louisville Road*

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

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

#### **G. Net Assets**

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

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

#### **NOTE 4. RISK MANAGEMENT**

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

# CITY OF BOWLING GREEN, KENTUCKY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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

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

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

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

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

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

### NOTE 5. COMMITMENTS AND CONTINGENCIES

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

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

## CITY OF BOWLING GREEN, KENTUCKY

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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

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

**C. Bowling Green Municipal Utilities** - Bowling Green Municipal Utilities has erected various street lighting systems for the City, which represents a total unamortized investment by the Utility at June 30, 2007 of \$3,400,585. In addition, the Utility has installed various lighting systems for the Parks and Recreation Department, with a total unamortized investment of \$70,715. For rental and maintenance of these systems, the City has agreed to pay Bowling Green Municipal Utilities eleven percent per annum on the total street light investments. The City must pay \$381,843 per year on a recurring basis. One-twelfth of the annual charge is billed to the City monthly along with the charge for electric service. Similar arrangements were in effect in prior years.

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

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

**E. Contingencies** - The City participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the City complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2007 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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

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



## CITY OF BOWLING GREEN, KENTUCKY

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

ownership of the acquired facilities transfers to the private sector or nonprofit entity served by the bond issue. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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

As of June 30, 2007, there were three series of industrial revenue bonds and six series of special assessment bonds outstanding with an aggregate principal balance of \$97,800,000 and \$1,698,000, respectively.

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

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

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

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

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

**CITY OF BOWLING GREEN, KENTUCKY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2007**

**NOTE 6. THE SINGLE AUDIT ACT**

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

**NOTE 7. SUBSEQUENT EVENTS**

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

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

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

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

**NOTE 8. DEFINED BENEFIT PENSION PLANS**

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

**A. Plan Descriptions**

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

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

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

# CITY OF BOWLING GREEN, KENTUCKY

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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

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

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

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

### C. Supplemental Information

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

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

### D. The County Employees' Retirement System

## **CITY OF BOWLING GREEN, KENTUCKY**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2007**

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

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

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

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

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

#### **E. Deferred Compensation Plan**

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

Investments are managed by ICMA Retirement Corporation, plan administrator, with various investment options. The choice of the investment option(s) is made by the participants. Participating employees can contribute to the Plan based on either a percentage of compensation or a fixed dollar amount per pay period up to \$15,500 per year for regular contributions and \$5,000 for catch-up contributions. During the fiscal year ended June 30, 2007, employee contributions totaled \$221,452.

On December 5, 1995, the City Commission also adopted Municipal Order 95-269 authorizing participation in the Kentucky Public Employees 401(k) Deferred Compensation Plan. The Plan is administered by the Kentucky Public Employees Deferred Compensation Authority and is offered to all eligible City employees as a voluntary retirement supplement. Participating employees can defer a maximum of \$15,500 for regular contributions and \$5,000 for catch-up contributions. Benefits are available upon termination of employment, retirement, death or for hardship withdrawal. Employee contributions totaled \$269,673 for the fiscal year ended June 30, 2007.

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

## CITY OF BOWLING GREEN, KENTUCKY

## BUDGETARY COMPARISON SCHEDULE

## GENERAL FUND

For the Year Ended June 30, 2007

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

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGET COMPARISON SCHEDULE**

**WKU ATHLETICS SPECIAL REVENUE FUND**

For the Year Ended June 30, 2007

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



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

***Schedule of Funding Progress***

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

**P&F Pension Fund**

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

## **CITY OF BOWLING GREEN, KENTUCKY**

### **MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS**

#### **FOR THE YEAR ENDED JUNE 30, 2007**

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

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

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

#### **Roads**

The City began using its computerized pavement management system in 1997. Surface distress and ride comfort assessments are conducted on all segments, with deflection/strength testing performed on streets with a functional class of major collector and above. These assessments are conducted on one-half of the street network during the first year of a three-year cycle. The second half of the network is assessed in the second year. In the third year, deflection/strength testing is performed on the entire network. The most recent assessment was conducted in December, 2005.

Upon completion of the assessment, a pavement quality index (PQI) was calculated to assess the overall condition of individual pavement segments. Rating between 0 and 10, a PQI of 2 has no serviceable value. A PQI of 10 would correspond to a pavement with proper engineering design and construction at the beginning of its life cycle.

The following pavement quality conditions have been defined:

<u>Condition</u>	<u>PQI Rating</u>
Excellent	9.0 - 10.0
Very good	8.0 - 8.9
Good	7.0 - 7.9
Fair	6.0 - 6.9
Poor	5.0 - 5.9
Very poor	4.0 - 4.9
Substandard	2.1 - 3.9
Not serviceable	0.0 - 2.0

### Established Condition Level

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

### Assessed Conditions

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

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

### Budgeted and Estimated Costs to Maintain

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

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

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

### Sidewalks

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

Upon completion of the assessment, a pavement quality index (PQI) was calculated to assess the overall condition of individual pavement segments. Rating between 0 and 10, a PQI of 2 has no serviceable value. A PQI of 10 would correspond to a pavement with proper engineering design and construction at the beginning of its life cycle.

The following pavement quality conditions have been defined:

<u>Condition</u>	<u>PQI Rating</u>
Excellent	9.0 - 10.0
Very good	8.0 - 8.9
Good	7.0 - 7.9
Fair	6.0 - 6.9

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

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

The City's policy is to achieve a rating of 7.6 for all sidewalks, which is a good rating. This rating allows minor cracking and raveling of the sidewalk along with minor roughness that could be noticeable to pedestrians.

#### **Assessed Conditions**

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

#### **Budgeted and Estimated Costs to Maintain**

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

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

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

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

#### **Community Development Fund**

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

#### **Fire Improvement Fund**

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

#### **Municipal Aid Fund**

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

#### **Parks Development Fund**

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

#### **Job Development Incentive Fund**

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

#### **Landfill Closure Fund**

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

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

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

#### **Trunking Operation Fund**

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

#### **Neighborhood Grant Fund**

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

#### **Technology Fund**

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

**Homeland Security Fund**

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

**Police Improvement Fund**

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

**Lampkin Park Trust Fund**

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUNDS**

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

#### **Parks Community Center Fund**

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

#### **SKyPAC Development Fund**

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

#### **Downtown Revitalization Fund**

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

#### **14<sup>th</sup> Street Construction Fund**

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

#### **Riverfront Development Fund**

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

#### **Equipment Replacement Fund**

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

#### **Southwest Corridor Fund**

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

#### **Road Construction Fund**

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

#### **Downtown Signalization**

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



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

**Broadway Curve Realignment Fund**

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

**Western Drive Realignment Fund**

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

**Fields Drive Extension Fund**

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

**Old Morgantown Road Rehab Fund**

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

**Heritage Trail Construction Fund**

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

**Parks Improvement Fund**

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

**Shive Lane Development Fund**

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **PERMANENT FUNDS**

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

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

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

**CITY OF BOWLING GREEN, KENTUCKY**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**COMBINING BALANCE SHEET**

**NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**COMBINING BALANCE SHEET**

**NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

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

**NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2007

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



## CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2007

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

See accompanying independent auditor's report

## CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2007

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

See accompanying independent auditor's report

## CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2007

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

## CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**FIRE IMPROVEMENT SPECIAL REVENUE FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**MUNICIPAL AID SPECIAL REVENUE FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**PARKS DEVELOPMENT SPECIAL REVENUE FUND**

For the Year Ended June 30, 2007

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



**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**JOB DEVELOPMENT INCENTIVE SPECIAL REVENUE FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**LANDFILL CLOSURE SPECIAL REVENUE FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**LOCAL LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**TRUNKING OPERATION SPECIAL REVENUE FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**NEIGHBORHOOD GRANT SPECIAL REVENUE FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**TECHNOLOGY SPECIAL REVENUE FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**HOMELAND SECURITY SPECIAL REVENUE FUND**

For the year ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**POLICE IMPROVEMENT SPECIAL REVENUE FUND**

For the year ended June 30, 2007

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



**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**LAMPKIN PARK TRUST FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**PARKS COMMUNITY CENTER CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**SKYPAC DEVELOPMENT FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**DOWNTOWN REVITALIZATION CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**14th STREET CONSTRUCTION FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**RIVERFRONT DEVELOPMENT CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**SOUTHWEST CORRIDOR CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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



**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**ROAD CONSTRUCTION CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**DOWNTOWN SIGNALIZATION CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**BROADWAY CURVE REALIGNMENT CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**WESTERN DRIVE REALIGNMENT CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**FIELDS DRIVE EXTENSION CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**OLD MORGANTOWN RD REHAB CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**HERITAGE TRAIL CONSTRUCTION CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**PARKS IMPROVEMENT CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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



**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**SHIVE LANE DEVELOPMENT CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**BUDGETARY COMPARISON SCHEDULE**

**DEBT SERVICE FUND**

For the year ended June 30, 2007

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **INTERNAL SERVICE FUNDS**

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

#### **Fleet Maintenance Fund**

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

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

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

#### **Workers Compensation Fund**

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

**CITY OF BOWLING GREEN, KENTUCKY**

**COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS**

June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

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

For the year ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

**STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**

For the year ended June 30, 2007

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **AGENCY FUNDS**

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

#### **Claims Fund**

Imprest vendor paying agent for all government funds.

#### **Payroll Fund**

Imprest paying agent for City payroll.

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

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

#### **Tax Distribution Fund**

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

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

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

#### **CDBG – Agency Leave Accrual Fund**

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

#### **Special Employee/Explorer Fund**

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

**CITY OF BOWLING GREEN, KENTUCKY**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**

For the year ended June 30, 2007

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



**CITY OF BOWLING GREEN, KENTUCKY**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**

For the year ended June 30, 2007

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

**CITY OF BOWLING GREEN, KENTUCKY**

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

June 30, 2007

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

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2007

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

Source: City of Bowling Green, Department of Finance

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

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

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

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

Source: City of Bowling Green, Department of Finance

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

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

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

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

Source: City of Bowling Green, Department of Finance

Note: Taxpayer information is listed alphabetically only.

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

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

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

(a) Warren County Water District bonds.

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

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

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

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

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

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

<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	\$ 17,645,000	100.00%	\$ 17,645,000
Warren County	73,559,000	58.68%	43,163,293
Warren County Schools	63,946,187	50.45%	32,258,322
Bowling Green Municipal Utilities	39,410,344	100.00%	<u>39,410,344</u>
Subtotal, overlapping debt			132,476,959
<b>City direct debt</b>			<u>94,166,847</u>
<b>Total direct and overlapping debt</b>			<u>\$ 226,643,806</u>

Notes:

(1) Gross debt, less reserves.

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

Sources:

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

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

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

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

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



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

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

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

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

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

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

(b) Personal Income Numbers were obtained from [www.workforcekentucky.ky.gov](http://www.workforcekentucky.ky.gov)

(c) Income Per Capita obtained from [www.workforcekentucky.ky.gov](http://www.workforcekentucky.ky.gov)

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

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

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

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

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

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

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

Source: City of Bowling Green, Department of Finance

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

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

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

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

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

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

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

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

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

**APPENDIX C**

**CITY OF BOWLING GREEN, KENTUCKY  
GENERAL OBLIGATION PUBLIC PROJECT BONDS, SERIES 2008**

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**STATEMENT OF INDEBTEDNESS OF CHIEF FINANCIAL OFFICER**

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## STATEMENT OF INDEBTEDNESS

KY CONST. §§157 and 158  
KRS §66.041

COMMONWEALTH OF KENTUCKY )  
 ) SS  
COUNTY OF WARREN )

The undersigned Chief Financial Officer of the City of Bowling Green, Kentucky, Commonwealth of Kentucky (the "Issuer"), does hereby certify that the following statements concerning the financial condition of said Issuer are true and correct as they appear from records of the Issuer:

- |     |  |                 |
|-----|--|-----------------|
| 1.  | The assessed valuation of all the taxable property in the Issuer as estimated on the last certified assessment is .....  | \$4,094,335,746 |
| 2.  | The current population of the Issuer is .....  | 52,000          |
| 3.  | The total of all bonds, notes and other obligations currently issued and outstanding, including the present Bonds of \$31,600,000* .....   | \$153,387,637   |
| 4.  | Bonds, notes and other obligations excluded from the calculation of net indebtedness are as follows:   |                 |
| (a) | Obligations issued in anticipation of the levy or collection of special assessments which are payable solely from those assessments or are otherwise self-supporting obligations . . . . .   | \$-0-           |
| (b) | Obligations issued in anticipation of the collection of current taxes or revenues for the fiscal year which are payable within that fiscal year .....  | \$-0-           |
| (c) | Obligations, which are not self-supporting obligations, issued after July 15, 1996 by any instrumentality of the Issuer created for the purpose of financing public projects for which there has been no pledge to the payment of debt charges of any tax of the Issuer or for which there is no covenant by the Issuer to collect or levy a tax to pay debt charges ..... | \$-0-           |
| (d) | Self-supporting obligations and other obligations for which there has been no pledge to the payment of debt charges of any tax of the Issuer or for which there is no covenant by the Issuer to collect or levy a tax to pay debt charges.....   | \$38,849,616    |

(e)	Obligations issued to pay costs of public projects to the extent they are issued in anticipation of the receipt of, and are payable as to principal from, federal or state grants within that fiscal year.....	\$-0-
(f)	Leases entered into under KRS 65.940 to 65.956 after July 15, 1996 which are not tax-supported leases.....	\$3,558,159
(g)	Bonds issued in the case of an emergency, when the public health or safety should so require .....	\$-0-
(h)	Bonds issued to fund a floating indebtedness .....	\$-0-
	TOTAL EXEMPT OBLIGATIONS.....	\$42,407,775

5. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 (3 minus 4) is ..... \$110,979,862
6. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 as computed in 5 above, does not exceed 10%\* of the assessed valuation of all the taxable property in the Issuer.
7. The current tax rate of the Issuer, for other than school purposes, upon the value of its taxable property is \$.249 per \$100 of assessed valuation for real property and \$.260 per \$100 of assessed valuation for tangible property, which do not exceed the maximum permissible tax rates for the Issuer as set forth in Section 157 of the Kentucky Constitution.
8. The issuance of the bonds, notes or other obligations set forth in 3 hereof will not cause the tax rate set forth in 7 hereof to increase in an amount which would exceed the maximum permissible tax rate for the Issuer as set forth in Section 157 of the Kentucky Constitution.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of July, 2008.

By: \_\_\_\_\_  
Chief Financial Officer

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\*10% for cities having a population of fifteen thousand or more;  
5% for cities having a population of less than fifteen thousand but not less than three thousand; and  
3% for cities having a population of less than three thousand.

**APPENDIX D**

**CITY OF BOWLING GREEN, KENTUCKY  
GENERAL OBLIGATION PUBLIC PROJECT BONDS, SERIES 2008**

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FORM OF LEGAL APPROVING OPINION OF BOND COUNSEL

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The form of the legal approving opinion of Peck, Shaffer & Williams LLP, bond counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the bonds referred to therein and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Recirculation of the Final Official Statement shall create no implication that Peck, Shaffer & Williams LLP has reviewed any of the matters set forth in such opinion subsequent to the date of such opinion.

Gentlemen:

We have examined the transcript submitted relating to the issue of \$\_\_\_\_\_ General Obligation Public Project Bonds, Series 2008A (the "Series A Bonds") and \$\_\_\_\_\_ General Obligation Public Project Bonds, Series 2008B (the "Series B Bonds," and together with the Series A Bonds, the "Bonds") of the City of Bowling Green, Kentucky (the "Issuer"), dated August \_\_, 2008, numbered RA-1 and RB-1 and upwards, respectively, and of the denomination of \$5,000 and any integral multiple thereof. The Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen Bond.

Based on this examination, we are of the opinion, based upon laws, regulations, rulings and decisions in effect on the date hereof, that:

1. The Bonds constitute valid obligations of the Issuer in accordance with their terms, which unless paid from other sources, are payable from taxes to be levied by the Issuer without limitation as to rate.

2. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax for individuals and corporations. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal or state tax consequences of purchasing, holding or disposing of the Bonds.

3. The interest on the Bonds is not subject to taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof.

The Issuer has not designated the Bonds as "qualified tax-exempt obligations" with respect to investments by certain financial institutions under Section 265 of the Code.

In giving this opinion, we have relied upon covenants and certifications of facts, estimates and expectations made by officials of the Issuer and others contained in the transcript; which we have not independently verified. It is to be understood that the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting creditors' rights, and to the exercise of judicial discretion.

Very truly yours,

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