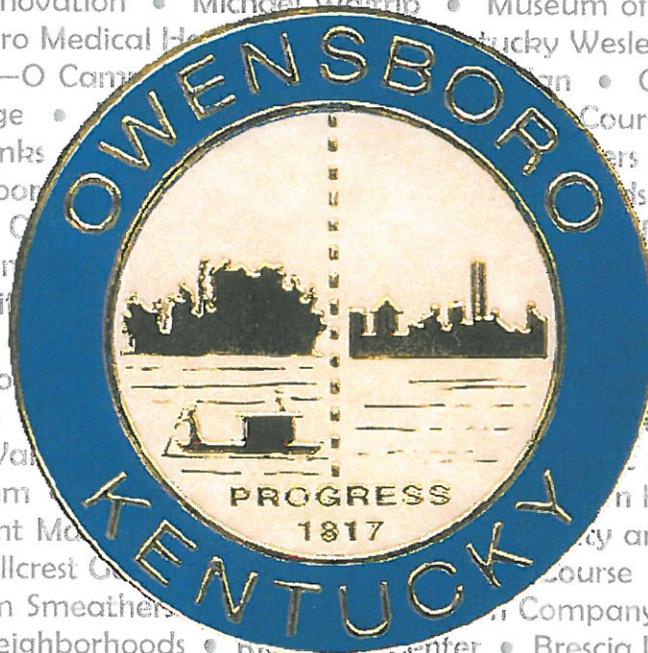


CITY OF OWENSBORO, KENTUCKY



Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2015

City of Owensboro

Comprehensive Annual Financial Report

for the

Fiscal Year Ended June 30, 2015



Issued by the
Department of Finance

Angela Hamric, CPA, CGMA
Director of Finance and Support Services

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE CITY OF OWENSBORO, KENTUCKY
YEAR ENDED JUNE 30, 2015**

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City of Owensboro Kentucky

P.O. BOX 10003
OWENSBORO, KENTUCKY 42302-9003

December 15, 2015

Honorable Mayor and City Commissioners, and Citizens of Owensboro:

We present to you the Comprehensive Annual Financial Report of the City of Owensboro, Kentucky (City) for the fiscal year ended June 30, 2015. Kentucky Revised Statute 91A.040 requires that the City of Owensboro publish, before February 1 immediately following the fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Myriad Certified Public Accountants Group has issued an unqualified ("clean") opinion on the City of Owensboro's financial statements for the year ended June 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1817, located in the western part of the state, occupies 20.36 square miles and serves a population of 58,374.

The City operates under a City Manager form of government. Policy-making and legislative authority are vested in the Board of Commissioners (Board) consisting of the Mayor and four Commissioners, all elected on a non-partisan basis. The Board appoints the City Manager. The Mayor is elected for a four-year term and the Commissioners for two-year terms.

The City provides a full range of services including: police and fire protection; the construction and maintenance of highways, streets and other infrastructure, transit, and recreational and cultural activities. All funds, agencies, commissions and trusts involved in the provision of these services, and for which the City is financially accountable, are included with data of the primary government.

In accordance with Governmental Accounting Standards Board Statement No. 14, "*The Financial Reporting Entity*," the following organizations are reported separately within the City's basic financial statements:

Owensboro Municipal Utilities
Owensboro Riverport Authority

The Owensboro-Daviess County Regional Airport Board is a joint venture between the City and County governments. The City's equity interest in this joint venture is reflected in the financial statements.

In addition to internal controls, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriation and budget ordinance approved by the Board of Commissioners. As required by Kentucky Revised Statutes 91A.030 and 83A.150, the City Manager submits a proposed operating budget on or before June 1st to the Board of Commissioners for the fiscal year commencing July 1. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the departmental level within an individual fund.

LOCAL ECONOMY

Owensboro lies on the southern banks of the Ohio River, one of the nation's major waterways, in the western Kentucky coal field region. Owensboro is located 32 miles southeast of Evansville, Indiana, 123 miles north of Nashville, Tennessee, and 109 miles southwest of Louisville, Kentucky. Owensboro enjoys a diverse economy which has insulated it from the global recession. The City has been able to maintain, and improve in some areas, service levels with no property tax increase for the past seven years.

Over the past ten years, real estate assessments have increased \$680 million, or 31.6%, from 2006 to 2015.

Major industries located within the government's boundaries include health care (the local hospital provides employment to more than 3,300 healthcare professionals and staff), banking, manufacturing, and retail. The City of Owensboro has a diverse mix of industries in its economy and as a result, has not experienced the decline in its revenue stream that other cities have. The unemployment rate for the City of Owensboro was 5.2% in June 2015. The state and federal unemployment rates were 5.5% and 5.3%, respectively.

SIGNIFICANT EVENTS AND INITIATIVES

Downtown Development and Revitalization

The community expressed a desire to redevelop our downtown and riverfront. The City has partnered with Daviess County Fiscal Court (the County) in the development and financing of this project, with the City sponsoring \$79.4 million of the project and the County sponsoring \$20 million. A portion of the City's Insurance Premium License Fee is dedicated to fund this project. It includes Riverfront Crossing, Smothers Park and the Convention Center, and was completed in 2014. This project has already spurred over \$106 million in downtown private development, with many more projects on the horizon.

Stormwater Master Plan

The City has identified six separate projects that upon completion will minimize flooding in streets and yards, as well as separate stormwater off of the Combined Sewer System. The City secured \$28.7 million in low interest loans from the Kentucky Infrastructure Authority Clean Water State Revolving Fund to fund this project. The loan will be paid with funds from the Your Community Vision Fund.

Public-Private Partnership

The City's aggressive economic development posture has resulted in significant job growth, increased municipal revenue, and acceleration of the private sector's investment in our community. Its partnership

with a global banking company in building three call centers has had a dramatic economic impact including the creation of over 1,500 jobs in less than six years. The City continues to pursue such partnerships, both large and small, as infill and expansion of its strong financial baseline.

LONG-TERM FINANCIAL PLANNING

A five-year forecast is maintained for all major funds of the City. This enables and encourages discussions on items two to five years before they are needed.

The City's Administration and Commission has developed and implemented a strategic plan to provide for expenditure reduction and increased efficiencies and revenues; this is explained in greater detail in the MD&A.

A five-year Capital Improvement Plan is adopted as a component of the annual operating budget. The Capital Improvement Plan is coordinated with the annual operating budget, taking into consideration its impact on annual operating costs.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the City a Certificate of Achievement for Excellence in Financial Reporting for fiscal year ended June 30, 2014, the 34th year Owensboro has received this prestigious award.

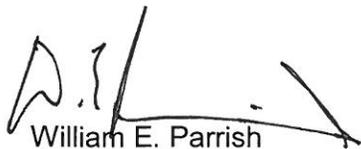
In order to be awarded this Certificate, the City published an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

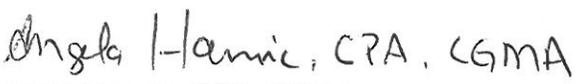
The Certificate is valid for a period of one year only. We believe our current report continues to conform to program requirements and will submit it to GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the 15th year. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Timely preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. We express our appreciation to all department members who assisted and contributed to its preparation, with special thanks to Myriad Certified Public Accountants Group. We also thank the Mayor and City Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Owensboro's finances.

Respectfully submitted,


William E. Parrish
City Manager


Angela Hamric, CPA, CGMA
Director of Finance and Support Services

DIRECTORY OF PUBLIC OFFICIALS

ELECTED OFFICIALS - BOARD OF COMMISSIONERS

Mayor Ron Payne

Commissioner Jeff Sanford (Mayor Pro Tem)

Commissioner Bob Glenn

Commissioner Pam Smith-Wright

Commissioner Deborah May Nunley

APPOINTED OFFICIALS AND DEPARTMENT HEADS

City Manager William Parrish

Assistant City Manager/City Attorney..... Ed Ray

Assistant City Attorney..... Steve Lynn

City Clerk Beth Cecil

Director of Finance & Support Services Angela Hamric

Director of Public Works Wayne Shelton

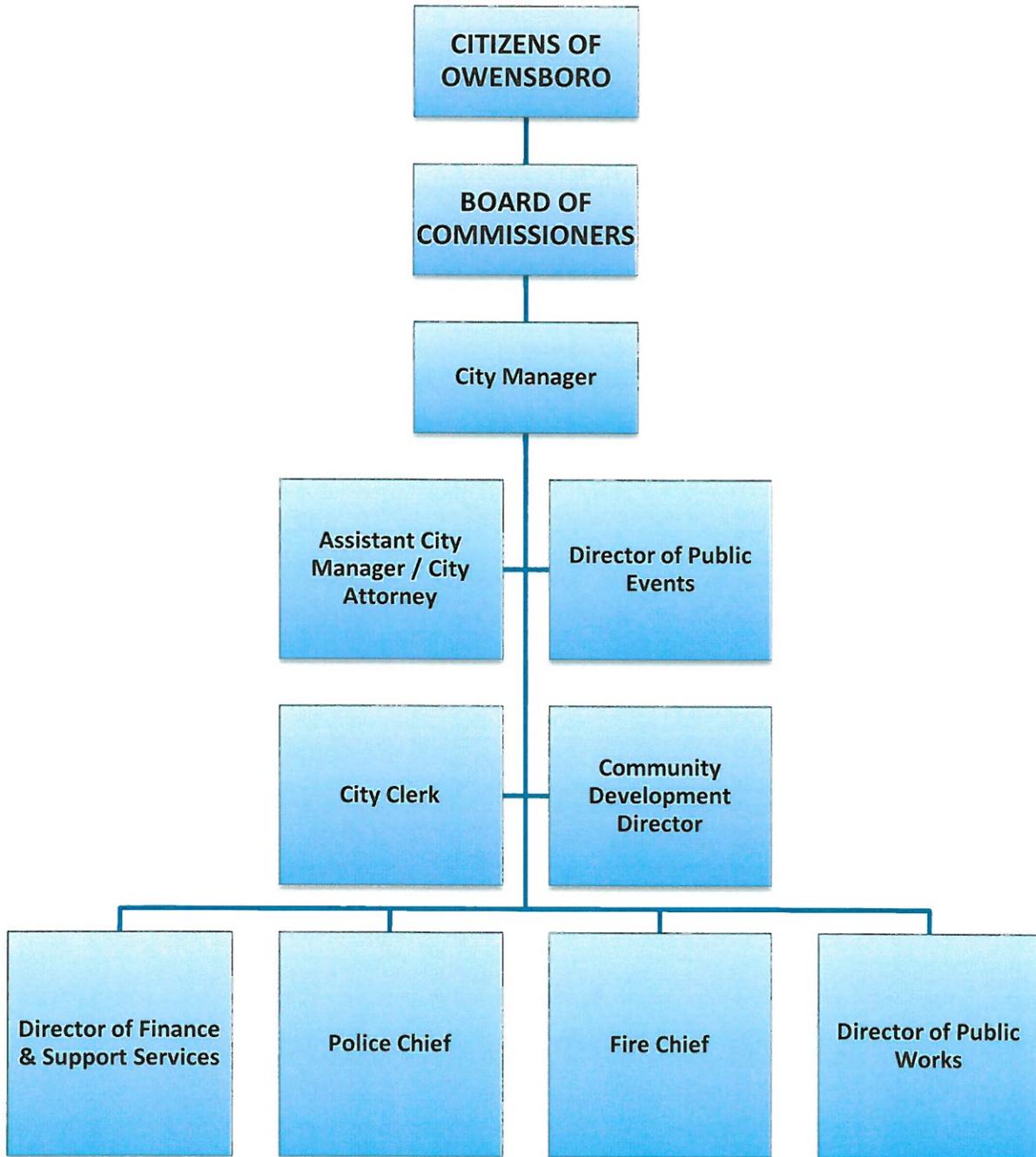
Fire Chief Steve Mitchell

Police Chief..... Art Ealum

Community Development Director Keith Free

CITY OF OWENSBORO

ORGANIZATION CHART FISCAL YEAR 2014-2015





Government Finance Officers Association

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

Presented to

**City of Owensboro
Kentucky**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014



Executive Director/CEO



MYRIAD CPA
GROUP
Audit ■ Tax ■ Advisory



Knowledge you trust. People you know. **Strength...in Numbers.**

To the Honorable Ron Payne, Mayor
and the Board of Commissioners of the
City of Owensboro, Kentucky

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 Owensboro, Kentucky (the "City") as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Owensboro Municipal Utilities which represent 54 percent, 50 percent and 69 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. In addition, we did not audit the financial statements of the Owensboro-Daviess County Regional Airport, which represents 2 percent, 6 percent, and .27 percent, respectively of the assets, net position, and revenues of the governmental activities. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Owensboro Municipal Utilities, and the Owensboro Daviess County Airport, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Owensboro, Kentucky as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 to 21, pension schedules on pages 86 to 90, and budgetary comparison schedules on pages 91 to 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Owensboro, Kentucky's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

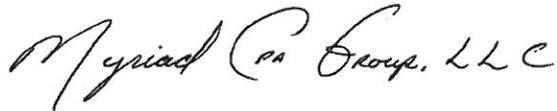
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Implementation of New Accounting Standards

As disclosed in Note 23 to the financial statements, the City of Owensboro, Kentucky implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*, during the fiscal year ended June 30, 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2015, on our consideration of the City of Owensboro, Kentucky's internal control over financial reporting and on our tests of compliance with 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 results of that testing and not to provide a legal opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Owensboro, Kentucky's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Myriad CPA Group, LLC". The signature is written in black ink and is positioned above the typed name of the firm.

Owensboro, Kentucky
December 10, 2015



MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Owensboro (City) offers Management's Discussion and Analysis to provide a narrative overview and analysis of City financial activities for fiscal year ended June 30, 2015. To fully understand the entire scope of the City's financial activities, this information should be read in conjunction with the letter of transmittal (pages 1-3) and the financial statements (pages 22-116) provided in this document.

I. Financial Highlights

- Assets and deferred outflows exceeded liabilities by \$89.2 million at the close of the 2014-2015 fiscal year.
- Total net position decreased by \$41.8 million from prior year.
- At fiscal year end, City governmental funds reported a combined ending fund balance of \$30.6 million. Approximately \$9.8 million, 32% of this total amount is unassigned and available for spending at the City's discretion.
- The unassigned general fund balance of \$9.8 million represents 24% of total general fund expenditures.

II. Overview of Financial Statements

This discussion and analysis serves as an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

A. Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of City finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all City assets and liabilities, with the difference between assets and liabilities reported as net position. Monitoring increases and/or decreases in net position over time helps the City to recognize whether its financial position is deteriorating or improving.

The Statement of Activities shows how the City's net position changed during the past fiscal year. All net position changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in the Statement of Activities for some items that will only result in cash flows in the future (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements separate City functions primarily supported by taxes and intergovernmental revenues (governmental activities) from other City functions that are intended to recover all or a significant portion of expenses through user fees and charges (business-type activities). City governmental activities include general government, public safety, public works, community and cultural, and community and economic development. Business-type activities of the City include sanitation, transit, geographic information system, and recreation.

Government-wide financial statements include the City (the primary government) and its legally separate component units, Owensboro Municipal Utilities (OMU) and Owensboro Riverport Authority (ORA), for which the City is financially accountable. Financial information for the component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 22-23 of this report.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over segregated resources for specific activities or objectives. The City of Owensboro, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. City funds can be divided into three categories:

- 1) Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike government-wide financial statements, however, governmental fund financial statements focus on near-term inflow and outflows of spendable resources, as well as on balances of spendable resources available at fiscal year-end. This information can help the City when it evaluates near-term financing requirements.

The City maintains eleven (11) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Your Community Vision Fund, Downtown Development and Revitalization Fund, Debt Service Fund, and Capital Improvements Fund all of which are considered to be major funds. Data from six non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each non-major governmental fund is provided in the form of combining statements within the Non-major Governmental Funds section in this report.

Readers may better understand the long-term impact of the City's near-term financing decisions by comparing the narrow-focus government funds financial statements with governmental activities in the government-wide financial statements. The governmental funds balance sheet (pages 24-25) and the statement of revenues, expenditures and changes in fund balances (pages 26-27) provide a reconciliation to ease comparison between governmental funds and governmental activities.

- 2) Proprietary Funds. The City maintains two different types of proprietary funds:
 - a. **Enterprise funds**. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements and are used to account for operations:
 - that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or
 - where the governing body decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City uses five enterprise funds to account for Sanitation, Downtown Maintenance & Operations, Transit, Geographic Information System, and Recreation, as well as certain component units that provide electric, water, and riverport services. These component units, which each have their own board of directors, are also Enterprise Funds. With the exception of Sanitation and the component units, which are self-supporting, the other enterprises receive subsidy from the General Fund.

The City's component unit enterprises are OMU, which provides the electric, light and power system and the water works system, and ORA which operates the riverport and navigational facilities.

- b. Internal Service funds** are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Facilities Maintenance, Insurance, Garage Service, and Fleet and Facilities Capital Replacement. Internal Service Funds have been included within governmental activities in the government-wide financial statements because these funds predominantly benefit governmental functions versus business-type functions.

Proprietary fund statements provide the same kind of information as government-wide financial statements, but in greater detail. Individual data for the proprietary fund financial statements is presented in the form of combining statements at pages 28-30 of this report. Individual data for the internal service fund financial statements are likewise presented in the form of combining statements at pages 105-107 of this report.

- 3) Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are not reflected in government-wide financial statements because those resources are not available to support City programs. Individual data for the City's four fiduciary funds (City Employees' Pension, Police and Firefighters' Retirement, County Occupational Tax, and School District Tax) are presented in the form of combining statements at pages 108-111 of this report.

C. Notes to the Financial Statements

These notes provide additional information crucial to fully understanding data provided in the government-wide and fund financial statements. Notes to the financial statements can be found at pages 35-85 of this report.

D. Other Information

In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning City funding of its obligation to provide pension benefits to its employees and budgetary comparison schedules for the General Fund. Required supplementary information also includes budgetary comparison schedules for Your Community Vision and Downtown Development and Revitalization. Required supplementary information can be found on pages 86-95 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 96-113 of this report.

III. Government-Wide Financial Analysis

As previously indicated, net position may serve over time as a useful indicator of the City's financial position. City assets and deferred outflows exceeded liabilities by \$89.2 million at June 30, 2015.

The largest portion of the City's net position, \$68 million, or 76.2% reflects its net investment in capital assets. The City uses these capital assets to provide service to citizens and as a result, these assets are not available for future spending. The City's capital assets are reported net of related debt, but the resources to pay this debt must be provided from other sources since the capital assets cannot be used to liquidate the liabilities.

An additional portion of City net position, \$16.8 million, or 18.9%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4.4 million, or 4.9%, represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the last fiscal year, the City was able to report a positive total net position.

City of Owensboro Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$74,747,529	\$76,929,241	\$11,565,183	\$11,113,714	\$86,312,712	\$88,042,955
Capital assets	199,938,447	200,545,986	4,286,716	3,551,388	204,225,163	204,097,374
Total assets	\$274,685,976	\$277,475,227	\$15,851,899	\$14,665,102	\$290,537,875	\$292,140,329
Long-term liabilities	\$137,896,565	\$177,693,722	\$556,301	\$1,945,267	\$138,452,866	\$179,638,989
Other liabilities	19,005,919	22,728,751	2,018,871	544,884	21,024,790	23,273,635
Total liabilities	\$156,902,484	\$200,422,473	\$2,575,172	\$2,490,151	\$159,477,656	\$202,912,624
Net position:						
Net Invest in capital assets	\$62,041,882	\$64,475,753	\$4,286,716	\$3,551,388	\$66,328,598	\$68,027,141
Restricted	21,134,973	16,821,765	-	0	21,134,973	16,821,765
Unrestricted	34,606,637	(4,244,764)	8,990,011	8,623,563	43,596,648	4,378,799
Total net position	\$117,783,492	\$77,052,754	\$13,276,727	\$12,174,951	\$131,060,219	\$89,227,705

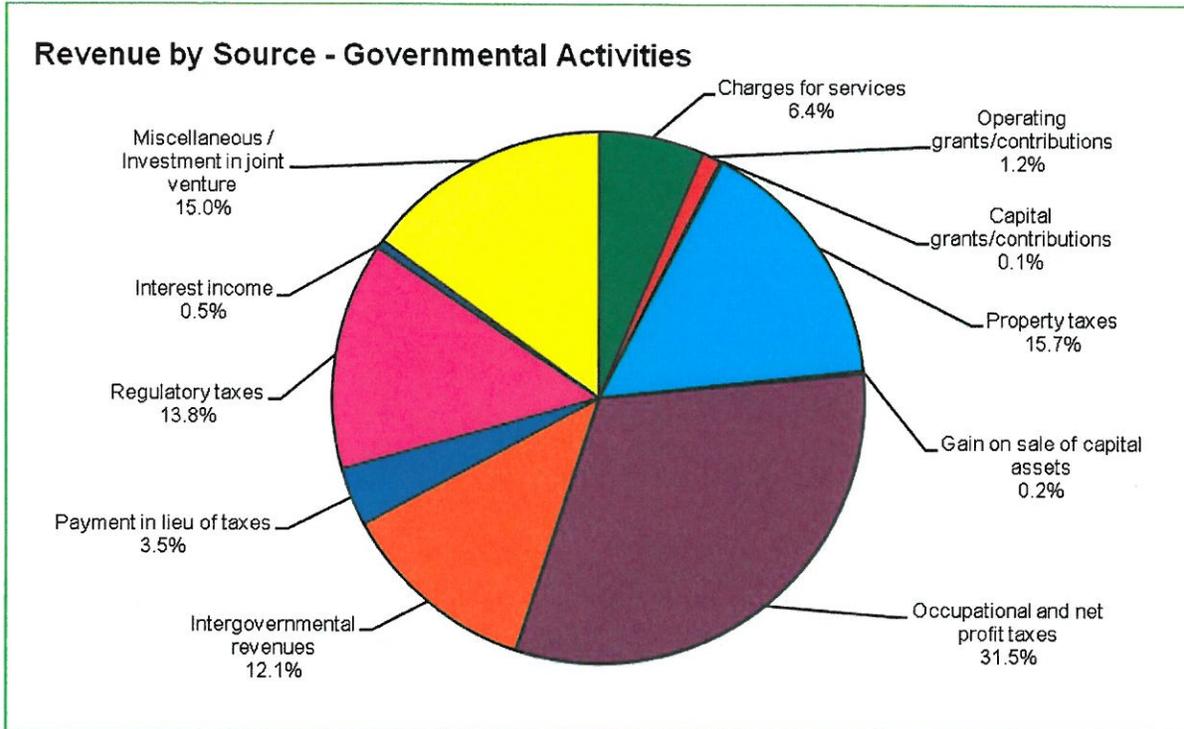
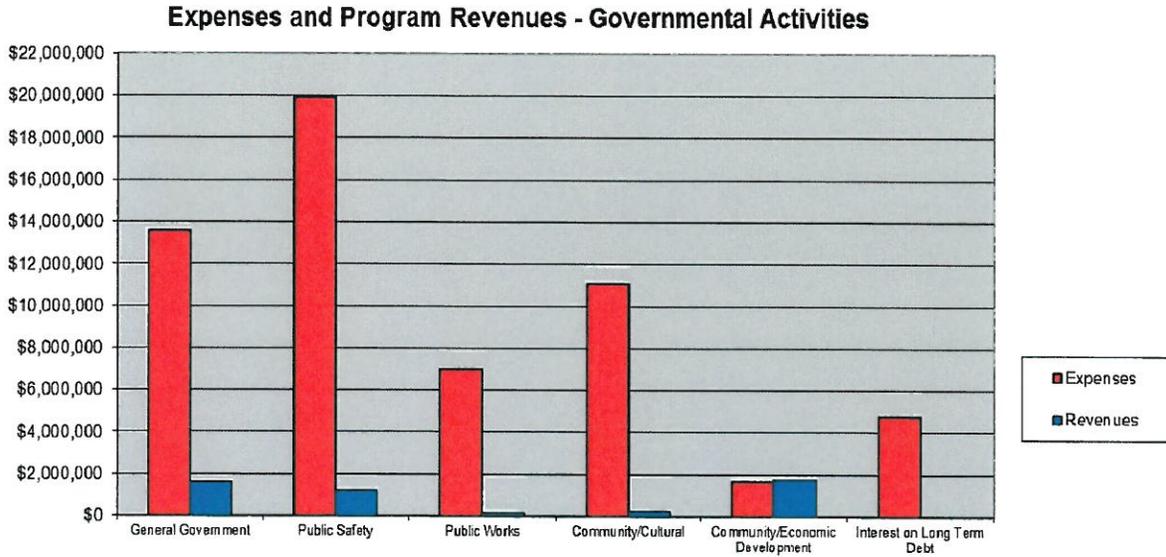
A. Analysis of the City's Operations

The following table summarizes City operations for the year ended June 30, 2015. The City's net position decreased by \$40.7 million under governmental activities and \$1.1 million under business-type activities. The decrease is primarily due to implementation of GASB 68 requiring the City to recognize the unfunded pension liabilities related to the County Employees Retirement System.

City of Owensboro - Changes in Net Position

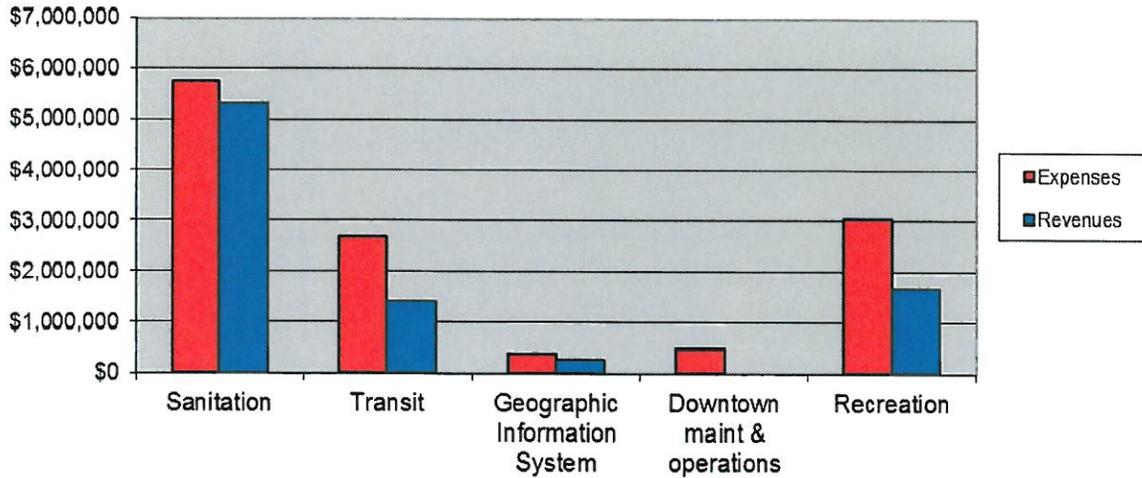
	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Revenues:						
Program revenues:						
Charges for services	\$4,137,350	\$4,068,322	\$7,406,961	\$7,398,868	\$11,544,311	\$11,467,190
Operating grants/contrib	742,900	740,472	697,007	693,558	1,439,907	1,434,030
Capital grants/contributions	651,624	72,620	585,461	585,461	1,237,085	658,081
General revenues:						
Property taxes	9,767,158	9,991,728	-	-	9,767,158	9,991,728
Occupational & NP License Fee	19,965,738	20,099,169	-	-	19,965,738	20,099,169
Regulatory taxes	8,234,180	8,824,267	-	-	8,234,180	8,824,267
Payment in lieu of taxes	2,295,286	2,253,698	-	-	2,295,286	2,253,698
Gain on sale of capital assets	599,960	112,586	150,000	(28,155)	749,960	84,431
Investment earnings	589,698	330,466	131,809	83,919	721,507	414,385
Intergovernmental revenues	9,900,218	7,688,503	165,624	240,532	10,065,842	7,929,035
Investment in joint venture	530,462	(638,194)	-	-	530,462	(638,194)
Miscellaneous	105,942	8,363,471	207,888	141,437	313,830	8,504,908
Total revenues	\$57,520,516	\$61,907,108	\$9,344,750	\$9,115,620	\$66,865,266	\$71,022,728
Expenses:						
General government	\$18,605,042	\$13,598,983	-	-	\$18,605,042	\$13,598,983
Public safety	21,518,684	19,917,267	-	-	21,518,684	19,917,267
Public works	7,453,924	6,991,081	-	-	7,453,924	6,991,081
Community and cultural	9,904,860	11,074,464	-	-	9,904,860	11,074,464
Community/economic devel	2,832,936	1,660,769	-	-	2,832,936	1,660,769
Interest on long-term debt	4,666,115	4,792,998	-	-	4,666,115	4,792,998
Sanitation	-	-	5,820,823	5,747,365	5,820,823	5,747,365
Other enterprise funds	-	-	8,310,156	6,583,855	8,310,156	6,583,855
Total expenses	\$64,981,561	\$58,035,562	\$14,130,979	\$12,331,220	\$ 79,112,540	\$70,366,782
Increase in net position						
before transfers & special items	(\$7,461,045)	\$3,871,546	(\$4,786,229)	(\$3,215,600)	(\$12,247,274)	\$655,946
Prior Period Adjustment	(758,268)	-	119,500	-	(638,768)	0
Cumm Effect-Change in Actting Principle	-	(42,488,460)	-	-	-	(42,488,460)
Transfers	(1,878,925)	(2,113,824)	1,878,925	2,113,824	-	0
Increase in net position	(10,098,238)	(40,730,738)	(2,787,804)	(1,101,776)	(12,886,042)	(41,832,514)
Net position – beginning of year	127,881,730	117,783,492	16,064,531	13,276,727	143,946,261	131,060,219
Net position – end of year	\$117,783,492	\$77,052,754	\$13,276,727	\$12,174,951	\$131,060,219	\$89,227,705

B. Governmental Activities

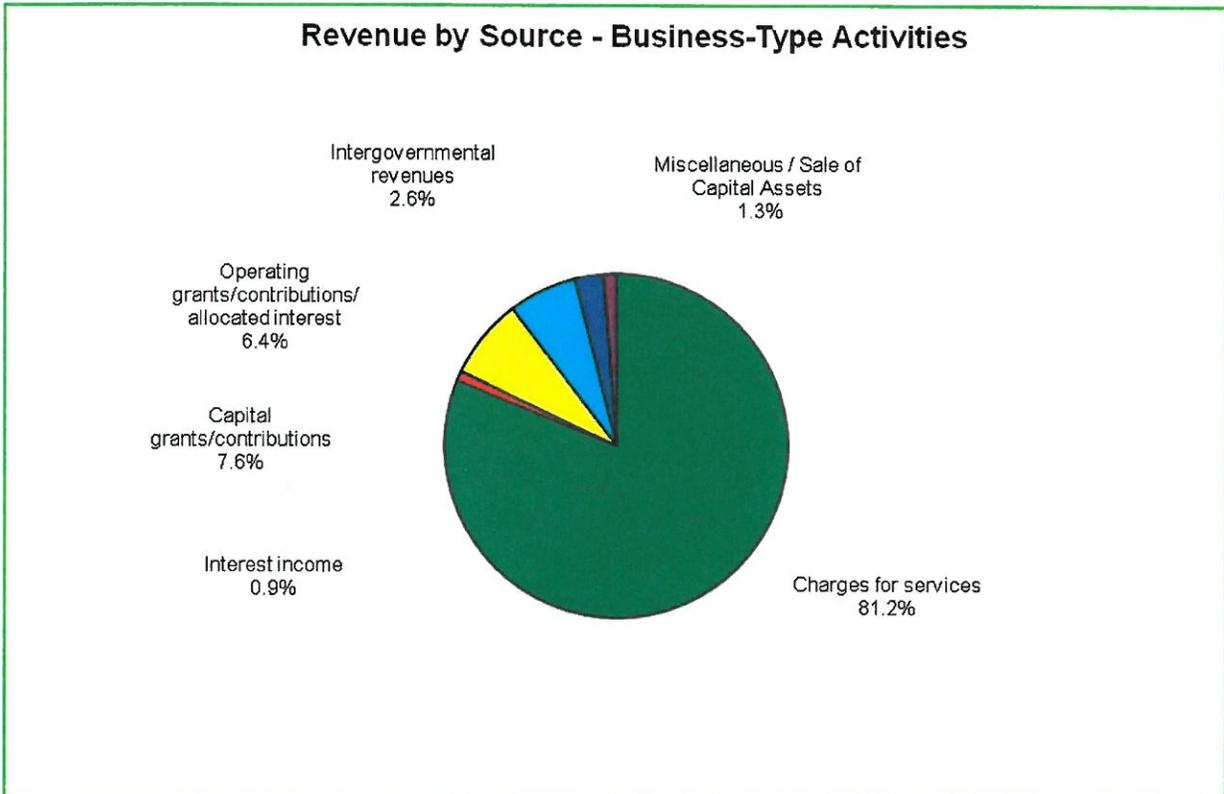


C. Business- Type Activities

Expenses and Revenues - Business-Type Activities



Revenue by Source - Business-Type Activities



IV. Financial Analysis of the City's Funds

As was earlier stated, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

A. Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources, which is useful in determining the City's financing requirements. Unassigned fund balance serves as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the City governmental funds reported combined ending fund balance of \$30.6 million. Approximately \$16.8 million is in restricted, and \$4 million is in committed. Approximately 32%, or \$9.8 million, is unassigned fund balance, which is available for spending at the city's discretion.

The General Fund is the chief operating fund of the City. At the end of the 2014-2015 fiscal year, the General Fund unassigned fund balance was \$9,765,411, while total fund balance was \$10,218,411. As a measure of General Fund liquidity, readers may compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund represents 24% of total General Fund expenditures of \$40.9 million, while total fund balance represents 25% of total General Fund expenditures. The General Fund balance decreased by \$1,987,630 during the 2014-2015 fiscal year. This decrease is primarily due to increased expenditures for streets, transfers and parks' facilities.

The Your Community Vision Fund balance of \$4,527,481 represents a decrease of \$1,019,847 from prior year. This decrease is primarily due to increased capital outlay. The capital outlay is related to activity for the City's downtown street and infrastructure improvements. The fund balance consists of \$3,249,324 in restricted funds and \$1,278,157 in committed funds.

The Downtown Development and Revitalization Fund balance of \$4,837,892 represents a decrease of \$728,233 from prior year. This decrease is primarily due to an increase in capital outlay on downtown projects. The total fund balance is restricted.

The Capital Improvements Fund balance of \$8,253,776 represents an increase of \$908,189 from prior year. This increase is primarily due to the timing of capital outlay. The total fund balance is restricted.

B. Proprietary Funds

The City's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. Unrestricted net position of the respective proprietary funds are:

Sanitation	\$ 7,221,194
Downtown Maint & Operations	\$ (555,176)
Non-major Enterprise Funds	\$ 291,194

The net position for the Proprietary Funds decreased \$1.2 million. Sanitation Fund decreased \$0.5 million, Downtown Maintenance & Operations decreased \$0.3 million, and the Non-major Enterprise Funds decreased \$0.5 million. Other factors concerning the Proprietary Enterprise Funds have been addressed in the discussion of Proprietary Funds on pages 11-12.

V. General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in a \$3,789,856 increase in appropriations and transfers and can be briefly summarized as follows:

- \$ 28,100 increase in Administration
- \$ 2,408 increase in Community Development
- \$ 600,017 increase in Engineering
- \$ (32,846) decrease in Finance
- \$ 14,565 increase in Personnel
- \$ (53,450) decrease in Fire
- \$ (17,846) decrease in Information Technology
- \$ 38,464 increase in Parks
- \$ 155,636 decrease in Police
- \$ 30,867 increase in Street
- \$ 2,066,255 increase in General Government
- \$ 10,000 increase in Community services
- \$ 947,686 increase in transfers

The net budgetary increase due to appropriations and transfers of \$3,789,856 was deducted from the available fund balance.

The decreases are primarily due to salary and benefit savings. The increases are due to various reasons as follows:

- Engineering and Street are due to carryovers from prior year for street maintenance.
- General Government is primarily due to elimination of budget contingency, increased professional technical costs, a contribution to Owensboro Community and Technical College, and costs associated with two Tax Incremental Funding Programs.
- Transfers are due to capital outlays under economic development.

VI. Capital Asset and Debt Administration

A. Capital Assets

The City's investment in capital assets for governmental and business-type activities as of June 30, 2015, is \$204.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges, and construction in progress.

The City's multi-year Riverfront Development Project focuses on public and private enhancement along the Owensboro riverfront. The purpose of the Riverfront Development Project is to provide public access to the river while stimulating economic growth in the downtown and riverfront areas. The \$40 million project, primarily funded by a federal grant, is complete and includes the river wall and significant additional green space along the riverfront.

The City has partnered with Daviess County Fiscal Court in the development and financing of this project with the City sponsoring \$79 million of the project and the County sponsoring the additional \$20 million. The project contains additions and enhancements to the downtown area which will promote economic growth and encourage additional downtown development by private developers. Riverfront Crossing and Smothers Park were completed in 2012. The Convention Center overlooking the Ohio River opened in January 2014.

Private investments are also taking shape with a Hampton Inn Hotel which opened in December 2013 and the Holiday Inn Hotel which opened in March of 2015. New condominiums, retail stores and restaurants have opened downtown and additional business ventures are in the works. Over \$106 million in private investments have been made in downtown redevelopment projects.

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land	\$23,486,066	\$23,486,066	\$118,739	\$118,739	\$23,604,805	\$23,604,805
Land improvements	107,817,353	104,276,447	249,709	234,368	108,067,062	\$104,510,815
Buildings	20,667,324	20,125,814	421,717	379,400	21,089,041	\$20,505,214
Vehicles	2,355,374	2,838,039	3,106,829	2,659,433	5,462,203	\$5,497,472
Machinery and equipment	2,683,522	2,347,257	389,722	159,448	3,073,244	\$2,506,705
Software	56,240	52,780	0	0	56,240	\$52,780
Construction in Progress	42,872,568	47,419,583	0	0	42,872,568	\$47,419,583
Total	\$199,938,447	\$200,545,986	\$4,286,716	\$3,551,388	\$204,225,163	\$204,097,374

Additional information on City capital assets can be found on pages 114-116 of this report and in Footnote 5 at pages 52-54.

B. Long-Term Debt

At year end, the City had \$132,890,722 in outstanding bonds and capital leases, compared to \$134,896,911 at June 30, 2014. That is a 2% decrease as shown in the following table:

	Governmental Activities	
	2014	2015
General obligation bonds	\$106,160,897	\$102,838,127
Note Payable #18	225,000	185,000
Advance refunding bonds	8,975,000	7,970,000
Note Payable #26	21,200	16,900
KIA loan payable	19,514,814	21,880,695
Total	\$134,896,911	\$132,890,722

The City's legal debt limit under Kentucky Constitution Section 158 is 10% of total assessed value of taxable property in Owensboro; therefore, the debt limit is \$340,588,791. The City's latest bond rating is A1.

The City issues and incurs debt in order to fund capital improvement projects, purchase major capital equipment facilities, and respond to other special funding needs. The City has a very low amount of general obligation debt, which explains our large legal debt margin. Less than 3% of the General Fund budget is expended for debt service, and thus has little impact on current and future operations.

Additional information on City Long-Term Debt can be found in Footnote 6 at pages 55-65.

C. Types of Municipal Debt

- i. **Advance Refunding Bonds.** The City issued General Obligation Public Projects Refunding Bonds to advance refund the 1993 and 1994 Series Bonds, which reduced debt service payments. During 2003-2004, the City issued General Obligation Refunding Bonds to advance refund the Floating Indebtedness Bond, which reduced debt service payments. In 2012, the City issued General Obligation Refunding Bonds Series 2012A and 2012C to advance refund the 2002A and 2002B Series Bonds to reduce debt service payments and pay down the 2002B Series.
- ii. **Note Payable #26.** This debt was issued in early 2005 to finance the remodeling of the new Owensboro Symphony offices.
- iii. **Note Payable #18.** This debt was issued in May 2001. The funds were used to build a new pro shop at the City golf course and acquire land for the City's newest park.
- iv. **Kentucky Infrastructure Authority Loan Payable.** This debt was issued in October 2007. The proceeds were used to fund a stormwater separation project. The outstanding amount as of June 30, 2015 is \$21,880,695.

VII. Economic Factors and Next Year's Budgets and Rates

- A. **Unemployment Rate.** The unemployment rate for the City of Owensboro as of June 2015 was 5.2%. The state and federal unemployment rates were 5.3% and 5.5%, respectively.
- B. **Inflationary Trends.** Inflationary trends in the City compare favorably to state and national trends.
- C. **Annexation Policy.** Incentive investments in annexation and economic development should enable revenue to increase significantly over the next year. The City will continue to aggressively pursue its annexation efforts as these efforts will insure long-term financial stability for the City in terms of increased property taxes, occupational license fees, and occupational net profit fees through mixed commercial, industrial, and residential development. City policy will continue to provide annexation and economic development incentives that will pay for themselves within five years of implementation and serve as incentive investments in future revenues to offset the cost of providing services to the newly annexed areas. The policy of balanced and controlled growth will be the City's greatest challenge in the next 5-10 years.
- D. **Fleet and Facilities Maintenance Plan.** The City's strategy to continue to limit expenditure growth and seek cost savings opportunities will insure that funds are available for needed capital projects in the future. The City has been helped in this regard by implementation of the Fleet and Facilities Maintenance Plan. This plan allows the City to make long-range plans for facility maintenance and to replace vehicles at the optimal time to avoid high maintenance costs and take advantage of a higher resale value.
- E. **Debt Service Payments.** All future debt service payments must come from operating funds. As a result, debt service requirements are an important consideration when preparing the annual operating budget. Less than 3% of the General Fund budget is expended for debt service. Currently this has little impact on the City's annual operating budget and should have little impact on the operating budget in the future.

All these factors, in addition to current and future needs of the City of Owensboro, were considered when the 2015-2016 City budget was prepared. The beginning general fund balance for fiscal year 2015-2016 is

\$10,218,411. The City is in good financial condition at the present time and no tax increase is planned for this fiscal year.

VIII. Requests for Information

This financial report is designed to provide a general financial overview for those interested in the City of Owensboro government finances. Questions or requests for additional financial information may be addressed to Angela Hamric, Director of Finance and Support Services, City of Owensboro, 101 East Fourth Street, Owensboro, KY 42303.

City of Owensboro, Kentucky
Statement of Net Position
As of June 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Equity in pooled deposits and investments	\$ 33,405,084	\$ 7,854,122	\$ 41,259,206	\$ 16,117,480
Cash and cash equivalents:				
In segregated accounts	29,412	48,185	77,597	45,444,817
With escrow agents	507	-	507	-
Investments	-	-	-	499,620
Receivables:				
Accounts	1,092,077	425,377	1,517,454	17,779,061
Lease	12,981,900	-	12,981,900	-
Component units	6,021	867,073	873,094	-
Taxes	2,828,394	-	2,828,394	-
Intergovernmental	5,569,583	209,226	5,778,809	-
Delinquent taxes receivable, net of allowance for uncollectible of \$140,000	51,539	-	51,539	-
Internal balances	(1,666,351)	1,666,351	-	-
Materials and supplies inventory	357,679	42,180	399,859	3,459,155
Prepaid items	20,680	1,200	21,880	604,155
Other current assets	-	-	-	2,307,990
Restricted assets	-	-	-	108,234,520
Capital assets, net of accumulated depreciation				274,368,658
Land	23,486,066	118,739	23,604,805	-
Construction in progress	47,419,583	-	47,419,583	-
Depreciable capital assets	129,640,337	3,432,649	133,072,986	-
Other noncurrent assets	954,811	-	954,811	3,714,335
Investment in joint venture	14,817,657	-	14,817,657	1,663,602
Total Assets	270,994,979	14,665,102	285,660,081	474,193,393
Deferred Outflows of Resources:				
Accumulated decrease in fair value of hedging derivatives	-	-	-	4,985,469
Deferred pension outflows	6,179,885	-	6,179,885	3,081,340
Unamortized loss on debt refunding	300,363	-	300,363	3,586,130
Net unrealized loss on investments	-	-	-	237,417
Total Deferred Outflows of Resources	6,480,248	-	6,480,248	11,890,356
Total Assets and Deferred Outflows of Resources	\$ 277,475,227	\$ 14,665,102	\$ 292,140,329	\$ 486,083,749
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:				
Liabilities:				
Accounts payable	\$ 2,410,440	\$ 322,004	\$ 2,732,444	\$ 13,064,983
Accrued wages	1,083,245	-	1,083,245	-
Other accrued liabilities	573,133	191,901	765,034	9,780,752
Accrued interest payable	639,806	-	639,806	3,348,975
Unearned revenue	13,505,329	30,979	13,536,308	320,480
Customers' advances	-	-	-	202,050
Deferred gain	-	-	-	261,822
Long-term liabilities:				
Due within one year	5,629,313	78,869	5,708,182	4,743,995
Due in more than one year	130,440,920	1,866,398	132,307,318	262,447,600
Net pension liability	41,623,489	-	41,623,489	26,622,719
Other non-current liabilities	-	-	-	1,798,494
Total Liabilities	195,905,675	2,490,151	198,395,826	322,591,870
Deferred Inflows of Resources:				
Accumulated increase in fair value of hedging derivatives	-	-	-	4,798,482
Deferred pension inflows	4,516,798	-	4,516,798	2,971,491
Deferred revenue	-	-	-	2,248,189
Deferred energy cost adjustment	-	-	-	7,003,238
Total Deferred Inflows of Resources	4,516,798	-	4,516,798	17,021,400
Net Position:				
Net investment in capital assets	64,475,753	3,551,388	68,027,141	48,036,424
Restricted for:				
Capital projects	9,917,591	-	9,917,591	19,971,975
Debt service	5,790,246	-	5,790,246	13,072,454
Other purposes	1,113,928	-	1,113,928	43,633,956
Unrestricted	(4,244,764)	8,623,563	4,378,799	21,755,670
Total Net Position	77,052,754	12,174,951	89,227,705	146,470,479
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 277,475,227	\$ 14,665,102	\$ 292,140,329	\$ 486,083,749

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Activities
For the fiscal year ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Component Units
					Governmental Activities	Business Type Activities	
Functions/Programs:							
PRIMARY GOVERNMENT							
Governmental Activities:							
General government	\$ 13,598,983	\$ 1,621,957	\$ -	\$ -	\$ (11,977,026)	\$ (11,977,026)	
Public safety	19,917,267	1,143,915	35,706	-	(18,737,646)	(18,737,646)	
Public works	6,991,081	37,081	-	72,620	(6,881,380)	(6,881,380)	
Community and cultural	11,074,464	219,504	-	-	(10,854,960)	(10,854,960)	
Community and economic development	1,660,769	1,045,865	704,766	-	89,862	89,862	
Interest on long-term debt	4,694,268	-	-	-	(4,694,268)	(4,694,268)	
Amortization	98,730	-	-	-	(98,730)	(98,730)	
Total Governmental Activities	58,035,562	4,068,322	740,472	72,620	(53,154,148)	(53,154,148)	
Business Type Activities:							
Sanitation	5,747,365	5,314,021	-	-	\$ (433,344)	\$ (433,344)	
Downtown maintenance and operations	481,697	-	-	-	(481,697)	(481,697)	
Transit	2,678,189	135,831	693,558	585,461	(1,263,339)	(1,263,339)	
Geographic information system	377,619	253,500	-	-	(124,119)	(124,119)	
Recreation	3,046,350	1,695,516	-	-	(1,350,834)	(1,350,834)	
Total Business Activities	12,331,220	7,398,868	693,558	585,461	(3,653,333)	(3,653,333)	
Total Primary Government	\$ 70,366,782	\$ 11,467,190	\$ 1,434,030	\$ 658,081	(53,154,148)	(56,807,481)	
COMPONENT UNITS							
Owensboro Municipal Utilities	\$ 142,545,174	\$ 149,527,808	\$ -	\$ 579,929		\$ 7,562,563	\$ 7,562,563
Owensboro Riverport Authority	7,041,857	9,623,207	-	-		2,581,350	2,581,350
Total Component Units	\$ 149,587,031	\$ 159,151,015	\$ -	\$ 579,929		\$ 10,143,913	\$ 10,143,913
General Revenues:							
Property taxes					\$ 9,991,728	\$ 9,991,728	\$ -
Occupational license taxes					16,375,511	16,375,511	-
Net profit license taxes					3,723,658	3,723,658	-
Regulatory license taxes					8,824,267	8,824,267	-
Intergovernmental, unrestricted					714,119	714,119	-
Investment earnings					530,466	530,466	1,815,027
Payments in lieu of taxes from component unit					2,233,698	2,233,698	-
Miscellaneous					8,363,471	141,437	425,846
Gain (loss) on sale of capital assets					112,586	(28,155)	(274,724)
Dividends from component units					6,974,384	6,974,384	-
Investment in joint venture					(638,194)	(638,194)	-
Transfers					(2,113,824)	2,113,824	-
Transfers - dividend payments					-	-	(9,196,499)
Gain (loss) on investment derivatives					-	-	(714,922)
Total General Revenues and Transfers					54,911,870	57,463,427	(7,945,272)
Change in Net Position					1,757,722	(1,101,776)	2,198,641
Net Position, June 30, 2014					117,783,492	131,060,219	171,984,483
Cumulative Effect of Change in Accounting Principle					(42,488,460)	(42,488,460)	(27,712,645)
Net Position, June 30, 2015					\$ 77,052,754	\$ 89,227,705	\$ 146,470,479

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Balance Sheet
Governmental Funds
As of June 30, 2015

	<u>General Fund</u>	<u>Your Community Vision Fund</u>	<u>Downtown Development and Revitalization Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Equity in pooled deposits and investments	\$ 11,850,440	\$ 4,013,587	\$ 4,851,698	\$ -	\$ 3,905,944	\$ 2,686,932	\$ 27,308,601
Cash and cash equivalents:							
In segregated accounts	29,412	-	-	-	-	-	29,412
With escrow agents	-	-	-	507	-	-	507
Receivables:							
Accounts	342,064	493,090	-	-	-	23,932	859,086
Lease	-	-	-	12,981,900	-	-	12,981,900
Component units	6,021	-	-	-	-	-	6,021
Taxes	2,001,121	706,081	-	-	-	121,192	2,828,394
Intergovernmental	184,268	750,000	-	-	4,507,298	128,017	5,569,583
Delinquent taxes receivable, net of allowance for uncollectable of \$140,000	51,539	-	-	-	-	-	51,539
Materials and supplies inventory	20,505	-	-	-	-	-	20,505
Prepaid items	20,680	-	-	-	-	-	20,680
Total Assets	<u>\$ 14,506,050</u>	<u>\$ 5,962,758</u>	<u>\$ 4,851,698</u>	<u>\$ 12,982,407</u>	<u>\$ 8,413,242</u>	<u>\$ 2,960,073</u>	<u>\$ 49,676,228</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 299,254	\$ 620,290	\$ 13,806	\$ -	\$ 159,466	\$ 75,045	\$ 1,167,861
Accrued wages	995,931	3,677	-	-	-	6,005	1,005,613
Other accrued liabilities	573,133	-	-	-	-	-	573,133
Deferred revenue	2,419,321	811,310	-	12,981,900	-	121,192	16,333,723
Total Liabilities	<u>4,287,639</u>	<u>1,435,277</u>	<u>13,806</u>	<u>12,981,900</u>	<u>159,466</u>	<u>202,242</u>	<u>19,080,330</u>
Fund Balances:							
Nonspendable	41,185	-	-	-	-	-	41,185
Restricted	-	3,249,324	4,837,892	507	8,253,776	480,266	16,821,765
Committed	411,815	1,278,157	-	-	-	2,277,565	3,967,537
Unassigned	9,765,411	-	-	-	-	-	9,765,411
Total Fund Balances	<u>10,218,411</u>	<u>4,527,481</u>	<u>4,837,892</u>	<u>507</u>	<u>8,253,776</u>	<u>2,757,831</u>	<u>30,595,898</u>
Total Liabilities and Fund Balances	<u>\$ 14,506,050</u>	<u>\$ 5,962,758</u>	<u>\$ 4,851,698</u>	<u>\$ 12,982,407</u>	<u>\$ 8,413,242</u>	<u>\$ 2,960,073</u>	<u>\$ 49,676,228</u>

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
As of June 30, 2015

Total fund balances - governmental funds		\$ 30,595,898
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds:		
Cost	\$ 288,451,831	
Accumulated depreciation	<u>(92,298,661)</u>	196,153,170
Deferred outflows and inflows of resources shown in governmental activities apply to future periods, and therefore are not reported in governmental funds:		
Deferred outflows of resources-CERS	\$ 5,121,777	
Deferred outflows of resources-Single Employer Plans	1,058,108	
Deferred inflows of resources-CERS	(3,794,000)	
Deferred inflows of resources-Single Employer Plans	<u>(722,798)</u>	1,663,087
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		8,072,902
The City has an equity interest in a joint venture. This investment is not a current financial resource, and therefore is not reported in the funds.		
		14,817,657
Certain assets are not available to pay for current period expenditures:		
Occupational and net profit taxes	\$ 2,828,394	
Negative net pension obligation-Single Employer Plan	<u>954,811</u>	3,783,205
Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in governmental funds:		
Long-term debt	\$ (132,890,722)	
Accrued interest payable	(639,806)	
Debt issuance discounts	797,159	
Debt issuance premiums	(224,150)	
Deferred refunding charges	300,363	
Compensated absences	(3,752,520)	
Net pension liability-CERS	(4,949,489)	
Net pension liability-Single Employer Plans	<u>(36,674,000)</u>	<u>(178,033,165)</u>
Net position of governmental activities		<u>\$ 77,052,754</u>

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2015

	General Fund	Your Community Vision Fund	Downtown Development and Revitalization Fund	Debt Service Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Real and personal property taxes	\$ 9,761,426	\$ -	\$ -	\$ -	\$ -	\$ 230,302	\$ 9,991,728
Occupational license taxes	11,133,951	4,097,701	-	-	-	1,345,819	16,577,471
Net profit license taxes	2,703,064	939,690	-	-	-	80,904	3,723,658
Regulatory license taxes	5,139,628	-	3,466,755	-	-	217,884	8,824,267
Intergovernmental	2,909,737	-	-	131,599	72,620	604,181	3,718,137
Investment earnings	169,818	37,121	63,601	466	31,111	4,820	306,937
Fees, licenses, and permits	412,403	48,293	-	-	-	-	460,696
Fines and forfeitures	90,594	-	-	-	-	-	90,594
Rentals	51,259	-	-	-	-	32,244	83,503
Charges for services	858,014	-	-	-	-	-	858,014
Contributions and donations	51,639	-	-	-	4,507,298	1,074,027	5,632,964
Dividends from component units	6,974,384	-	-	-	-	-	6,974,384
Payments in lieu of taxes from component units	2,253,698	-	-	-	-	-	2,253,698
Miscellaneous income	862,945	572,366	581,547	64,486	-	297,133	2,378,477
Total Revenues	43,372,560	5,695,171	4,111,903	196,551	4,611,029	3,887,314	61,874,528
Expenditures:							
Current:							
General government	9,386,920	-	-	-	121,283	-	9,508,203
Public safety	20,897,704	-	-	-	-	315,583	21,213,287
Public works	3,701,319	1,359,141	-	-	-	-	5,060,460
Community and cultural	5,231,290	-	-	-	-	-	5,231,290
Community/economic development	176,595	-	3,929	-	-	2,271,429	2,451,953
Capital outlay	1,504,865	6,984,595	232,346	-	3,646,557	523,920	12,892,283
Debt service:							
Principal	-	-	-	4,924,239	-	-	4,924,239
Interest	-	-	-	4,236,147	-	-	4,236,147
Issuance costs	-	-	-	-	-	-	-
Total Expenditures	40,898,693	8,343,736	236,275	9,160,386	3,767,840	3,110,932	65,517,862
Excess (Deficiency) of Revenues Over Expenditures	2,473,867	(2,648,565)	3,875,628	(8,963,835)	843,189	776,382	(3,643,334)
Other Financing Sources (Uses):							
Sale of capital assets	25,267	-	-	-	-	87,319	112,586
Issuance of debt	-	2,783,268	-	24,048,087	-	-	26,831,355
Transfers in	1,773,899	-	-	8,963,826	65,000	950,000	11,752,725
Transfers out	(6,260,663)	(1,154,550)	(4,603,861)	-	-	(1,335,600)	(13,354,674)
Transfer to component unit	-	-	-	(24,048,087)	-	-	(24,048,087)
Total Other Financing Sources (Uses)	(4,461,497)	1,628,718	(4,603,861)	8,963,826	65,000	(298,281)	1,293,905
Net Change in Fund Balances	(1,987,630)	(1,019,847)	(728,233)	(9)	908,189	478,101	(2,349,429)
Fund Balances, Beginning of Year	12,206,041	5,547,328	5,566,125	516	7,345,587	2,279,730	32,945,327
Fund Balances, End of Year	\$ 10,218,411	\$ 4,527,481	\$ 4,837,892	\$ 507	\$ 8,253,776	\$ 2,757,831	\$ 30,595,898

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2015

Net change in fund balances - total governmental funds \$ (2,349,429)

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 and reported as depreciation expense:

Capital outlays	\$ 9,611,754	
Depreciation expense	<u>(9,941,588)</u>	(329,834)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Occupational and net profit taxes	\$ -	
Decrease in investment in joint venture	<u>(638,194)</u>	(638,194)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of 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 and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Debt principal payments	\$ 4,836,500	
Proceeds from debt issuance	(2,830,311)	
Amortization of bond discounts and premiums	(25,504)	
Amortization of deferred amounts on refunding	<u>(73,226)</u>	1,907,459

Certain 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:

Increase in compensated absences liability	\$ (154,353)	
Decrease in accrued interest payable	15,705	
Pension contributions paid after the measurement date-CERS	5,121,777	
Pension contributions paid after the measurement date-Single Employer Plans	1,058,108	
Actuarial pension expense-CERS	(2,878,000)	
Actuarial pension expense-Single Employer Plans	<u>(486,907)</u>	2,676,330

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.

491,390

Change in net position of governmental activities

\$ 1,757,722

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Net Position
Proprietary Funds
As of June 30, 2015

	Business-Type Activities Enterprise Funds			Total	Governmental Activities- Internal Service Funds
	Sanitation Fund	Downtown Maintenance and Operations Fund	Nonmajor Enterprise Funds		
ASSETS					
Current Assets:					
Equity in pooled deposits and investments	\$ 6,849,760	\$ 611,122	\$ 393,240	\$ 7,854,122	\$ 6,096,483
Cash and cash equivalents:					
In segregated accounts	300	40,575	7,310	48,185	-
Receivables:					
Accounts	6,179	280,000	139,198	425,377	232,991
Component units	867,073	-	-	867,073	-
Intergovernmental	5,841	-	203,385	209,226	-
Materials and supplies inventory	8,678	-	33,502	42,180	337,174
Prepaid expenses	-	-	1,200	1,200	-
Total Current Assets	7,737,831	931,697	777,835	9,447,363	6,666,648
Noncurrent Assets:					
Capital assets, net of accumulated depreciation:					
Construction in process	-	-	-	-	33,840
Land	13,000	-	105,739	118,739	-
Depreciable capital assets	2,082,832	230,584	1,119,233	3,432,649	4,358,976
Total Noncurrent Assets	2,095,832	230,584	1,224,972	3,551,388	4,392,816
Total Assets	\$ 9,833,663	\$ 1,162,281	\$ 2,002,807	\$ 12,998,751	\$ 11,059,464
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts payable	\$ 216,201	\$ -	\$ 105,803	\$ 322,004	\$ 1,242,579
Accrued liabilities	69,118	-	122,783	191,901	77,632
Deferred revenue	-	-	30,979	30,979	-
Long-term liabilities:					
Due within one year	1,602	69,471	7,796	78,869	-
Total Current Liabilities	286,921	69,471	267,361	623,753	1,320,211
Non-current Liabilities:					
Due in more than one year	229,716	1,417,402	219,280	1,866,398	-
Total Non-current Liabilities	229,716	1,417,402	219,280	1,866,398	-
Total Liabilities	516,637	1,486,873	486,641	2,490,151	1,320,211
Net Position:					
Invested in capital assets	2,095,832	230,584	1,224,972	3,551,388	4,370,283
Unrestricted	7,221,194	(555,176)	291,194	6,957,212	5,368,970
Total Net Position	9,317,026	(324,592)	1,516,166	10,508,600	9,739,253
Total Liabilities and Net Position	\$ 9,833,663	\$ 1,162,281	\$ 2,002,807	\$ 12,998,751	\$ 11,059,464
Total Net Position				\$ 10,508,600	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,666,351	
Net Position of Business-Type Activities				<u>\$ 12,174,951</u>	

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2015

	Business-Type Activities Enterprise Funds			Total	Governmental Activities- Internal Service Funds
	Sanitation Fund	Downtown Maintenance and Operations Fund	Nonmajor Enterprise Funds		
Operating Revenues:					
Charges for services	\$ 5,306,884	\$ -	\$ 2,076,807	\$ 7,383,691	\$ 12,785,907
Miscellaneous income	7,137	-	8,040	15,177	-
Total Operating Revenues	<u>5,314,021</u>	<u>-</u>	<u>2,084,847</u>	<u>7,398,868</u>	<u>12,785,907</u>
Operating Expenses:					
Salaries, wages, and benefits	1,976,714	-	2,955,976	4,932,690	2,223,302
Maintenance	584,320	90,416	1,113,254	1,787,990	1,099,014
Utilities	8,147	77,412	230,990	316,549	27,127
Administrative	-	-	-	-	1,018,890
Supplies	371,842	-	691,044	1,062,886	880,533
Other	2,140,030	248,063	652,758	3,040,851	-
Claims	-	-	-	-	5,833,074
Depreciation	666,312	65,806	458,136	1,190,254	1,004,472
Total Operating Expenses	<u>5,747,365</u>	<u>481,697</u>	<u>6,102,158</u>	<u>12,331,220</u>	<u>12,086,412</u>
Operating Income (Loss)	<u>(433,344)</u>	<u>(481,697)</u>	<u>(4,017,311)</u>	<u>(4,932,352)</u>	<u>699,495</u>
Nonoperating Revenues:					
Gain (loss) on sale of capital assets	(28,155)	-	-	(28,155)	81,263
Intergovernmental	-	240,532	-	240,532	-
Investment earnings	-	83,655	264	83,919	52,069
Operating grants	-	-	693,558	693,558	-
Total Nonoperating Revenues	<u>(28,155)</u>	<u>324,187</u>	<u>693,822</u>	<u>989,854</u>	<u>133,332</u>
Income (Loss) Before Contributions and Transfers	<u>(461,499)</u>	<u>(157,510)</u>	<u>(3,323,489)</u>	<u>(3,942,498)</u>	<u>832,827</u>
Capital contributions - grants	-	-	585,461	585,461	-
Transfers in	-	-	2,236,664	2,236,664	-
Transfers out	-	(106,217)	(16,623)	(122,840)	(200,000)
Change in Net Position	<u>(461,499)</u>	<u>(263,727)</u>	<u>(517,987)</u>	<u>(1,243,213)</u>	<u>632,827</u>
Net Position, Beginning of Year	<u>9,778,525</u>	<u>(60,865)</u>	<u>2,034,153</u>	<u>11,751,813</u>	<u>9,106,426</u>
Net Position, End of Year	<u>\$ 9,317,026</u>	<u>\$ (324,592)</u>	<u>\$ 1,516,166</u>	<u>\$10,508,600</u>	<u>\$ 9,739,253</u>
Change in Net Position				\$(1,243,213)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>141,437</u>	
Change in Net Position of Business-type Activities				<u>\$ (1,101,776)</u>	

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2015

	Business-Type Activities Enterprise Funds				Governmental Activities- Internal Service Funds
	Downtown		Nonmajor Enterprise Funds	Total	
	Sanitation Fund	Maintenance and Operations Fund			
Cash flows from operating activities:					
Cash received from customers	\$ 5,276,393	\$ -	\$ 2,091,514	\$ 7,367,907	\$ 12,555,197
Other cash receipts	1,296	-	-	1,296	-
Cash payments to employees for services	(1,967,734)	-	(2,963,085)	(4,930,819)	(2,218,713)
Cash payments to suppliers	(3,055,559)	(485,222)	(2,749,778)	(6,290,559)	(2,917,115)
Cash payments for claims	-	-	-	-	(5,833,074)
Net cash provided by (used in) operating activities	<u>254,396</u>	<u>(485,222)</u>	<u>(3,621,349)</u>	<u>(3,852,175)</u>	<u>1,586,295</u>
Cash flows from noncapital financing activities:					
Operating grants	-	-	693,558	693,558	-
Intergovernmental contributions	-	45,532	-	45,532	-
Transfers in	-	-	2,236,664	2,236,664	-
Transfers out	-	(106,217)	(16,623)	(122,840)	(200,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(60,685)</u>	<u>2,913,599</u>	<u>2,852,914</u>	<u>(200,000)</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets	-	-	-	-	180,689
Capital contributions - grants	-	-	585,461	585,461	-
Payments for capital acquisitions	(483,081)	-	-	-	(1,984,352)
Net cash provided by (used in) capital and related financing activities	<u>(483,081)</u>	<u>-</u>	<u>585,461</u>	<u>585,461</u>	<u>(1,803,663)</u>
Cash flows from investing activities:					
Interest on investments	-	83,655	264	83,919	52,069
Net decrease in equity in pooled cash and deposits and cash equivalents	(228,685)	(462,252)	(122,025)	(812,962)	(365,299)
Equity in pooled cash and deposits, and cash and cash equivalents, beginning of year	<u>7,078,745</u>	<u>1,113,949</u>	<u>522,575</u>	<u>8,715,269</u>	<u>6,461,782</u>
Equity in pooled cash and deposits, and cash and cash equivalents, end of year	<u>\$ 6,850,060</u>	<u>\$ 651,697</u>	<u>\$ 400,550</u>	<u>\$ 7,902,307</u>	<u>\$ 6,096,483</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (433,344)	\$ (481,697)	\$ (4,017,311)	\$ (4,932,352)	\$ 699,495
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	666,312	65,806	458,136	1,190,254	1,004,472
Changes in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	732	-	3,834	4,566	(230,710)
Component units receivable	(37,064)	-	-	(37,064)	-
Materials and supplies inventory	4,314	-	3,128	7,442	(124,729)
Increase (decrease) in liabilities:					
Accounts payable	44,466	(2,101)	(68,307)	(25,942)	246,090
Unearned revenue	-	-	2,833	2,833	-
Accrued liabilities	5,895	-	5,797	11,692	(8,323)
Compensated absences	3,085	(67,230)	(9,459)	(73,604)	-
Net cash provided by (used in) operating activities	<u>\$ 254,396</u>	<u>\$ (485,222)</u>	<u>\$ (3,621,349)</u>	<u>\$ (3,852,175)</u>	<u>\$ 1,586,295</u>

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2015

	<u>Pension Trust Funds</u>	<u>Investment Trust Fund</u>	<u>Agency Funds</u>
ASSETS			
Equity in pooled deposits and investments	\$ 2,528,438	\$ 8,347,347	\$ 167,576
Cash and cash equivalents	82,273	-	-
Cash and cash equivalents, restricted	48,039	-	-
Intergovernmental receivable	-	-	24,315
Interest receivable	1,210	-	-
Investments, at fair value:			
Corporate stocks	2,695,366	-	-
Investments, at fair value, restricted:			
Mutual funds	193,601	-	-
Total Assets	<u>5,548,927</u>	<u>8,347,347</u>	<u>191,891</u>
LIABILITIES			
Pension payable	89,633	-	-
Other	1,315	-	191,891
Total Liabilities	<u>90,948</u>	<u>-</u>	<u>191,891</u>
NET POSITION			
Held in trust for pension benefits	5,215,129	-	-
Held in trust for debt service	242,850	-	-
Held in trust for external pool participants	-	8,347,347	-
Total Net Position	<u>\$ 5,457,979</u>	<u>\$ 8,347,347</u>	<u>\$ -</u>

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the fiscal year ended June 30, 2015

	<u>Pension Trust Funds</u>	<u>Investment Trust Fund</u>
Additions:		
Purchases of pool units	\$ -	\$17,426,764
Contributions:		
Employer	-	-
Other	4,956	-
Total contributions	<u>4,956</u>	<u>-</u>
Investment earnings:		
Net appreciation (depreciation) in fair value of investments	135,669	(41,390)
Interest	74,350	113,753
Total investment earnings	<u>210,019</u>	<u>72,363</u>
Less investment expense	<u>36,676</u>	<u>-</u>
Net investment earnings	<u>173,343</u>	<u>72,363</u>
Total Additions	<u>178,299</u>	<u>17,499,127</u>
Deductions:		
Benefits	1,272,675	-
Transfer to debt service fund	311,875	-
Redemption of pool units	-	(15,728,288)
Total Deductions	<u>1,584,550</u>	<u>(15,728,288)</u>
Change in Net Position	(1,406,251)	1,770,839
Net Position, Beginning of Year	<u>6,864,230</u>	<u>6,576,508</u>
Net Position, End of Year	<u>\$ 5,457,979</u>	<u>\$ 8,347,347</u>

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Net Position
Component Units
As of June 30, 2015

	Owensboro Municipal Utilities	Owensboro Riverport Authority	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Equity in pooled deposits and investments	\$ -	\$ 16,117,480	\$ 16,117,480
Cash and cash equivalents:			
In segregated accounts	40,295,237	5,149,580	45,444,817
Investments	499,620	-	499,620
Accounts receivable (less allowance of \$71,154 and \$0 for OMU and ORA, respectively)	16,034,244	1,744,817	17,779,061
Material and supplies inventory	3,459,155	-	3,459,155
Prepaid items	392,973	211,182	604,155
Other current assets	2,215,704	92,286	2,307,990
Restricted assets	108,234,520	-	108,234,520
Capital assets, net of accumulated depreciation	232,876,096	41,492,562	274,368,658
Other noncurrent assets	3,714,335	-	3,714,335
Deferred charges	1,663,602	-	1,663,602
Total Assets	409,385,486	64,807,907	474,193,393
Deferred Outflows of Resources:			
Accumulated decrease in fair value of hedging derivatives	4,985,469	-	4,985,469
Deferred pension outflows	2,770,487	310,853	3,081,340
Unamortized loss on debt refunding	3,586,130	-	3,586,130
Net unrealized loss on investments	237,417	-	237,417
Total Deferred Outflows of Resources	11,579,503	310,853	11,890,356
Total Assets and Deferred Outflows of Resources	\$ 420,964,989	\$ 65,118,760	\$ 486,083,749
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities:			
Accounts payable	\$ 10,787,398	\$ 2,277,585	\$ 13,064,983
Accrued liabilities	9,448,642	332,110	9,780,752
Accrued interest payable	3,348,975	-	3,348,975
Unearned revenue	-	320,480	320,480
Customers' advances	202,050	-	202,050
Deferred gain	-	261,822	261,822
Non-current liabilities:			
Long-term debt:			
Due within one year	3,505,000	1,238,995	4,743,995
Due in more than one year	232,548,092	29,899,508	262,447,600
Net pension liability	24,622,719	2,000,000	26,622,719
Other	1,798,494	-	1,798,494
Total Liabilities	286,261,370	36,330,500	322,591,870
Deferred Inflows of Resources:			
Accumulated increase in fair value of hedging derivatives	4,798,482	-	4,798,482
Deferred pension inflows	2,748,491	223,000	2,971,491
Deferred revenue	2,248,189	-	2,248,189
Deferred energy cost adjustment	7,003,238	-	7,003,238
Total Deferred Inflows of Resources	16,798,400	223,000	17,021,400
Net Position:			
Net investment in capital assets	37,944,187	10,092,237	48,036,424
Restricted for:			
Capital projects	5,447,932	14,524,043	19,971,975
Debt service	13,072,454	-	13,072,454
Other purposes	43,633,956	-	43,633,956
Unrestricted	17,806,690	3,948,980	21,755,670
Total Net Position	117,905,219	28,565,260	146,470,479
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 420,964,989	\$ 65,118,760	\$ 486,083,749

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Activities
Component Units
For the fiscal year ended June 30, 2015

	Program Revenues		Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services and Sales	Capital Grants and Contributions	Owensboro Municipal Utilities	Owensboro Riverport Authority	Total
Owensboro Municipal Utilities	\$ 142,545,174	\$ 149,527,808	\$ 579,929	\$ 7,562,563	\$ -	\$ 7,562,563
Owensboro Riverport Authority	7,041,857	9,623,207	-	-	2,581,350	2,581,350
Total Component Units	\$ 149,587,031	\$ 159,151,015	\$ 579,929	7,562,563	2,581,350	10,143,913
General Revenues:						
Earnings on investments				1,600,399	214,628	1,815,027
Deferred net change in fair value of investments				-	-	-
Miscellaneous				147,617	278,229	425,846
Gain (loss) on sale of capital assets				-	(274,724)	(274,724)
Loss on investment derivatives				(714,922)	-	(714,922)
Total General Revenues				1,033,094	218,133	1,251,227
Transfers Out - Dividends				(8,696,499)	(500,000)	(9,196,499)
Change in Net Position				(100,842)	2,299,483	2,198,641
Net Position, Beginning of Year				143,655,706	28,328,777	171,984,483
Cumulative effect of change in accounting principle				(25,649,645)	(2,063,000)	(27,712,645)
Net Position, End of Year				\$ 117,905,219	\$ 28,565,260	\$ 146,470,479

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City is a municipal corporation governed by an elected mayor and a four-member commission. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government. Individual discretely presented component units are presented in the combining component units financial statements.

Blended Component Unit:

Established in 1967 pursuant to Kentucky Revised Statute (KRS) 273, the Owensboro Municipal Improvement Corporation (OMIC) has been presented as a blended component unit because the entity's governing body is substantially the same as the governing body of the City, and because its only purpose is to provide a financing vehicle for the acquisition of property to be dedicated to public use by the City. The Corporation has no separate existence apart from the City.

Discretely Presented Component Units:

The component units column in the government-wide financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. Combining financial statements for the discretely presented component units are included within this report. Separate financial statements of the individual component units can be requested from the City's Finance Director. The following component units are included in the City's reporting entity because the primary government is financially accountable for, and is able to impose its will upon, the organizations.

Owensboro Municipal Utilities

Owensboro Municipal Utilities (OMU) is managed, controlled, and operated by the City Utility Commission, established by the City in 1940. OMU consists of the Electric Light and Power System and the Water Works System. The fiscal year-end for OMU is May 31; data presented for OMU is as of and for the year ended May 31, 2015. There were no intervening events that would materially affect financial position or results of operations of the City.

OMU is subject to regulation, including establishment of rates charged for utility services by the City, or set forth in applicable City ordinance. City officials select the Board of Directors. OMU is presented as an enterprise fund. Financial statements can be obtained by contacting the Finance Director of OMU at (270) 926-3200 or 2070 Tamarack Road, Owensboro, Kentucky 42301.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Owensboro Riverport Authority and Affiliate

The Owensboro Riverport Authority (Authority) was created by ordinance on September 9, 1966, for the purpose of establishing, maintaining, operating, and expanding necessary and proper riverport and navigational facilities for the purpose of attracting river-oriented industry. Because the City appoints the Authority's Board of Directors and provides a specific financial benefit to the City each year in the form of a dividend, the Authority is a component unit of the City. The Authority is presented as an enterprise fund. Financial statements can be obtained by contacting the Controller of the Authority at (270) 926-4238 or P.O. Box 21955, Owensboro, Kentucky 42304.

In accordance with the KRS, the Authority organized Owensboro Riverport Properties, Inc. (Affiliate), a non-stock, non-profit corporation, in January 2005. The Authority has a 100% ownership interest in the Affiliate, which owns commercial and industrial public properties. All material intercompany accounts and transactions have been eliminated in consolidation.

Related Organization:

The City is responsible for appointing four members to the Board of the Regional Water Resource Agency (RWRA). RWRA was established through an ordinance dated October 18, 1994 as a legally separate entity which administers and provides regional comprehensive wastewater services for Owensboro and Daviess County, excluding the Facilities Planning Area boundary of the City of Whitesville. The Board consists of seven members, the remaining three of which are appointed by the Daviess County Judge-Executive. RWRA has currently contracted with the City to provide financial and personnel services. The City's responsibility does not extend beyond appointing authority and the City is not financially accountable for the activities of RWRA. Separate financial statements for RWRA may be obtained from the City's Finance Director.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customer or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus, 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 fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, the debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following funds:

Governmental Funds

General Fund

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law, ordinance, or contractual agreement to some other fund are accounted for in this fund. From this fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds. This is a major fund of the City.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources. This is a major fund of the City.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes, and are as follows:

Community Development Fund - established to account for grants to the City for community development. Resources may only be used for activities that are directed toward satisfying the primary objective of developing viable urban communities and expanding economic opportunities, principally the persons of low or moderate income.

Your Community Vision Fund - established to account for the revenues derived from a .33% rate increase of occupational license and net profit taxes; expenditures of those revenues fund Your Community Vision Projects. This is a major fund of the City.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Downtown Development and Revitalization Fund - established to account for revenues received from insurance license premium taxes for revitalization and redevelopment of the downtown area. This is a major fund of the City.

Greenbelt Fund - established to account for revenues received for the purpose of developing recreational areas and activities.

Drug and Property Recovery Fund - established to account for funds obtained through drug law enforcement grants.

Economic Development Fund - established to monitor incentives disbursed for economic development of the City and the increased revenues resulting from that development. The City's intent is to offset the incentive within a five-year period with an increased revenue stream.

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 are as follows:

Capital Improvements Fund - established to account for the acquisition of capital assets or construction of major capital projects purchased with funds from long-term borrowings. This is a major fund of the City.

Riverfront Development Fund - established to account for grants received from federal and state grants and matching funds for development of the riverfront.

Wellness Fund - established to account for expenditure of revenues from the restructuring of the Owensboro Medical Health System. These revenues are restricted to community wellness projects.

Proprietary Funds

Proprietary fund reporting focuses on financial position changes in net position and cash flows. The City reports the following proprietary funds, which are classified as either enterprise or internal service.

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determinations of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City reports the following enterprise funds:

Sanitation Fund - established as a means of more effectively managing and accounting for operations of the City Sanitation Department. This is a major fund of the City.

Transit Fund - established for the purpose of managing and accounting for the operations of the City's Transit Department.

Geographic Information System Fund (GIS) - established for the purpose of managing and accounting for the activity of the GIS Division of the City's Information Technology Department.

Downtown Maintenance and Operations Fund - established for the purpose of managing and accounting for the operations of the convention and events center. This is a major fund of the City.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recreation Fund - established for the purpose of managing and accounting for the operations of the City's swimming pools, golf courses, ice arena, and Sportscenter.

Internal Service Funds

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. The internal service funds of the City are as follows:

Facilities Maintenance Fund - established to account for the maintenance provided to departments within the City.

Insurance Fund - established to account for the City's health, unemployment, and workers' compensation insurance programs.

Garage Service Fund - established to account for garage maintenance provided to departments within the City.

Fleet and Facilities Fund - established to account for foreseeable capital expenditures and to straight-line depreciate their cost over thirty years.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments, and are therefore not available to support the City's own programs. The various pension trust, investment trust, and agency funds of the City are as follows:

City Employees' Pension Fund

The City Employees' Pension Fund (a contributory defined benefit plan) was created by ordinance, August 13, 1946, under KRS 90.310-90.410. It covers all employees of the City of Owensboro and Owensboro Municipal Utilities, except for the Owensboro Riverport Authority, the City's police and firefighters, and those employees who elected to transfer into the CERS.

Police and Firefighters' Retirement Fund

The Police and Firefighters Retirement Fund (a contributory defined benefit plan) was created by ordinance, March 26, 1928, under KRS 95.851-95.991. It covers employees of the City of Owensboro in the police and fire departments that elected not to transfer into the CERS.

Investment Trust Fund

Established to account for the monies of legally separate entities that participate in the City-sponsored external investment pool. The Investment Trust Fund is accounted for using the economic resources measurement focus and the accrual basis of accounting.

Agency Funds

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. The funds are used to account for assets that the government holds for others in an agency capacity. The School District Tax Fund accounts for school district tax collection and payment to the Owensboro Board of Education. The County Occupational Tax Fund accounts for occupational tax collection and payment to Daviess County, Kentucky.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes received from one of the City's component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operation grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within thirty-one days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. The City considers property taxes as available if they are collected within sixty days after year-end. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The following is a list of primary revenue sources which have not been treated as susceptible to accrual under the modified accrual basis, and which have not:

<u>Susceptible</u>	<u>Non Susceptible</u>
Taxes	Licenses and permits
Intergovernmental	

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Deposits and Investments

City Ordinance 2-76 requires all City deposits to be secured by bonds or other securities of the U.S. Government, bonds of the City redeemable from taxes collected by the City, or by other certificates of indebtedness of cities or corporations, which shall have a fair value equal to or greater than the amount of the deposits which may exist from time to time.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less from the date of acquisition.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest-bearing depository accounts are presented on the statement of net position as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City's treasury.

Investments are stated at fair value. Fair values are obtained from market quotations on the last business day of the fiscal year. The market quotations are obtained from national security exchanges or other published sources. Kentucky Revised Statute 66.480 permits the City to invest in U.S. Treasury obligations, U.S. Agency obligations, certain Federal instruments, repurchase agreements, commercial banks' certificates of deposits, savings and loan deposits, and the Commonwealth of Kentucky Investment Pool.

Materials and Supplies Inventory

Inventory is valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. Inventory consists of expendable supplies held for consumption. The cost is recorded as an asset at the time individual inventory items are purchased and as an expenditure when used (consumption method).

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, and water and sewer lines. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life is not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure are estimated based on the City's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	20 years	3-30 years
Machinery and Equipment	3-9 years	2-25 years
Buildings	30 years	20-60 years
Vehicles	4-6 years	4-10 years
Infrastructure	20 years	N/A

Property Taxes

Property taxes are recognized as revenue to the extent that they are both measurable and available, and an appropriate allowance is established for the portion that is estimated to be uncollectible.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. Sick pay is accumulated to one hundred days; thereafter, employees are compensated for sick pay earned and not taken up to a maximum of twelve days annually. The liability for these compensated absences is recorded as long-term debt and an expense when earned in the government-wide statements. The current portion of this debt is estimated based on historical trends. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignation or retirement.

Interfund Balances

On the fund financial statements, long-term interfund loans are classified as "advances to/from other funds" on the balance sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Accrued Liability and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as a liability in the fund financial statements when due.

Retirement Benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the various pension plans of the City. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

Bond Discounts/Issuance Costs

In the governmental fund financial statements, bond discounts and issuance costs are recognized in the current period. In the government-wide financial statements and proprietary fund types in the fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds-outstanding method, which approximates the effective interest method. In the government-wide financial statements, bond costs are recognized in the current period as well.

Net Position

The City classifies net position in the government-wide and fiduciary financial statements as follows:

- Net investment in capital assets includes the City's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The City typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- Unrestricted net position typically includes unrestricted liquid assets. The City Commission has the authority to revisit or alter their designation.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Position, Continued

The City follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the Director of Finance and Support Services under the authorization of the City Commission via a municipal order.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a commitment of the fund (such as for special incentives). Under City policy, assigned fund balance is established by City Commission through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

In the General Fund, the City strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual GAAP (Generally Accepted Accounting Principles) basis expenditures and other financing sources and uses.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Interfund Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of City administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year ended June 30, 2015.

Estimates

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

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except for the Capital Projects Funds and the Debt Service Fund, because effective budgetary control is alternately achieved through project budgets, bond indenture provisions, and City ordinances, respectively.

Budgets for the General and Special Revenue Funds are adopted on the modified accrual basis. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the use of resources are reflected in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds for which annual budgets have been adopted.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 2 - PROPERTY TAXES

Property taxes attach as a lien on property as of January 1st each year. Property values are assessed on January 1st of each year. These taxes are levied annually by ordinance, usually in September, and are payable in one installment on, or before, November 1st. The tax rate and assessed valuation, a County government function, are not known until September of the year. The City bills and collects its own property taxes as well as the taxes for the Owensboro Board of Education. Collections of the school taxes are remitted to the Board each month based upon collections in the previous month.

The City is permitted by Section 157 of the Constitution of Kentucky to levy taxes up to \$1.50 per \$100 of assessed valuation for general governmental services other than school purposes. The real property tax rate to finance general governmental services other than school purposes for the year ended June 30, 2015, was \$.2593 per \$100 on the assessed valuation of \$2,858,393,896. Although this tax margin would indicate significantly higher potential tax revenues, the City is subject to a recall petition if it levies a tax rate that will produce revenue 4% greater, exclusive of revenue from net assessment growth, than would be produced by application of the tax rate that was levied in the preceding year to the preceding year's assessment. The effect of this legislation has been to limit increases in property tax revenues to minimal levels. The City's personal property and vehicle tax rates were \$.2713 and \$.3030 per \$100 of assessed value, respectively.

NOTE 3 - DEPOSITS AND INVESTMENTS

The City sponsors an external investment pool in which monies of the primary government and of legally separate entities that choose to participate are commingled and invested for the benefit of all participants. The internal portion of this fund is allocated to the City's funds participating and the external portion is accounted for in the Investment Trust Fund of the City's reporting entity. The equity position of each City fund is reported at fair value in the assets of those funds with the equity position of the external participants reflected at fair value in the Investment Trust Fund. The pool is not registered with the SEC as an investment company and is not subject to regulatory oversight. Investments are valued at the market quotation on the last business day of the fiscal year. Market quotations are obtained from brokers or available published services. Investment income is allocated to participants based on the participant's average cash balance. Immaterial accounts do not receive investment income. Participants with negative cash balances are not charged interest. Participants' shares sold and redeemed are determined using specific identification of the participant's cost basis in the investment pool. The City does not issue a separate report for the pool.

The City has neither provided nor obtained any legally binding guarantees during the period to support the value of shares. The pool includes no involuntary participants. The investments held by the pool at June 30, 2015, consist of the following major investment classifications:

	<u>Fair Value</u>	<u>Number of Shares</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>
Government obligations	\$ 4,302,907	4,391,075	2.62-4.04%	11/16-9/17
Certificates of deposit	5,000,000	5,000,000	2.47%	10/15
Cash and cash equivalents	59,117,940	59,117,940		
Totals	<u>\$ 68,420,847</u>	<u>68,509,015</u>		

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

The following condensed statements of net position and changes in net position for the year ended June 30, 2015, are presented for the pool as a whole:

Statement of Net Position

Assets:	
Investments at fair value	\$ 4,302,907
Certificates of deposit	5,000,000
Cash and cash equivalents	59,117,940
Total Assets	<u><u>\$ 68,420,847</u></u>
Net Position:	
Held in trust for external pool participants:	
Component unit	\$ 16,117,480
Fiduciary:	
Pension Trust Funds	2,529,238
Agency Funds	167,576
Other external participants	8,347,347
Held in trust for internal pool participants	<u>41,259,206</u>
Total Net Position	<u><u>\$ 68,420,847</u></u>
Net position consist of:	
Participants' units outstanding (\$1 par)	<u><u>68,509,015</u></u>

Statement of Changes in Net Position

Revenues:	
Interest income	\$ 996,968
Net change in fair value	<u>(362,752)</u>
Total Revenues	<u>634,216</u>
Share transactions at net position value of \$1 per share:	
Purchase of units	143,707,469
Redemption of units	<u>(137,847,286)</u>
Net decrease in net position and shares resulting from share transactions	<u>5,860,183</u>
Total Decrease in Net Position	<u>6,494,399</u>
Net Position:	
Beginning of period	61,926,448
End of period	<u><u>\$ 68,420,847</u></u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

Interest Rate Risk

To limit exposure to fair value losses resulting from an increase in interest rates, the City manages term to maturity for its investments.

Credit Risk

The City's investment policy limits investments to obligations of the U.S., its agencies and instrumentalities, obligations backed by the full faith and credit of the U.S. or a U.S. government agency, obligations of any corporation of the U.S. government, certificates of deposit issued by FDIC insured or similarly collateralized institutions, and bonds and securities of states, local governments, or related agencies in the U.S. rated in one of the three highest categories by a nationally recognized rating agency.

With the exception of fully insured or fully collateralized investments, authorized investment pools, no more than twenty-five percent of the City's total investment portfolio shall be invested in a single security type or with a single financial institution. Unless matched to a specific cash flow need, no more than fifty percent of the funds shall be invested in securities maturing more than ten years from the date of purchase.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. All of the City's investments in government instrumentalities were purchased by the City and held by the counterparty on the City's behalf; therefore, these investments are not subject to custodial credit risk. The City's investments in government obligations were rated AA+ by Standard & Poor's Ratings Services, and Aaa by Moody's Investor Services, Inc. It is the City's policy that all cash and investments maintained in any financial institution named as a depository be collateralized. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be 110% of the market value of principal, plus accrued interest. Collateral shall always be held by an independent third-party custodian with whom the City has a current custodial agreement.

At June 30, 2015, the reported amount of the City's pooled and non-pooled bank deposits was \$64,326,356. Of the bank balance, \$250,000 was covered by federal depository insurance and \$68,392,548 was the value of collateral held in the pledging bank's trust department in the City's name.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

As of June 30, 2015, the City had the following investments in the investment pool:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
Federal Home Loan Mortgage Corporation Obligations	\$ 1,063,432	1.97
Federal Farm Credit Bank Obligations	2,179,094	6.25
Tennessee Valley Authority	1,060,381	0.62
Certificates of Deposit	<u>5,000,000</u>	2.13
Total investments and weighted average maturity	<u>\$ 9,302,907</u>	10.97

Primary Government

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits and investments:		
Non-pooled:		
Cash and cash equivalents	<u>\$ 78,104</u>	\$ 78,104
Fiduciary cash equivalents		130,312
Fiduciary investments		<u>2,888,967</u>
		<u>\$ 3,097,383</u>
Pooled:		
Cash and cash equivalents		59,117,940
Certificates of deposit		5,000,000
Government obligations		<u>4,302,907</u>
Total deposits and investments		<u>71,518,230</u>
Less:		
External participants' equity in pool:		
Component unit		\$ (16,117,480)
Other external participants - Investment Trust Fund		(8,347,347)
Fiduciary:		
Cash equivalents		(130,312)
Investments		(2,888,967)
Equity in pool:		
Pension Trust Funds		(2,529,238)
Agency Funds		<u>(167,576)</u>
Total deposits and investments - primary government		<u>\$ 41,337,310</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

Statement of Net Position Accounts:

Equity in pooled deposits and investments	\$ 41,259,206
Cash and cash equivalents:	
In segregated accounts	77,597
With escrow agents	507
	78,104
Total deposits and investments - primary government	\$ 41,337,310

Component Units

	<u>Carrying Amount</u>
Deposits:	
Cash and cash equivalents	\$ 117,289,290
Investments:	
Equity in pooled deposits and investments	16,117,480
Government agency obligations	20,462,583
Repurchase agreements	8,900,000
Total investments	45,480,063
Total deposits and investments - component units	\$ 162,769,353

Balance Sheet Accounts:

Equity in pooled deposits and investments	\$ 16,117,480
Cash and cash equivalents	45,444,817
Investments	499,620
	\$ 62,061,917
Restricted assets:	
Cash and cash equivalents	71,844,473
Investments	28,862,963
Other restricted assets	7,527,084
	108,234,520
Less other restricted assets	(7,527,084)
Total deposits and investments - component units	\$ 162,769,353

NOTE 4 - RESTRICTED ASSETS

Primary Government

Certain assets of the primary government, which are restricted, consist of the following:

Debt Service Fund:

Cash with escrow agents	\$ 507
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City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 4 - RESTRICTED ASSETS, CONTINUED

Component Units

Certain assets of Owensboro Municipal Utilities as of May 31, 2015, which are restricted, consist of the following:

Electric Light and Power System:

Cash and investments	\$ 65,616,631
Investments	27,135,748
Accrued interest receivable	348,783
Fuel inventory, at cost	6,446,360
Other	728,760
	<u>\$ 100,276,282</u>

Water Works System:

Cash and equivalents	\$ 6,227,842
Investments	1,727,215
Accrued interest receivable	3,181
	<u>7,958,238</u>
Total restricted assets - component units	<u><u>\$ 108,234,520</u></u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 5 - CAPITAL ASSETS

Primary Government

Capital asset activity for the City for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 23,486,066	\$ -	\$ -	\$ 23,486,066
Construction in progress	42,872,568	9,463,655	(4,916,640)	47,419,583
Total capital assets, not being depreciated	<u>66,358,634</u>	<u>9,463,655</u>	<u>(4,916,640)</u>	<u>70,905,649</u>
Capital assets, being depreciated:				
Land improvements/infrastructure	159,697,873	4,128,515	-	163,826,388
Buildings	44,933,345	1,059,709	-	45,993,054
Vehicles	10,816,306	1,496,173	(932,352)	11,380,127
Machinery and equipment	7,614,312	450,566	(491,178)	7,573,700
Software	70,299	12,000	-	82,299
Total capital assets, being depreciated	<u>223,132,135</u>	<u>7,146,963</u>	<u>(1,423,530)</u>	<u>228,855,568</u>
Less accumulated depreciation for:				
Land improvements/infrastructure	(51,880,520)	(7,669,421)	-	(59,549,941)
Buildings	(24,266,021)	(1,601,219)	-	(25,867,240)
Vehicles	(8,460,932)	(903,942)	822,786	(8,542,088)
Machinery and equipment	(4,930,790)	(756,017)	460,364	(5,226,443)
Software	(14,059)	(15,460)	-	(29,519)
Total accumulated depreciation	<u>(89,552,322)</u>	<u>(10,946,059)</u>	<u>1,283,150</u>	<u>(99,215,231)</u>
Total capital assets, being depreciated, net	<u>133,579,813</u>	<u>(3,799,096)</u>	<u>(140,380)</u>	<u>129,640,337</u>
Governmental activities, capital assets, net	<u>\$ 199,938,447</u>	<u>\$ 5,664,559</u>	<u>\$ (5,057,020)</u>	<u>\$ 200,545,986</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 118,739	\$ -	\$ -	\$ 118,739
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>118,739</u>	<u>-</u>	<u>-</u>	<u>118,739</u>
Capital assets, being depreciated:				
Land improvements	833,287	-	-	833,287
Buildings	2,005,621	-	-	2,005,621
Vehicles	7,192,529	483,081	(394,166)	7,281,444
Machinery and equipment	1,421,011	-	(12,048)	1,408,963
Total capital assets, being depreciated	<u>11,452,448</u>	<u>483,081</u>	<u>(406,214)</u>	<u>11,529,315</u>
Less accumulated depreciation for:				
Land improvements	(583,578)	(15,341)	-	(598,919)
Buildings	(1,583,904)	(42,317)	-	(1,626,221)
Vehicles	(4,085,699)	(902,323)	366,011	(4,622,011)
Machinery and equipment	(1,031,290)	(230,273)	12,048	(1,249,515)
Total accumulated depreciation	<u>(7,284,471)</u>	<u>(1,190,254)</u>	<u>378,059</u>	<u>(8,096,666)</u>
Total capital assets, being depreciated, net	<u>4,167,977</u>	<u>(707,173)</u>	<u>(28,155)</u>	<u>3,432,649</u>
Business-type activities, capital assets, net	<u>\$ 4,286,716</u>	<u>\$ (707,173)</u>	<u>\$ (28,155)</u>	<u>\$ 3,551,388</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 5 - CAPITAL ASSETS, CONTINUED

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

Governmental activities:	
General government	\$ 2,620,276
Public safety	415,236
Public works	2,040,390
Community and cultural	5,870,157
Total depreciation expense, governmental activities	<u>\$ 10,946,059</u>
Business-type activities:	
Sanitation	\$ 666,312
Transit	395,839
Downtown maintenance and operations	65,806
Recreation	46,024
Geographic information system	16,273
Total depreciation expense, business-type activities	<u>\$ 1,190,254</u>

Component Units

Capital asset activity for Owensboro Municipal Utilities for the year ended May 31, 2015, was as follows:

	Balance May 31, 2014	Increases	Decreases	Balance May 31, 2015
Electric Light and Power System:				
Capital assets, not being depreciated:				
Construction in progress	\$ 8,010,168	\$ (368,776)	\$ -	\$ 7,641,392
Capital assets, being depreciated:				
Utility plant	439,730,179	10,950,808	(3,817,413)	446,863,574
Less accumulated depreciation	(256,630,777)	(14,466,717)	3,623,338	(267,474,156)
Total capital assets, being depreciated, net	<u>183,099,402</u>	<u>(3,515,909)</u>	<u>(194,075)</u>	<u>179,389,418</u>
Electric Light and Power System capital assets, net	<u>\$ 191,109,570</u>	<u>\$ (3,884,685)</u>	<u>\$ (194,075)</u>	<u>\$ 187,030,810</u>
Water Works System:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,236,406	\$ 2,082,356	\$ -	\$ 3,318,762
Capital assets, being depreciated:				
Utility plant	76,651,140	1,452,106	(24,440)	78,078,806
Less accumulated depreciation	(33,063,213)	(2,513,290)	(24,221)	(35,552,282)
Total capital assets, being depreciated, net	<u>43,587,927</u>	<u>(1,061,184)</u>	<u>(48,661)</u>	<u>42,526,524</u>
Water Works System capital assets, net	<u>\$ 44,824,333</u>	<u>\$ 1,021,172</u>	<u>\$ (48,661)</u>	<u>\$ 45,845,286</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 5 - CAPITAL ASSETS, CONTINUED

Capital asset activity for Owensboro Riverport Authority for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not being depreciated:				
Land and land improvements	\$ 4,030,245	\$ 124	\$ -	\$ 4,030,369
Construction in progress	4,687,885	12,586,752	(7,675,888)	9,598,749
Total capital assets, not being depreciated	<u>8,718,130</u>	<u>12,586,876</u>	<u>(7,675,888)</u>	<u>13,629,118</u>
Capital assets, being depreciated:				
Port facilities	22,850,751	11,014,292	(141,940)	33,723,103
Machinery and equipment	6,887,156	854,321	(165,919)	7,575,558
Office furniture and equipment	970,403	46,034	-	1,016,437
Property on operating leases	3,798,977	13,250	-	3,812,227
Total capital assets, being depreciated	<u>34,507,287</u>	<u>11,927,897</u>	<u>(307,859)</u>	<u>46,127,325</u>
Less accumulated depreciation	(16,871,234)	(1,609,276)	216,629	(18,263,881)
Total capital assets, being depreciated, net	<u>17,636,053</u>	<u>10,318,621</u>	<u>(91,230)</u>	<u>27,863,444</u>
Owensboro Riverport Authority capital assets, net	<u>\$ 26,354,183</u>	<u>\$ 22,905,497</u>	<u>\$ (7,767,118)</u>	<u>\$ 41,492,562</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES

Primary Government

Long-term liability activity for the City for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<u>Governmental activities:</u>					
<u>Bonds and loans payable:</u>					
General obligation bonds:					
Series 2003A	\$ 885,000	\$ -	\$ (280,000)	\$ 605,000	\$ 295,000
Series 2006	2,810,000	-	(190,000)	2,620,000	195,000
Series 2006 Refunding	300,000	-	(300,000)	-	-
Series 2008	2,095,000	-	(115,000)	1,980,000	115,000
Series 2010	4,840,000	-	(200,000)	4,640,000	205,000
Series 2011	19,270,000	-	(420,000)	18,850,000	435,000
Series 2011	2,605,000	-	(115,000)	2,490,000	435,000
Series 2012A Refunding	1,715,000	-	(200,000)	1,515,000	205,000
Series 2012B	38,645,000	-	(905,000)	37,740,000	920,000
Series 2012C Refunding	2,495,000	-	(285,000)	2,210,000	295,000
Series 2013A	20,070,000	-	(445,000)	19,625,000	460,000
Series 2013B	8,845,897	-	(392,770)	8,453,127	395,529
Series 2013C	6,095,000	-	(260,000)	5,835,000	265,000
Series 2014	4,465,000	-	(220,000)	4,245,000	210,000
<u>Notes payable:</u>					
KIA A07-04	19,514,814	2,830,311	(464,430)	21,880,695	941,301
Notes payable #18	225,000	-	(40,000)	185,000	40,000
Notes payable #26	21,200	-	(4,300)	16,900	4,300
	<u>\$ 134,896,911</u>	<u>\$ 2,830,311</u>	<u>\$ (4,836,500)</u>	<u>\$ 132,890,722</u>	<u>\$ 5,416,130</u>
<u>Less deferred amounts:</u>					
For issuance premiums	\$ 228,901	\$ -	\$ (4,751)	\$ 224,150	\$ -
For issuance discounts	(827,414)	-	30,255	(797,159)	-
Total bonds and loans payable	134,298,398	2,830,311	(4,810,996)	132,317,713	5,416,130
Compensated absences	3,598,167	364,615	(210,262)	3,752,520	213,183
Total governmental	<u>\$ 137,896,565</u>	<u>\$ 3,194,926</u>	<u>\$ (5,021,258)</u>	<u>\$ 136,070,233</u>	<u>\$ 5,629,313</u>
<u>Business-type activities:</u>					
<u>Bonds payable:</u>					
General obligation bonds:					
Series 2013B	\$ 1,554,103	\$ -	\$ (67,230)	\$ 1,486,873	\$ 69,471
Compensated absences	464,768	248,782	(255,156)	458,394	9,398
Total business-type	<u>\$ 2,018,871</u>	<u>\$ 248,782</u>	<u>\$ (322,386)</u>	<u>\$ 1,945,267</u>	<u>\$ 78,869</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. For governmental activities, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the respective enterprise fund.

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Long-term debt of the City at June 30, 2015, consisted of the following:

Series 2003A General Obligation Bonds: 2.00% - 4.375% with principal due annually and interest due semi-annually through June 2017	\$ 605,000
Series 2006 General Obligation Bonds: 3.75% with principal due annually and interest due semi-annually through March 2026	2,620,000
Series 2006 Refunding General Obligation Bonds: 3.50% - 3.85% with principal due annually and interest due semi-annually through June 2015	-
Series 2008 General Obligation Bonds: 2.20% - 3.50% with principal due annually and interest due semi-annually through July 2028	1,980,000
Series 2010 General Obligation Bonds: 2.00% - 5.875% with principal due annually and interest due semi-annually through December 2030	4,640,000
Series 2011 General Obligation Bonds: 3.00% - 5.00% with principal due annually and interest due semi-annually through April 2041	18,850,000
Series 2011 General Obligation Bonds: .08% - 5.00% with principal due annually and interest due semi-annually through June 2031	2,490,000
Series 2012A General Obligation Refunding Bonds: 1.00% - 2.75% with principal due annually and interest due semi-annually through February 2022	1,515,000
Series 2012B General Obligation Bonds: 2.00% - 4.00% with principal due annually and interest due semi-annually through June 2042	37,740,000
Series 2012C General Obligation Refunding Bonds: 2.00% - 2.50% with principal due annually and interest due semi-annually through September 2021	2,210,000
Series 2013A General Obligation Bonds: 2.00% - 5.00% with principal due annually and interest due semi-annually through May 2043	19,625,000
Series 2013B General Obligation Bonds: 1.55% - 3.125% with principal due annually and interest due semi-annually through May 2033	9,940,000

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Series 2013C General Obligation Bonds: 2.00% -3.75% with principal due annually and interest due semi-annually through May 2033	\$ 5,835,000
Series 2014 General Obligation Refunding Bonds: 2.00% - 3.25% with principal due annually and interest due semi-annually through October 2029	4,245,000
Kentucky Infrastructure Authority Federally Assisted Wastewater Revolving Loan A07-04: 1% with semi-annual interest only until final closing, thereafter, due in semi-annual principal and interest payments for a period not to exceed twenty years	21,880,695
Note payable, interest at 3.36% in excess of the 30-day LIBOR Rate, currently 3.61%, with principal due annually and interest due monthly through January 2019	185,000
Note payable, interest at 3.36% in excess of the 30-day LIBOR Rate, currently 3.61%, with principal due annually and interest due monthly through January 2019	<u>16,900</u>
	<u>\$ 134,377,595</u>
Debt is recorded in the following activities:	
Governmental	\$ 132,890,722
Business-type	<u>1,486,873</u>
	<u>\$ 134,377,595</u>

The notes payable were issued to provide funds for 1) the acquisition of the Airport property and improvements thereto, 2) improvements at Hillcrest Golf Course and Morris Park, and 3) symphony building renovations. The Airport bonds are secured by the acquired Airport property and are subject to optional redemption.

The City obtains loans and issues general obligation bonds primarily to provide funds for the acquisition and construction of various public projects in the City, except as follows: (1) proceeds from the Series 2003A General Obligation Bonds were used to fund past service cost for the County Employees Retirement System and (2) proceeds from the Series 2006 General Obligation Bonds were used to reduce the unfunded accrued actuarial liability in the Police and Firefighters' Retirement Fund. General Obligation Bonds are direct obligations and are secured by the full faith and credit of the government. Certain of the issues are subject to optional redemption prior to maturity.

In prior years, the City defeased certain general obligation and other 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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

On April 30, 2014, the City issued General Obligation Refunding Bonds Series 2014 in the amount of \$4,465,000 to refund the Series 2009 Taxable Build America Bonds, and to pay costs associated with the issue of the bonds. The interest rates on the Series 2014 bonds range from 2.00% to 3.25% and the bonds mature on April 1, 2030. Debt service payments ranges from \$327,886 to \$386,175. The economic gain on this refunding was \$226,423. The refunding resulted in a cash savings to the City of \$285,858.

Annual debt service requirements for governmental and business-type long-term debt (excluding compensated absences) are as follows:

Year Ending June 30:	Principal	Interest	Total
2016	\$ 5,170,601	\$ 4,155,256	\$ 9,325,857
2017	5,300,038	4,035,753	9,335,791
2018	5,109,569	3,927,003	9,036,572
2019	5,208,896	3,828,068	9,036,964
2020	5,274,619	3,710,761	8,985,380
2021-2025	26,857,388	16,400,650	43,258,038
2026-2030	28,200,512	12,234,341	40,434,853
2031-2035	24,846,837	7,873,388	32,720,225
2036-2040	19,959,134	4,090,219	24,049,353
2041-2045	8,450,000	529,627	8,979,627
	<u>\$ 134,377,595</u>	<u>\$ 60,785,066</u>	<u>\$ 195,162,661</u>

Component Units

Owensboro Municipal Utilities Electric Light and Power System

Long-term debt activity for the year ended May 31, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
Series of 1991-B	\$ 47,730,312	\$ 3,374,931	\$ -	\$ 51,105,243	\$ -
Series of 2002-A	18,375,000	-	(2,610,000)	15,765,000	2,780,000
Series of 2010-A	10,070,000	-	-	10,070,000	-
Series of 2010-B	31,425,000	-	-	31,425,000	-
Series of 2010-C	8,935,000	-	-	8,935,000	-
Series of 2013-A	8,875,000	-	-	8,875,000	-
Series of 2013-B	77,100,000	-	-	77,100,000	-
	202,510,312	3,374,931	(2,610,000)	203,275,243	2,780,000
Add unamortized debt premium (discount)	3,884,455	-	(356,794)	3,527,661	-
Total long-term debt	<u>\$ 206,394,767</u>	<u>\$ 3,374,931</u>	<u>\$ (2,966,794)</u>	<u>\$ 206,802,904</u>	<u>\$ 2,780,000</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Bonds payable on May 31 consist of the following Electric Light and Power Revenue Bonds:

Series of 1991-B:		
Deferred interest bonds including interest compounded semi-annually at 6.70% to 6.95%, principal and interest due from 2017 to 2020 (original principal of outstanding bonds at May 31, 2015, was \$10,269,998)	\$	51,105,243
Series of 2002-A:		
6.34%, due 2020, subject to annual pro rata sinking fund redemption from 2016 to 2020		15,765,000
Series of 2010-A:		
Current interest bonds, 4.88% to 5.03%, due from 2021 to 2022		10,070,000
Series of 2010-B:		
Current interest bonds, 4.88% to 5.58%, due from 2021 to 2025		31,425,000
Series of 2010-C:		
Current interest bonds, 5.00%, due from 2021 to 2022		8,935,000
Series of 2013-A:		
Current interest bonds, 3.40% to 3.65%, due from 2021 to 2022		8,875,000
Series of 2013-B:		
Current interest bonds, 3.00% to 5.00%, due from 2022 to 2027		<u>77,100,000</u>
Total long-term debt	\$	203,275,243
Less current maturities		(2,780,000)
Add unamortized debt premium (discount)		<u>3,527,661</u>
Long-term portion	\$	<u><u>204,022,904</u></u>

Sinking fund requirements and scheduled aggregate maturities of long-term debt are as follows:

<u>Year Ending May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,780,000	\$ 7,398,982	\$ 10,178,982
2017	18,680,000	7,222,730	25,902,730
2018	18,865,000	7,035,383	25,900,383
2019	19,065,000	6,836,307	25,901,307
2020-2024	98,730,000	26,959,435	125,689,435
2025-2029	56,950,000	4,584,779	61,534,779
	<u>\$ 215,070,000</u>	<u>\$ 60,037,616</u>	<u>\$ 275,107,616</u>

The scheduled principal maturities include \$11,794,757 of interest scheduled to be incurred in future years on deferred interest bonds, which will be compounded and added to the original principal amounts.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

The Electric System is subject to certain debt covenants, compliance with which is required by ordinances authorizing its bond issues. Such ordinances require revenue to be first applied to the Sinking Fund, second to Operation and Maintenance Fund, third to the Additions and Replacements Fund, fourth to the Depreciation Fund, fifth to the Reserve and Contingency Fund, and finally to the Facilities Charge Fund.

On December 6, 1991, the City issued \$62,474,359 of Electric Light and Power System Revenue Bonds, 1991-B series. These deferred interest bonds bear interest at rates ranging from 6.7% to 6.95% which, when compounded semi-annually and added to the original principal amount, will result in compounded amounts at scheduled maturities in 2005 to 2020 of \$25,000 per bond.

The 1991-B Bonds were issued to provide construction funds for certain pollution control facilities and equipment, solid waste disposal facilities and equipment, and related purposes. The 1991-B series is not subject to redemption prior to maturity.

On February 27, 2002, the City issued \$34,905,000 of Electric Light and Power System Revenue Bonds, Taxable 2002-A Series and \$12,205,000 of Electric Light and Power System Revenue Bonds, Tax-Exempt 2002-B Series, each dated February 1, 2002. The 2002-A and B Bonds were issued to provide construction funds for certain pollution control facilities and equipment.

The 2002-A series is subject to scheduled redemption prior to maturity based upon annual pro rata sinking fund redemptions. In addition, the 2002-A series is subject to early redemption, in whole or in part, at any time, at terms specified in the 2002 Official Statement. Certain 2002-B series bonds totaling \$3,230,000 due January 1, 2020, are subject to scheduled redemption beginning in 2018 based upon annual pro rata sinking fund redemptions. The 2002-B series is also subject to early redemption in whole or in part on any date on or after January 1, 2009, at redemption prices (expressed as a percentage or principal amount) of 101% for 2009, 100 1/2% for 2010, and 100% thereafter, plus accrued interest to redemption date.

On November 18, 2010, the City issued \$10,070,000 of Electric Light and Power System Revenue Bonds, Taxable 2010-A Series, \$31,425,000 of Electric Light and Power System Revenue Bonds, Taxable 2010-B Series (Build America Bonds) and \$8,935,000 of Electric Light and Power System Refunding Revenue Bonds, Tax-Exempt 2010-C Series, each dated November 4, 2010. The 2010 Bonds were issued to fund various capital improvement expenditures for the Electric System and to refund the 2002-B series bonds. The in-substance defeasance of the 2002-B Bonds was accomplished by placing approximately \$9,275,976 in proceeds from the 2010-C Bonds and \$170,826 in funds from the 2002-B Bond Sinking Fund in an irrevocable escrow fund to be used solely for satisfying scheduled debt service payments of the 2002-B Bonds. Accordingly, the 2002-B Bonds in the amount of \$9,230,000, net of unamortized discount and issuance costs of \$123,543 and accrued interest payable of \$164,248, were extinguished resulting in the accounting recognition of a loss from defeasance of \$175,097, reported in the accompanying financial statements as a reduction of long-term debt. The City advance refunded the 2002-B bonds to extend the repayment period of the bond, reduce its near term annual debt payments and reduce the effective rate on the debt. The advance refunding resulted in and economic gain (difference between the present value of the debt service payment on the old and new debt) of \$558,382.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

The 2010-B Series bonds (Build America Bonds-Direct Payment) were issued in connection with the American Recovery and Reinvestment Act of 2009 (Act). Under the Act, state and local governments were authorized to issue taxable bonds to finance capital expenditures for which they could otherwise issue tax-exempt bonds, and receive from the IRS a direct interest subsidy totaling 35% of the total coupon interest paid to investors. Interest subsidy received for fiscal year 2015 was \$540,256. Remaining interest subsidies scheduled through maturity of the bonds, before budget sequestration reductions, are as follows:

<u>Year Ending May 31:</u>	
2016	\$ 578,846
2017	578,846
2018	578,846
2019	578,846
2020	578,846
2021-2025	<u>1,950,694</u>
	<u>\$ 4,844,924</u>

The 2010-A, B and C series are subject to redemption prior to maturity, in whole or in part, on any date on or after January 1, 2020, at the redemption price (expressed as a percentage of principal amount to be redeemed) of 100%, plus accrued interest to the redemption date. Furthermore, the 2010-B series (Build America Bonds) may be subject to redemption prior to maturity in whole or in part upon the occurrence of an Extraordinary Event, as defined in the Official Statement. As discussed above, Build America Bonds involve a payment of the issuer from the United States Treasury for a portion of the interest payable on such bonds. If the associated payment from the United States Treasury is reduced or eliminated through no fault of the issuer (Extraordinary Event), the bonds will become redeemable, at the option of the issuer, at a potentially reduced redemption price, as defined in the Official Statement.

On June 25, 2013, the City issued \$8,875,000 of Electric Light and Power System Revenue Bonds, Taxable Bonds, Taxable 2013-A Series, and \$77,100,000 of Electric Light Power System Revenue Bonds, Tax-Exempt 2013-B Series, each dated June 25, 2013. The 2013 Bonds were issued to fund various capital improvement expenditures for the Electric System and to refund certain 1991-B series bonds.

The in-substance defeasance of the 1991-B Bonds was accomplished by placing \$40,325,905 in proceeds from the 2013-B Bonds and \$6,552,083 in funds from the 1991-B Bond Sinking Fund in an irrevocable escrow fund to be used solely for satisfying scheduled debt service payments of the 1991-B Bonds. Accordingly, the 1991-B Bonds in the amount of \$42,597,295, net of unamortized discount and issuance costs of \$211,974, were extinguished, resulting in the accounting recognition of a loss from defeasance of \$4,492,667, reported in the accompanying financial statements as a deferred outflow. The City advance refunded the 1991-B bonds to extend the repayment period of the bond and reduce its near term annual debt payments. The advance refunding resulted in an economic loss (difference between the present value of the debt service payment on the old and new debt) of \$2,993,589.

The 2013-A and B series are subject to redemption prior to maturity in whole or in part on any date on or after January 1, 2020, at the redemption price (expressed as a percentage of principal amount to be redeemed) of 100%, plus accrued interest to the redemption date.

All bonds are secured by a pledge of, and are payable from the gross revenues derived from, the operation of the Electric System and are secured by a statutory mortgage lien as provided and authorized by the KRS.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Owensboro Municipal Utilities Water Works System

Long-term debt activity for the year ended May 31, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
Series of 1999	\$ 1,700,000	\$ -	\$ (1,700,000)	\$ -	\$ -
Series of 2003	2,735,000	-	(2,735,000)	-	-
Series of 2009	19,160,000	-	-	19,160,000	-
Series of 2014	-	9,730,000	-	9,730,000	725,000
	<u>23,595,000</u>	<u>9,730,000</u>	<u>(4,435,000)</u>	<u>28,890,000</u>	<u>725,000</u>
Add unamortized debt premium	<u>297,389</u>	<u>95,339</u>	<u>(32,540)</u>	<u>360,188</u>	<u>-</u>
Total bonds payable	<u>\$ 23,892,389</u>	<u>\$ 9,825,339</u>	<u>\$ (4,467,540)</u>	<u>\$ 29,250,188</u>	<u>\$ 725,000</u>

Long-term debt at May 31, 2015, consists of the following Water Revenue Bonds:

Series of 1999: 4.00% to 4.75% due serially September 15, 2015 to 2017	\$ -
Series of 2003: 2.00% to 4.25% due serially September 15, 2015 to 2023	-
Series of 2009: 5.00% to 5.25% due serially September 15, 2018 to 2035	19,160,000
Series of 2014: 1.75% to 3.9% due serially September 15, 2015 to 2038	<u>9,730,000</u>
Total long-term debt	\$ 28,890,000
Less current maturities	(725,000)
Add unamortized debt premium	<u>360,188</u>
	<u>\$ 28,525,188</u>

Sinking fund requirements and scheduled aggregate maturities of long-term debt are as follows:

Year Ending May 31:	Principal	Interest	Total
2016	\$ 725,000	\$ 1,270,771	\$ 1,995,771
2017	735,000	1,257,996	1,992,996
2018	750,000	1,245,003	1,995,003
2019	770,000	1,223,021	1,993,021
2020	805,000	1,191,346	1,996,346
2021-2025	4,560,000	5,407,475	9,967,475
2026-2030	5,765,000	4,181,325	9,946,325
2031-2035	7,410,000	2,534,125	9,944,125
2036-2040	7,370,000	597,251	7,967,251
	<u>\$ 28,890,000</u>	<u>\$ 18,908,313</u>	<u>\$ 47,798,313</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

The Water System is subject to certain debt covenants, compliance with which is required by the ordinances authorizing its bond issues. Such ordinances require revenue to be first applied to the Sinking Fund, next to the Operations and Maintenance Fund and finally to the Renewal and Replacement Fund.

On January 12, 1999, the City issued \$26,410,000 of Water Revenue Refunding and Improvement Bonds, Series 1999. The 1999 Bonds were issued to refund, at a lower cost, all outstanding 1991 and 1992 series bonds and to provide funds for the cost of extensions and improvements to the Water System. The in-substance defeasance of the 1991 and 1992 bonds was accomplished by placing approximately \$23,271,892 in proceeds from the 1999 bonds and \$3,117,030 in funds from the 1991 and 1992 bonds sinking funds in an irrevocable escrow fund to be used solely for satisfying schedule debt service payments of the 1991 and 1992 bonds.

The Series 1999 Bonds maturing on and after September 15, 2009 are subject to redemption prior to maturity in whole or in part, on March 15, 2009, and on any date thereafter, at the redemption price of 100% of the principal amount redeemed, plus accrued interest to the redemption date.

On May 29, 2003, the City issued \$4,500,000 of Water Revenue Improvement Bonds, Series 2003, dated May 15, 2003. The 2003 bonds were issued to provide funds for the cost of extensions and improvements to the water system. The Series 2003 bonds maturing on or after September 15, 2013, are subject to redemption in whole or in part, on September 15, 2012, and on any date thereafter, at the redemption price of 100% of the principal amount redeemed, plus accrued interest to the redemption date.

On February 5, 2009, the City issued \$19,160,000 of Water Revenue Refunding and Improvement Bonds, Series 2009. The 2009 Bonds were issued to refund a portion of the 1999 series bonds, to fund various capital improvement expenditures for the Water System and to fully fund the Bond Reserve Account. The in-substance defeasance of the 1999 Bonds was accomplished by placing approximately \$11,803,854 in proceeds from the 2009 Bonds and \$591,666 in funds from the 1999 Bond Sinking Fund in an irrevocable escrow fund to be used solely for satisfying scheduled debt service payments of the 1999 Bonds.

Accordingly, 1999 Bonds in the amount of \$12,120,000, net of unamortized discount and issuance costs of \$181,145 and accrued interest payable of \$214,591, were extinguished, resulting in the accounting recognition of a loss from defeasance of \$242,074, reported in the accompanying financial statements as a reduction of long-term debt. The City advance refunded the 1999 bonds to extend the repayment period of the bonds and reduce its near-term annual debt payments. The advance refunding resulted in an economic loss (difference between the present value of debt service payment on the old and new debt) of \$476,174.

The Series 2009 Bonds, maturing on and after September 15, 2019, are subject to redemption prior to maturity, in whole or in part, on September 15, 2018, and on any date thereafter, at the redemption price of 100% of the principal amount redeemed, plus accrued interest to the redemption date.

On June 12, 2014, the City issued \$9,730,000 of Water Revenue and improvement Bonds, Series 2014, dated July 31, 2014. The 2014 Bonds were issued to refund all 1999 and 2003 series bonds due after September 15, 2014, and to fund various capital improvement expenditures for the Water System. The in-substance defeasance of the 1999 and 2003 Bonds was accomplished by placing \$3,835,802 in proceeds from the 2014 Bonds and \$40,700 in funds from the 1999 and 2003 Bonds sinking funds in an irrevocable escrow fund to be used solely for satisfying scheduled debt service payments of the 1999 and 2003 Bonds.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Accordingly, 1999 and 2003 Bonds in the amount of \$1,305,000 and \$2,510,000, respectively, net of unamortized discount and issuance costs of \$60,176 and accrued interest payable of \$47,483, were extinguished resulting in the accounting recognition of a loss from defeasance of \$74,195, reported in the accompanying financial statements as a deferred outflow of resources. The City advance refunded the 1999 and 2003 bonds to reduce the effective rate on the debt. the advance refunding resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$252,617.

The Series 2014 Bonds maturing on and after September 15, 2023, are subject to redemption prior to maturity in whole or in part on September 15, 2022, and on any date thereafter, at the redemption price of 100% of the principal amount redeemed, plus accrued interest to the redemption date.

All bonds are secured by a pledge of, and are payable from the gross revenues derived from, the operation of the Water System and are secured by the statutory mortgage lien as provided and authorized by the KRS.

The difference between the reacquisition price and the net carrying amount of defeased bond issues has been deferred and is being amortized using the straight-line method over the lives of the refunding bond issues.

Owensboro Riverport Authority

Long-term debt and lease obligations activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Maturities
Variable rate lease obligation payable in monthly installments, until October 2016, effective rate was .17% at June 30, 2014	\$ 1,228,457	\$ -	\$ (640,953)	\$ 587,504	\$ 587,504
Tank farm lease obligation for advanced lease payments, annually ranging from \$202,125 to \$228,375, until July 1, 2025, including interest at 1.6%	2,279,651	-	(186,308)	2,093,343	194,568
Land lease obligation for monthly advanced lease payments until February 2015, adjusted annually for CPI \$13,572 as of August 1, 2014	60,807	-	(60,807)	-	-
River dock lease obligation paying monthly base rental payments of \$47,705 until February 14, 2024 bearing an interest rate of 2.75%	4,854,512	-	(444,542)	4,409,970	456,923
General obligation bonds maturing in 2025 bearing interest ranging from 3% to 3.4%. Principal payments begin in 2017.	-	24,000,000	-	24,000,000	-
	8,423,427	24,000,000	(1,332,610)	31,090,817	1,238,995
Add unamortized premium	-	47,686	-	47,686	-
Total debt	<u>\$ 8,423,427</u>	<u>\$ 24,047,686</u>	<u>\$ (1,332,610)</u>	<u>\$ 31,138,503</u>	<u>\$ 1,238,995</u>

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

In 2002, the Authority entered into a \$10,175,000 Lease Agreement with Kentucky League of Cities Funding Trust (variable rate lease obligation) to construct warehouse and storage facilities. Under the agreement, the Authority is obligated to make lease rental payments equal to the base rentals identified in the agreement, which include principal, interest, and administrative fees. The interest rate is a market driven variable rate approximating the Bond Market Association (BMA) Municipal Swap Index. The Authority has an option to prepay in full its lease rental payments under the lease at which time the lessor would transfer and convey the project to the Authority. Under the agreement, the Authority agrees to maintain net revenues not less than one and ten one hundredths (1.10) times the maximum annual debt service requirements of the leases.

In 2010, the Authority entered into an operating lease for certain property on which a new tank farm was to be constructed by the lessee. In 2011, the operating lease was modified, and the new tank farm constructed was transferred to the Authority. The Authority recorded the tank farm addition as property under operating leases at fair value or lessee's cost of \$3,337,752 and recorded an obligation under operating leases for the present value of the advanced lease payments in the amount of \$2,945,019 and the deferred gain in the amount of \$392,733, which is being amortized over the life of the lease of 15 years.

In 2014, the Authority entered into an operating lease with a local financial institution pursuant to KRS 65.940 through 65.956 "the Governmental Leasing Act" to seek financing in relation to the construction of a new river dock. Base rental payments of \$47,705 are due monthly. The interest rate is a fixed rate at 2.75% per annum. The final maturity date of this obligation is February 14, 2024. The Authority has the right to purchase the project on any purchase price date by paying to the lessor the lease payment with the purchase price. Additionally, revenues of the Authority have also been pledged for the repayment of the obligation.

In 2015, the City of Owensboro authorized the issuance of taxable obligation bonds, series 2014B on behalf of the Authority for the purpose of financing an economic development project to be owned and operated by the Authority. the economic development project related to an agreement between the Authority and a third party dated November 17, 2014. Under this agreement, the Authority agreed to construct a tolling facility using the Authority's funds and to be later reimbursed by the third party for the "capital costs" not to exceed \$24,000,000. The agreement also included that the Authority would provide services to the third party relating to the tolling facility through December 31, 2028 with an option to renew three additional years.

Scheduled aggregate maturities of lease obligations are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>
2016	\$ 1,238,995
2017	667,357
2018	3,038,630
2019	3,130,318
2020	3,217,432
Thereafter	19,798,085
	<u>\$ 31,090,817</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 - CITY FUNDED RETIREMENT PLANS

The City of Owensboro maintains two pension plans which are funded and administered by the City: the City Employees' Pension Fund (CEPF) and the Police and Firefighters' Retirement Fund (PFRF). The City also participates in the state-wide County Employees' Retirement System (CERS).

Plan Descriptions:

City Employees' Pension Fund (CEPF)

Participants of the CEPF were full-time Civil Service employees of the City (except for police and firefighters) and OMU as of October 6, 1986, who elected to remain in the CEPF rather than enter the CERS. Employees hired after October 6, 1986, are required to participate in the CERS. No active employees remain in the CEPF. A single-employer, defined-benefit plan, the CEPF was created by ordinance on August 13, 1946, under KRS 90.310-90.410. Benefit provisions and contribution requirements are established under these authorities. A board of trustees consisting of the Mayor, two commissioners, and four employees administers the plan.

Police and Firefighters' Retirement Fund (PFRF)

Participants of the PFRF were full-time City police and firefighters as of August 1, 1988, who elected to remain in the PFRF rather than enter the CERS. Employees hired after August 1, 1988, are required to participate in the CERS. No active employees remain in the PFRF. A single-employer, defined-benefit plan, the PFRF was created by ordinance on March 26, 1928, under KRS 95.851-95.991. Benefit provisions and contribution requirements are established under these authorities. A board of trustees consisting of the Mayor, the Finance Director, one retired police officer, and one retired firefighter administers the plan.

The CEPF and PFRF issue publicly available financial reports that include financial statements and required supplementary information. These financial reports may be obtained from the City's Finance Director, City Hall, Owensboro, Kentucky 42303.

Benefits Provided:

CEPF provides retirement, disability, and death benefits to plan members. Employees attaining the age of 60 and who have completed 20 or more continuous years of service are entitled to monthly benefits of 50% of their average monthly earnings for the last ten years of employment. Retirement at age 70 is mandatory unless waived by the City. As of June 30, 2015, the plan had thirty-six members, none of whom were active City or OMU employees. The plan is closed to new entrants.

PFRF provides retirement, disability, and death benefits to plan members. Employees attaining the age of 50 and who have completed 20 or more years of continuous service are entitled to annual benefits of 2.5% of their average monthly earnings for each year of service up to a maximum of 75% of average monthly earnings. Early retirement at the completion of 20 years of service is permitted. As of June 30, 2015, the plan had forty-seven members, none of whom were active City employees. The plan is closed to new entrants.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 - CITY FUNDED RETIREMENT PLANS, CONTINUED

Contributions:

The City's and OMU's funding policy for CEPF is to provide for periodic employer contributions for active employees at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The required contributions are determined using an entry age normal cost actuarial funding method. The plan has no active employees. The City and OMU made no contributions to the plan for the fiscal year ended June 30, 2015.

The City's funding policy for PFRF is to provide for periodic employer contributions for active employees at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The required contributions are determined using an entry age normal cost actuarial funding method. The plan has no active employees. The City made no contributions to the plan for the fiscal year ended June 30, 2015.

NET PENSION LIABILITY/ASSET

The CEPF had a net pension asset of \$954,811 as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

The PFRF net pension liability was \$4,949,489 as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CEPF</u>	<u>PFRF</u>
Inflation rate	None	None
Investment rate of return	6.00%	5.00%

Mortality rates were based on the PR-2000 Healthy Mortality Table projected to 2015 without collar adjustment (separate tables for Male and Female lives). This assumption has been updated from that used in the 2013 valuation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study used in the June 30, 2013 valuation.

The long-term expected rate of return on pension plan investments was determined using a best estimate range of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) based on the nature of investments in the plan's mutual funds. Best estimates of arithmetic real rates of returns was 6.00% for CEPF and 5.00% for PFRF.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 - CITY FUNDED RETIREMENT PLANS, CONTINUED

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6% for the CEPF. The projection of cash flows used to determine the discount rate was based on plan income. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability was 5% for the PFRF. The projection of cash flows used to determine the discount rate was based on plan income. Based on those assumptions, the plan's fiduciary net position is not sufficient to make all projected future benefit payments of current plan members and additional funding will be necessary in order to have sufficient assets to cover all projected benefit payments. The expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset):

	<u>CEPF</u>	<u>PFRF</u>
Total Pension Liability (Asset)		
Service cost	\$ -	\$ -
Interest	146,041	348,249
Changes in benefit terms	72,434	107,953
Differences between expected and actual experience	(7,507)	(18,310)
Changes in assumptions	9,063	27,602
Benefit payments	<u>(358,624)</u>	<u>(914,051)</u>
Net change in total pension liability (asset)	(138,593)	(448,557)
Total Pension Liability (Asset) - Beginning, June 30, 2014	<u>2,620,236</u>	<u>7,419,570</u>
Total Pension Liability (Asset) - Ending, June 30, 2015 (a)	<u><u>\$ 2,481,643</u></u>	<u><u>\$ 6,971,013</u></u>
Plan Fiduciary Net Position		
Contributions - employer	\$ -	\$ -
Contributions - employee	-	-
Contributions - other	-	4,956
Net investment income	177,203	33,444
Benefit payments	(358,624)	(914,051)
Administrative expense	(33,211)	(3,465)
Other - debt service	-	<u>(311,875.00)</u>
Net change in plan fiduciary net position	(214,632)	(1,190,991)
Plan Fiduciary Net Position - Beginning, June 30, 2014	<u>3,651,086</u>	<u>3,212,515</u>
Plan Fiduciary Net Position - Ending, June 30, 2015 (b)	<u><u>\$ 3,436,454</u></u>	<u><u>\$ 2,021,524</u></u>
Net Pension Liability (Asset) (a) - (b)	<u><u>\$ (954,811)</u></u>	<u><u>\$ 4,949,489</u></u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 - CITY FUNDED RETIREMENT PLANS, CONTINUED

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate:

Sensitivity of the net pension liability (asset) was calculated using 6.00% for the CEPF, and 5.00% for the PFRF. The following represents the net pension liability of the plans using the discount rates as well as what the City's position would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City of Owensboro City Employees' net pension asset	\$ (806,014)	\$ (954,811)	\$ (1,128,420)
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
City of Owensboro Police and Firefighter's net pension liability	\$ 4,899,994	\$ 4,949,489	\$ 4,998,984

Pension Plan Fiduciary Net Position:

Detailed information about pension plans' fiduciary net position is available in the separately issued CEPF and PFRF financial reports.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended June 30, 2015, the City recognized pension expense of \$486,907, which consisted of \$(190,080) for CEPF and \$676,987 for PFRF. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:		
CEPF	\$ 74,869	\$ 259,124
PFPF	81,426	225,095
	156,295	484,219
Changes in assumptions:		
CEPF	132,473	5,198
PFPF	523,148	9,125
	655,621	14,323
Net difference between projected and actual earnings on pension plan investments:		
CEPF	52,631	224,256
PFPF	193,561	-
	246,192	224,256
Total	\$ 1,058,108	\$ 722,798

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 7 - CITY FUNDED RETIREMENT PLANS, CONTINUED

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ 113,625
2017	54,115
2018	76,261
2019	46,906
2020	44,035
Thereafter	368

NOTE 8 - CERS RETIREMENT PLANS

Plan description:

Substantially all of the City's full-time employees, as well as employees of Owensboro Municipal Utilities and Owensboro Riverport Authority, participate in the County Employees' Retirement System (CERS), a multi-employer, cost sharing, defined benefit plan administered by the Board of Trustees of Kentucky Retirement Systems. Kentucky Retirement Systems issues a publicly available financial report that includes financial statements and supplementary information for CERS. That report can be obtained at <https://kyret.ky.gov>.

Benefits provided: 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. Kentucky Revised Statute 61.645 assigns the authority to establish and amend benefit provisions to the Kentucky Retirement Systems Board of Trustees.

Contributions: Plan members participating in CERS on or before August 31, 2008, are required to contribute 5% or 8% of their annual creditable compensation for non-hazardous and hazardous employees, respectively. For plan members who began participating in CERS on or after September 1, 2008, these contribution rates are 6% and 9%, respectively. The City is required to contribute at an actuarially determined rate. As of June 30, 2015, the required contribution rates were 17.67% of annual covered payroll for non-hazardous employees and 34.31% for hazardous employees. The contribution requirements of plan members, the City, and component units are established and may be amended by the Kentucky Retirement Systems Board of Trustees. City contributions to CERS were \$1,838,600 for non-hazardous employees and \$3,283,177 for hazardous employees, for total contributions of \$5,121,777 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Inflows of Resources Related to Pensions

At June, 2015, the City reported a liability of \$36,674,000 for its proportionate share of the net pension liability, with \$14,114,000 for non-hazardous pensions and \$22,560,000 for hazardous pensions. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City's proportion was 0.435028% for non-hazardous and 1.877152% for hazardous.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

The following is a summary of the City's CERS net pension liability:

	<u>Net Pension Liability</u>
City of Owensboro:	
Non-Hazardous	\$ 14,114,000
Hazardous	<u>22,560,000</u>
Total City of Owensboro	<u>\$36,674,000</u>
Component Units:	
Owensboro Municipal Utilities:	
Electric Light and Power System	\$ 20,520,943
Water Works System	<u>4,101,776</u>
Total Owensboro Municipal Utilities	<u>\$24,622,719</u>
Owensboro Riverport Authority	<u>\$ 2,000,000</u>

For the year ended June 30, 2015, the City recognized pension expense of \$2,878,000, which consists of \$1,130,000 for hazardous pensions and \$1,748,000 for non-hazardous pensions. Owensboro Municipal Utilities recognized non-hazardous pension expense of \$1,633,317 for the Electric Light and Power System and \$325,420 for the Water Works System. Owensboro Riverport Authority recognized non-hazardous pension expense of \$160,000.

At June 30, 2015, the City reported deferred inflows and outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings on pension plan investments		
Non-Hazardous	\$ -	\$ 1,575,000
Hazardous	<u>-</u>	<u>2,219,000</u>
	<u>-</u>	<u>3,794,000</u>
City contributions subsequent to the measurement date		
Non-Hazardous	1,838,600	-
Hazardous	<u>3,283,177</u>	<u>-</u>
	<u>5,121,777</u>	<u>-</u>
Total	<u>\$ 5,121,777</u>	<u>\$ 3,794,000</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

\$5,121,777 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (948,500)
2017	(948,500)
2018	(948,500)
2019	(948,500)
Total	<u>\$ (3,794,000)</u>

Actuarial assumptions: The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary increases	4.5%, average, including inflation
Investment rate of return	7.75%, net of pension plan expense, including inflation

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward 5 years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2008.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for Kentucky Retirement Systems. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

		Long-Term Expected Real Rate of
Domestic Equity	30%	8.45%
International Equity	22%	8.85%
Emerging Market Equity	5%	10.5%
Private Equity	7%	11.25%
Real Estate	5%	7%
Core US Fixed Income	10%	5.25%
High Yield US Fixed Income	5%	7.25%
Non US Fixed Income	5%	5.5%
Commodities	5%	7.75%
TIPS	5%	5%
Cash	1%	3.25%
Total	<u>100%</u>	

Discount rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.75%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate: The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 48,085,000	\$ 36,674,000	\$ 26,831,000

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems financial report.

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 9 - LEASES

Primary Government

The City's leasing operations are as follows:

Lessor

Museum of Fine Art, Inc.

On May 21, 1997, the City entered into a lease agreement with the Museum of Fine Art, Inc., for a building known as the "Carnegie Building." The term of the lease is for ninety-nine years, for which the Museum will pay to the City an annual sum of \$1.

RiverPark Center, Inc.

On September 1, 2011, the City entered into a lease agreement with RiverPark Center, Inc. (RPC), for the property on which this performing arts center is situated. The term of the lease is for ninety-nine years, for which RPC will pay to the City an annual sum of \$1.

Owensboro-Daviess Co. Tennis Association, Inc.

On May 12, 2014, the City entered into a lease agreement with the Owensboro-Daviess County Tennis Association, Inc., for real property located at 2965 Bittel Road in Owensboro, Daviess County, Kentucky, on which an indoor tennis facility is located. The term of the lease is 20 years and will be automatically renewed for two additional terms of 5 years. The lessee shall pay to the City rent of \$6,058.57 per month for the 20-year term beginning January 1, 2015.

Future annual minimum lease payments are estimated to be as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2016	\$ 72,703
2017	72,703
2018	72,703
2019	72,703
2020	72,703
2021-2025	<u>363,514</u>
	<u><u>\$ 727,029</u></u>

The cost and carrying amount of property held under the three aforementioned leases is as follows:

Land	\$ 2,189,562
Buildings	<u>14,676,733</u>
	16,866,295
Less accumulated depreciation	<u>(11,061,476)</u>
	<u><u>\$ 5,804,819</u></u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 - LEASES, CONTINUED

Lessee

Centre for Business and Research

The City leases premises for its Centre for Business and Research, the purpose of which is to sub-lease incubator space for the start-up of new businesses in the City. Under the City's master lease, monthly rental payments are dependent upon the amount and type of space subleased, and subject to increases, if applicable, in the Consumer Price Index. Based on the existing subleases at June 30, 2015, the City's future annual minimum lease payments are estimated to be as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2016	\$ 118,680
2017	118,680
2018	118,680
2019	118,680
2020	118,680
2021-2025	593,400
	<u>\$ 1,186,800</u>

Because sublease agreements are generally for a period of one year, future annual minimum sublease payments to be received do not extend beyond fiscal year 2015. The City's rental expense and sub-lease income for the year ended June 30, 2015, total \$218,826 and \$101,219, respectively.

Component Units

Leasing arrangements of the City's component units are as follows:

Owensboro Riverport Authority

Lessor

The Authority's leasing operations consist principally of the leasing of the bulk storage warehouse, the grain loading facility, and the tank farm under various operating leases.

Investments in property on operating leases at June 30, 2015, are as follows:

Bulk storage warehouse	\$ 460,879
Tank farm	3,337,752
	<u>3,798,631</u>
Less accumulated depreciation	<u>(937,849)</u>
	<u>\$ 2,860,782</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 - LEASES, CONTINUED

Future minimum lease payments, including related profit, to be received under lease and handling agreements are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2016	\$ 1,337,935
2017	1,289,327
2018	1,183,361
2019	1,148,039
2020	1,148,039
Thereafter	<u>6,012,856</u>
	<u><u>\$ 12,119,557</u></u>

NOTE 10 - PROJECT FINANCING

Owensboro Symphony Orchestra

In April 2005, the City issued lease revenue bonds, refinanced with Note Payable in 2011, totaling \$357,000 to renovate certain property to be leased to the Owensboro Symphony Orchestra (OSO). The City and OSO then entered into a fifteen-year lease agreement wherein OSO agreed to pay to the City, as rent for the property, amounts equal to the payments of principal and interest due on the debt. The lease is an absolute net lease under which OSO pays, in addition to rent as stated above, any and all expenses related to the leased premises. The property shall become the property of OSO in fee simple absolute and the City's interest therein shall be conveyed to OSO, without cost, upon OSO's performance of all obligations under the lease.

U.S. Bank

In fiscal years 2011 and 2013, the City issued general obligation bonds totaling \$8,365,000 and \$6,350,000, respectively, to construct certain property to be leased to U.S. Bank (Bank). The City and the Bank then entered into two twenty-year lease agreements wherein the Bank agreed to pay to the City, as rent for the property, annual payments based on square footage, which may decrease in future years depending upon the number of new jobs created. Payments of principal and interest due on the debt shall be provided by the additional occupational license taxes generated from such new jobs and the annual rental payments. The leases are absolute net leases under which the Bank pays, in addition to rent as stated above, any and all expenses related to the leased premises. Upon the earlier of the end of the term or the payoff and retirement of the bond issues, and for 90 days thereafter, the Bank has the option to purchase the properties from the City for \$1. Minimum lease payments to be received under the three aforementioned lease agreements, for which lease receivable and deferred revenue have been recorded, are as follows:

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 10 - PROJECT FINANCING, CONTINUED

<u>Year ending June 30:</u>	<u>Amount</u>
2016	\$ 1,085,301
2017	1,081,261
2018	1,085,610
2019	1,083,259
2020	1,079,585
2021-2025	5,410,456
2026-2030	5,413,437
2031-2035	<u>1,941,684</u>
Net minimum lease amounts	18,180,593
Less amount representing interest	<u>(5,215,593)</u>
Present value of minimum lease payments	<u>\$ 12,965,000</u>

NOTE 11 - DEFERRED COMPENSATION PLANS

The City provides its employees the opportunity to participate in two Deferred Compensation Plans which comply with Section 457 of the Internal Revenue Code. One plan is administered by Nationwide Retirement Solutions, Inc. and the second is administered by Kentucky Public Employees' Deferred Compensation Authority. Participation in the plans is optional. The City remits amounts withheld from payroll to administrators of each plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. As of January 1, 1999, the plans were compliant with recent law changes. Accordingly, assets of the plans are held in trust under the requirements of IRC Section 457, subsection (g), for the exclusive benefit of the participants and their beneficiaries. The plans do not meet the criteria in NCGA Statement 1 for reporting as fiduciary funds.

NOTE 12 - COMPENSATED ABSENCES

Employees who retire, or whose position has been eliminated, receive payment for accumulated sick leave under one of the following options:

- 1) To receive cash payment equal to fifty (50) percent of their current salary value of accumulated sick leave.
- 2) To apply all accumulated sick leave as a credit toward years of service, included in the calculation of pension benefits, or
- 3) To elect a combination of Option 1 and Option 2

In addition, upon termination of employment (retirement or otherwise), employees are paid for accumulated vacation at their current rate of pay.

The liability for the aforementioned compensated absences is recorded as a non-current liability on the statement of net position, and benefits paid under these provisions during fiscal year 2015 totaled \$3,752,520 for governmental activities and \$458,394 for business-type activities.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 13 - INTERFUND BALANCES

Interfund balances involving governmental and fiduciary funds are reflected as intergovernmental receivables and payables. The balances result from expenditures disbursed by the Investment Trust Fund on behalf of the governmental funds, or taxes received on behalf of the agency fund.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Fiduciary Funds:		
Agency Fund:		
School District Tax Fund	\$ 24,315	\$ -
Major Governmental Funds:		
General Fund	-	24,315
Nonmajor Governmental Funds:		
Community Development Fund	-	-
Enterprise Funds:		
Transit Fund	-	-
	<u>\$ 24,315</u>	<u>\$ 24,315</u>

Receivable and payable balances involving component units at June 30, 2015, were as follows:

	<u>Receivable</u>	<u>Payable</u>
<u>Primary Government</u>		
General Fund	\$ 6,021	\$ -
Sanitation Fund	867,073	-
	<u>873,094</u>	<u>-</u>
<u>Component Units</u>		
Owensboro Municipal Utilities	-	873,094
Owensboro Riverport Authority	-	-
	<u>\$ -</u>	<u>\$ 873,094</u>

Receivables in the General Fund represent balances due from component units for dividends receivable, utilities, and computer services. Receivables in the Sanitation Fund represent balances due from the component units for sanitation services. Receivables in the GIS fund represent balances due from the component units for GIS services. Payables to Owensboro Municipal Utilities represent the balance due for utility services.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 14 - TRANSFERS

Transfer in:

Transfer out:	Major Governmental Funds				Nonmajor Governmental Funds			Enterprise Funds			Total
	General Fund	Debt Service Fund	Downtown Development & Revitalization	Your Community Vision	Capital Improvements Fund	Economic Development Fund	Facilities Maintenance Fund	Transit Fund	Geographic Information System Fund	Recreation Fund	
Major Governmental Funds:											
General Fund	\$ 1,471,585	\$ 1,537,414	\$ -	\$ -	\$ 65,000	\$ 950,000	\$ -	\$ 845,971	\$ 102,162	\$ 1,288,531	\$ 6,260,663
Your Community Vision Fund	-	1,154,550	-	-	-	-	-	-	-	-	1,154,550
Downtown Development and Revitalization Fund	-	4,603,861	-	-	-	-	-	-	-	-	4,603,861
Nonmajor Governmental Funds:											
Economic Development Fund	100,000	1,235,600	-	-	-	-	-	-	-	-	1,335,600
Riverfront Development	-	-	-	-	-	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	-	-	-	-	-	-
Internal Service Funds:											
Facilities Maintenance Fund	-	-	-	-	-	-	-	-	-	-	-
Garage Service Fund	200,000	-	-	-	-	-	-	-	-	-	200,000
Enterprise Funds:											
Downtown Maintenance and Operations Fund	-	106,217	-	-	-	-	-	-	-	-	106,217
Recreation Fund	2,314	14,309	-	-	-	-	-	-	-	-	16,623
Fiduciary Funds:											
Police and Firefighters' Retirement Fund	-	311,875	-	-	-	-	-	-	-	-	311,875
	\$ 1,773,899	\$ 8,963,826	\$ -	\$ -	\$ 65,000	\$ 950,000	\$ -	\$ 845,971	\$ 102,162	\$ 1,288,531	\$ 13,989,389

NOTE 1:

Transfers are used to:

- (a) move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them.
- (b) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and
- (c) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 2:

The General Fund transfer represents the City's support of the combined city-county dispatch operations. This activity is accounted for in a separate fund which is reported within the General Fund in the financial statements. The City and County contribute 71% and 29%, respectively, to fund the dispatch operations.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 15 - FUND BALANCE CLASSIFICATIONS

The composition of the fund balance classifications at June 30, 2015 are as follows:

	Major Governmental Funds							Total Governmental Funds
	General Fund	Your Community Vision Fund	Downtown Development and Revitalization Fund	Debt Service Fund	Capital Improvements Fund	Nonmajor Governmental Funds		
Fund balances:								
Nonspendable:								
Inventory	\$ 41,185	-	-	-	-	-	-	\$ 41,185
	<u>41,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,185</u>
Restricted for:								
Debt service	-	1,585,509	4,204,230	507	-	-	-	5,790,246
Downtown development	-	-	633,662	-	-	-	-	633,662
Police services	-	-	-	-	-	477,137	-	477,137
Capital projects	-	1,663,815	-	-	8,253,776	-	-	9,917,591
Parks and wellness	-	-	-	-	-	3,129	-	3,129
	<u>-</u>	<u>3,249,324</u>	<u>4,837,892</u>	<u>507</u>	<u>8,253,776</u>	<u>480,266</u>	<u>-</u>	<u>16,821,765</u>
Committed:								
Public safety	411,815	-	-	-	-	-	-	411,815
Parks	-	-	-	-	-	54,035	-	54,035
Stormwater maintenance and capital project	-	1,278,157	-	-	-	-	-	1,278,157
Economic development	-	-	-	-	-	2,223,530	-	2,223,530
	<u>411,815</u>	<u>1,278,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,277,565</u>	<u>-</u>	<u>3,967,537</u>
Assigned	-	-	-	-	-	-	-	-
Unassigned	<u>9,765,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,765,411</u>
Total fund balances	<u>\$ 10,218,411</u>	<u>\$ 4,527,481</u>	<u>\$ 4,837,892</u>	<u>\$ 507</u>	<u>\$ 8,253,776</u>	<u>\$ 2,757,831</u>	<u>\$ -</u>	<u>\$ 30,595,898</u>

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 16 - RISK MANAGEMENT

Primary Government

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. Beginning in July 1994, the City established an Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Insurance Fund provides coverage for up to a maximum of \$250,000 through December 31, 2004, and \$300,000 thereafter for each workers' compensation claim, up to a maximum of \$2,000,000 per policy year; and \$100,000 for each health insurance claim per insured. The City purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Insurance Fund based on historical cost information of the amounts needed to pay prior and current year claims. The claims liability of \$975,911 reported in the Insurance Fund at June 30, 2015, is due within one year, and is based on the requirements of Governmental Accounting Standards Board Statement No. 10, as amended by Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims & Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Fiscal Year Liability</u>
2015	\$ 793,342	\$ 6,015,643	\$ (5,833,074)	\$ 975,911
2014	\$ 908,107	\$ 4,124,061	\$ (4,238,826)	\$ 793,342
2013	\$ 737,549	\$ 4,138,982	\$ (3,968,424)	\$ 908,107

Component Units

Owensboro Municipal Utilities 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. OMU manages its risks through coverages provided by private insurance carriers for various risks of losses to which it is exposed, including directors and officers, employee dishonesty, boiler and machinery, workers' compensation, and other property risks. The boiler and machinery policy contains a deductible of \$500,000 and excludes acts of terrorism from its coverage. OMU is self-insured for group health insurance and limits its risks of loss by purchasing reinsurance coverage.

The Owensboro Riverport Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Authority purchases commercial insurance for the risks of losses to which it is exposed.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 17 - TRANSFERS - COMPONENT UNITS

Transfers made to the City from component units for the year ended June 30, 2015 were:

	<u>Riverport</u>	<u>OMU</u>	<u>Total</u>
Dividends	\$ 500,000	\$ 6,474,384	\$ 6,974,384
In Lieu of Tax	-	2,235,575	2,235,575
	<u>\$ 500,000</u>	<u>\$ 8,709,959</u>	<u>\$ 9,209,959</u>

Owensboro Municipal Utilities

The City Utility Commission may withdraw and transfer to the General Fund an amount of excess cash, as determined under the terms and restrictions of Ordinance 72-63 of the City.

The Ordinance calls for the transfer to the City of a sum equal to the dollar value of services purchased by the City from the Electric Light and Power System in the fiscal year, not to exceed \$700,000 for the fiscal year ended June 30, 1985, and thereafter increasing at a compound rate of 5% per annum. Transfers to the City under this ordinance and agreement were \$8,527,030 for the year ended May 31, 2015.

The Water Works System transfers to the General Fund each year a sum equal to the dollar value of service purchased by the City from the Water Works System. Transfers to the General Fund under this ordinance were \$169,469 for the year ended May 31, 2015.

Owensboro Riverport Authority

The Authority made transfers to the General Fund in the amount of \$500,000 for 2015.

NOTE 18 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL STATEMENTS

The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of those instruments. Investments are stated at their fair value obtained from market quotations from published sources on the last business day of the fiscal year.

NOTE 19 - CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

At June 30, 2015, one of these bond issues was outstanding with principal balances totaling \$227,500.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 20 - INVESTMENT IN JOINT VENTURE

The City of Owensboro and Daviess County Fiscal Court jointly maintain equity interest in the Owensboro-Daviess County Regional Airport. A Board of Directors oversees the operations of the Airport. The Board is comprised of ten members, five of which are appointed by the City Mayor and County Judge Executive for a term of four years.

The Board is primarily autonomous in its operation. The City does not exercise any control over the Board in its budgetary or financial affairs. If the Airport were to cease operation, its properties would be distributed to the City and County in direct proportion to their cumulative contributed grants. This proportion is approximately 50% each at June 30, 2015.

The City's equity interest in the Owensboro-Daviess County Regional Airport at June 30, 2015, was \$14,817,657 and is reported as an investment in joint venture in the statement of net position. Because the City's participation in the joint venture is for investment purposes, the increase in this investment of \$638,194 for the year ended June 30, 2015, is reported as general revenue in the statement of activities.

Audited financial statements for the Airport may be obtained from the City's Finance Director.

NOTE 21 - DEFICIT FUND EQUITY

The Downtown Maintenance and Operations Fund had a deficit net position of \$(324,592) as of June 30, 2015. The fund incurred debt for startup-related expenditures. The City expects and plans to pay for the related debt service with the current cash balance and future revenues coming into the fund. If the cash balance and future revenues aren't adequate to pay the debt service, the City plans to transfer required funds from the General Fund.

NOTE 22 - COMMITMENTS AND CONTINGENCIES

Primary Government

Under the terms of other federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits lead to reimbursement of the grant monies to the granting agencies. City management believes that disallowances, if any, will be immaterial.

On August 7, 2012, the City passed an ordinance to authorize the Mayor to enter into an agreement with the International Bluegrass Museum, Inc. (IBMM), whereby the City would provide a cash match of up to \$3,000,000 for the purpose of creating a new bluegrass venue on property owned by the City. Likewise, a similar ordinance was passed on this date to authorize the Mayor to execute an agreement with the Owensboro-Daviess County Tennis Association (ODCTA) to provide a cash match of up to \$500,000 for the purpose of erecting an indoor tennis venue, also on property owned by the City. The execution of the agreements are contingent upon approval of final designs of the venues by the City, and demonstration, to the satisfaction of the City, that IBMM and ODCTA have the funds necessary to complete the projects as approved by the City within one year and six months, respectively, of the effective date of the ordinances.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 22 - COMMITMENTS AND CONTINGENCIES, CONTINUED

Other significant commitments at June 30, 2015, include encumbrances outstanding as follows:

Major Governmental Funds:	
General Fund	\$ 445,464
Nonmajor Governmental Funds	5,524,220
	<u>\$ 5,969,684</u>

There are a number of pending legal actions involving the City. Management believes that the outcome of such legal actions and claims will not have a material effect on the City's financial position or results of operations.

Components Units

The OMU Electric Light and Power System has entered into contracts to purchase fuel and related products for electric generation. Although contracts have termination provisions, minimum future payments on these contracts for the year ending May 31, 2015, are estimated to be as follows:

<u>Year ending May 31</u>	
2016	\$ 58,247,054
2017	47,772,862
2018	25,240,042
2019	2,276,042
2020	1,348,958
	<u>\$ 134,884,958</u>

OMU 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. OMU manages its risks through coverages provided by private insurance carriers for various risks of losses to which it is exposed, including directors and officers, employee dishonesty, boiler and machinery, workers' compensation, and other property risks. The boiler and machinery policy contains a deductible of \$500,000 and excludes acts of terrorism from its coverage. OMU is self-insured for group health and limits its risk of loss by purchasing reinsurance coverage.

OMU has been identified by the United States Environmental Protection Agency as one of numerous parties that may be liable for damages under federal law with respect to a superfund hazardous waste site. Through May 31, 2014, OMU has paid \$57,500, plus legal costs, related to this matter. Based upon the opinion of its outside legal counsel, management does not anticipate additional costs to be material; however, the ultimate resolution of this matter and the related financial impact on OMU, if any, cannot be determined at this time.

There are a number of other pending legal actions involving OMU. Management believes that the outcome of such legal actions and claims will not have a material effect on OMU's financial position or results of operations.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 23 - CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB Statement No. 68.

The implementation of those GASB Statements resulted in a cumulative effect of change in accounting principle, which reduced the City's net position by \$42,488,460.

Additionally, implementation of the GASB statements also resulted in recognition of related net pension liability, pension expense, and deferred outflows and inflows of resources, as previously discussed in this noted.

NOTE 24 - SUBSEQUENT EVENTS

Management evaluated subsequent events as of December 10, 2015, the date these financial statements were available to be issued.

**City of Owensboro, Kentucky
City Employees' Pension Fund
Schedule of Changes in Plan Net Position Liability and Related Ratios
Fiduciary Funds
June 30, 2015**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability:										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	146,041	170,343	179,398	207,542	216,969	228,921	241,522	254,722	265,061	287,260
Changes of benefit terms	72,434	40,594	50,384	111,930	65,044	96,686	125,700	306,404	-	157,758
Differences between expected and actual experience	(7,507)	(234,237)	47,885	(9,134)	47,701	(2,400)	(47,594)	(221,299)	175,000	(219,502)
Changes of assumptions	9,063	-	11,819	176,745	12,058	-	13,225	-	(51,980)	-
Benefit payments	(358,624)	(426,592)	(456,696)	(468,273)	(486,114)	(503,195)	(524,313)	(533,240)	(538,784)	(547,196)
Net Change in Total Pension Liability	(138,593)	(449,892)	(167,210)	18,810	(144,342)	(179,988)	(191,460)	(193,413)	(150,703)	(321,680)
Total Pension Liability (Asset) - Beginning	2,620,236	3,070,128	3,237,338	3,218,528	3,362,870	3,542,858	3,734,318	3,927,731	4,078,434	4,400,114
Total Pension Liability (Asset) - Ending	2,481,643	2,620,236	3,070,128	3,237,338	3,218,528	3,362,870	3,542,858	3,734,318	3,927,731	4,078,434

Plan Fiduciary Net Position:

Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	-	-	-	-	-	-	-	-	-	-
Contributions - other	-	-	-	-	-	-	-	-	-	-
Net investment income	177,203	488,294	344,353	127,619	671,641	526,473	(570,868)	(118,181)	737,310	333,145
Benefit payments including refunds	(358,624)	(426,592)	(456,696)	(468,273)	(486,114)	(503,195)	(524,313)	(533,240)	(538,784)	(547,196)
Administrative expenses	(33,211)	(31,800)	(18,820)	(6,356)	(2,256)	(8,096)	(4,431)	(7,572)	(6,702)	(4,060)
Other - debt service	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(214,632)	29,902	(131,163)	(347,010)	183,271	15,182	(1,099,612)	(658,993)	191,824	(218,111)
Plan Fiduciary Net Position - Beginning	3,651,086	3,621,184	3,752,347	4,099,357	3,916,086	3,900,904	5,000,516	5,659,509	5,467,685	5,685,796
Plan Fiduciary Net Position - Ending	\$ 3,436,454	\$ 3,651,086	\$ 3,621,184	\$ 3,752,347	\$ 4,099,357	\$ 3,916,086	\$ 3,900,904	\$ 5,000,516	\$ 5,659,509	\$ 5,467,685

City's Net Pension Obligation (Asset) \$ (954,811) \$ (1,030,850) \$ (551,056) \$ (515,009) \$ (880,829) \$ (553,216) \$ (358,046) \$ (1,266,198) \$ (1,731,778) \$ (1,389,251)

Plan Fiduciary Position as a Percentage of the Total Pension Liability

138% 139% 118% 116% 127% 116% 110% 134% 144% 134%

City of Owensboro, Kentucky
Police and Firefighters' Retirement Fund
Schedule of Changes in Plan Net Position Liability and Related Ratios
Fiduciary Funds
June 30, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability:										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 509,922	\$ 482,694	\$ 591,450	\$ -	\$ -
Interest	348,249	358,405	363,697	439,515	472,613	120,498	273,049	47,914	636,816	674,533
Changes of benefit terms	107,953	376,244	417,334	12,474	12,350	(222,252)	188,098	54,942	16,072	14,408
Differences between expected and actual experience	(18,310)	(56,029)	20,013	(34,352)	(89,483)	28,017	-	-	(95,403)	(81,187)
Changes of assumptions	27,602	-	29,895	478,606	28,017	-	587,359	-	(91,247)	-
Benefit payments	(914,051)	(931,980)	(942,415)	(953,648)	(1,000,509)	(1,064,830)	(1,092,243)	(1,106,312)	(1,123,799)	(1,173,478)
Net Change in Total Pension Liability	(448,557)	(253,360)	(111,476)	(57,405)	(577,012)	(656,662)	438,957	(412,006)	(657,561)	(565,724)
Total Pension Liability - Beginning	7,419,570	7,672,930	7,784,406	7,841,811	8,418,823	9,075,485	8,636,528	9,048,534	9,706,095	10,271,819
Total Pension Liability - Ending	\$ 6,971,013	\$ 7,419,570	\$ 7,672,930	\$ 7,784,406	\$ 7,841,811	\$ 8,418,823	\$ 9,075,485	\$ 8,636,528	\$ 9,048,534	\$ 9,706,095

Plan Fiduciary Net Position:

Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,522	\$ 9,633	\$ 25,327	\$ -	\$ 4,003,748
Contributions - member	-	-	-	-	-	-	-	-	-	-
Contributions - other	4,956	2,816	6,120	5,366	3,312	3,522	9,633	25,327	103,170	25,144
Net investment income	33,444	124,641	135,600	112,411	437,924	565,537	(478,198)	44,746	1,419,707	443,927
Benefit payments including refunds	(914,051)	(931,980)	(942,415)	(953,648)	(1,000,509)	(1,064,830)	(1,092,243)	(1,106,312)	(1,123,799)	(1,173,478)
Administrative expenses	(3,465)	(7,736)	(6,308)	(8,396)	(4,100)	(10,010)	(6,270)	(9,178)	(9,411)	(6,002)
Other - debt service	(311,875)	(313,185)	(313,726)	(312,726)	(311,456)	(309,157)	(310,759)	(311,356)	(312,079)	(312,339)
Net Change in Plan Fiduciary Net Position	(1,190,991)	(1,125,444)	(1,120,729)	(1,156,993)	(874,829)	(814,938)	(1,677,837)	(1,356,773)	77,588	2,981,000
Plan Fiduciary Net Position - Beginning	3,212,515	4,337,959	5,458,688	6,615,681	7,490,510	8,305,448	9,983,285	11,340,058	11,262,470	8,281,470
Plan Fiduciary Net Position - Ending	\$ 2,021,524	\$ 3,212,515	\$ 4,337,959	\$ 5,458,688	\$ 6,615,681	\$ 7,490,510	\$ 8,305,448	\$ 9,983,285	\$ 11,340,058	\$ 11,262,470

City's Net Pension Obligation (Asset) \$ 4,949,489 \$ 4,207,055 \$ 3,334,971 \$ 2,325,718 \$ 1,226,130 \$ 928,313 \$ 770,037 \$ (1,346,757) \$ (2,291,524) \$ (1,556,375)

Plan Fiduciary Position as a Percentage of the Total Pension Liability 29% 43% 57% 70% 84% 89% 92% 92% 116% 125% 116%

**City of Owensboro, Kentucky
Schedules of Employer Contributions
Fiduciary Funds
June 30, 2015**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contribution</u>
<u>City Employees' Pension Fund</u>			
June 30, 2015	\$ -	\$ -	-
June 30, 2014	\$ -	\$ -	-
June 30, 2013	\$ -	\$ -	-
June 30, 2012	\$ -	\$ -	-
June 30, 2011	\$ -	\$ -	-
June 30, 2010	\$ -	\$ -	-
<u>Police and Firefighters' Retirement Fund</u>			
June 30, 2015	\$ 651,577	\$ -	-
June 30, 2014	\$ 508,246	\$ -	-
June 30, 2013	\$ 314,916	\$ -	-
June 30, 2012	\$ 206,252	\$ -	-
June 30, 2011	\$ 206,252	\$ -	-
June 30, 2010	\$ 187,474	\$ -	-

City of Owensboro, Kentucky
Schedule of the City's Proportionate Share of the Net Pension Liability
County Employees' Retirement System
Last 10 Fiscal Years*

Non-Hazardous Employees

	2015
City's proportion of the net pension liability	0.435028%
City's proportionate share of the net pension liability	\$ 14,114,000
City's covered-employee payroll	\$ 10,405,207
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	135.64%
Plan fiduciary net position as a percentage of the total pension liability	66.80%

Hazardous Employees

	2015
City's proportion of the net pension liability	1.877152%
City's proportionate share of the net pension liability	\$ 22,560,000
City's covered-employee payroll	\$ 9,569,155
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.76%
Plan fiduciary net position as a percentage of the total pension liability	63.46%

*Information for years prior to 2015 is not available.

**City of Owensboro, Kentucky
Schedule of the City's Contributions
County Employees' Retirement System
Last 10 Fiscal Years***

Non-Hazardous Employees

	<u>2015</u>
Statutorily required contribution	\$ 1,838,600
Contributions in relation to the statutorily required contribution	<u>(1,838,600)</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$10,405,207
Contributions as a percentage of covered-employee payroll	17.67%

Hazardous Employees

	<u>2015</u>
Statutorily required contribution	\$ 3,283,177
Contributions in relation to the statutorily required contribution	<u>(3,283,177)</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 9,569,155
Contributions as a percentage of covered-employee payroll	34.31%

*Information for years prior to 2015 is not available.

City of Owensboro, Kentucky
Budgetary Comparison Schedule
General Fund
For the fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Real and personal property	\$ 9,671,557	\$ 9,671,557	\$ 9,761,426	\$ 89,869
Licenses, permits, and other taxes:				
Occupational taxes:				
Employees' withholding	11,713,913	11,713,913	11,133,951	(579,962)
Net profits	3,048,709	3,048,709	2,703,064	(345,645)
Regulatory:				
Insurance license taxes	4,023,045	4,023,045	4,151,220	128,175
Alcoholic beverage license fee	98,000	98,000	105,167	7,167
Franchise fee	815,000	815,000	883,241	68,241
Other	401,500	401,500	412,403	10,903
Total licenses and permits	<u>20,100,167</u>	<u>20,100,167</u>	<u>19,389,046</u>	<u>(711,121)</u>
Intergovernmental revenues:				
Federal grants	100,583	100,583	100,583	-
State grants - KLEFPF incentive	801,000	801,000	779,366	(21,634)
City's portion of state gasoline tax	1,355,000	1,355,000	1,366,852	11,852
LGEA mineral severance tax	80,000	80,000	61,866	(18,134)
County contribution	601,070	601,070	601,070	-
Total intergovernmental revenues	<u>2,937,653</u>	<u>2,937,653</u>	<u>2,909,737</u>	<u>(27,916)</u>
Charges for services:				
Tax collection	255,145	255,145	260,014	4,869
Management fee	598,000	598,000	598,000	-
Total charges for services	<u>853,145</u>	<u>853,145</u>	<u>858,014</u>	<u>4,869</u>
Other revenues:				
Fines and forfeitures	90,000	90,000	90,594	594
Investment income	300,000	300,000	169,818	(130,182)
Dividends from component units	6,690,924	6,690,924	6,974,384	283,460
Payments in lieu of taxes	2,893,000	2,893,000	2,253,698	(639,302)
Rentals	63,700	63,700	51,259	(12,441)
Miscellaneous	941,159	941,159	914,584	(26,575)
Total other revenues	<u>10,978,783</u>	<u>10,978,783</u>	<u>10,454,337</u>	<u>(524,446)</u>
Total Revenues	<u>44,541,305</u>	<u>44,541,305</u>	<u>43,372,560</u>	<u>(1,168,745)</u>

City of Owensboro, Kentucky
Budgetary Comparison Schedule, Concluded
General Fund
For the fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Expenditures:				
Administration	1,869,918	1,898,018	1,696,229	201,789
Community development	187,868	190,276	178,021	12,255
Engineering	2,094,455	2,694,472	1,804,765	889,707
Finance	1,517,321	1,484,475	1,414,446	70,029
Fire	9,092,242	9,038,792	8,893,621	145,171
Information technology	2,039,680	2,021,834	1,800,712	221,122
Parks	3,567,530	3,605,994	3,506,282	99,712
Parking garage	262,216	262,216	258,247	3,969
Personnel	616,744	631,309	631,306	3
Police	13,243,695	13,399,331	12,797,536	601,795
Street	2,219,220	2,250,087	2,088,948	161,139
General government	2,743,788	4,810,043	4,033,989	776,054
Community services	1,781,744	1,791,744	1,794,591	(2,847)
Total Expenditures	<u>41,236,421</u>	<u>44,078,591</u>	<u>40,898,693</u>	<u>3,179,898</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,304,884</u>	<u>462,714</u>	<u>2,473,867</u>	<u>2,011,153</u>
Other Financing Sources (Uses):				
Sale of capital assets	235,000	235,000	25,267	(209,733)
Transfers in	1,771,585	1,773,899	1,773,899	-
Transfers out	(5,311,375)	(6,261,375)	(6,260,663)	712
Total Other Financing Sources (Uses)	<u>(3,304,790)</u>	<u>(4,252,476)</u>	<u>(4,461,497)</u>	<u>(209,021)</u>
Net Change in Fund Balances	94	(3,789,762)	(1,987,630)	1,802,132
Fund Balances, Beginning of Year	<u>12,206,041</u>	<u>12,206,041</u>	<u>12,206,041</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 12,206,135</u>	<u>\$ 8,416,279</u>	<u>\$ 10,218,411</u>	<u>\$ 1,802,132</u>

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Your Community Vision Special Revenue Fund
For the fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>(Negative)</u>
Revenues:				
Occupational license taxes	\$ 3,920,626	\$ 3,920,626	\$ 4,097,701	\$ 177,075
Net profit license taxes	842,387	842,387	939,690	97,303
Investment earnings	85,000	85,000	37,121	(47,879)
Fees, licenses, and permits	30,000	30,000	48,293	18,293
Miscellaneous revenue	-	205,000	572,366	367,366
Total Revenues	<u>4,878,013</u>	<u>5,083,013</u>	<u>5,695,171</u>	<u>244,792</u>
Expenditures:				
Public works	2,931,941	1,962,506	1,359,141	603,365
Capital outlay	1,470,946	16,066,095	6,984,595	9,081,500
Total Expenditures	<u>4,402,887</u>	<u>18,028,601</u>	<u>8,343,736</u>	<u>9,684,865</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>475,126</u>	<u>(12,945,588)</u>	<u>(2,648,565)</u>	<u>10,297,023</u>
Other Financing Sources (Uses):				
Issuance of debt	1,450,000	8,825,045	2,783,268	(6,041,777)
Transfers out	(1,719,408)	(1,397,408)	(1,154,550)	242,858
Total Other Financing Sources (Uses)	<u>(269,408)</u>	<u>7,427,637</u>	<u>1,628,718</u>	<u>(5,798,919)</u>
Net Change in Fund Balances	205,718	(5,517,951)	(1,019,847)	4,498,104
Fund Balances, Beginning of Year	<u>5,547,328</u>	<u>5,547,328</u>	<u>5,547,328</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,753,046</u>	<u>\$ 29,377</u>	<u>\$ 4,527,481</u>	<u>\$ 4,498,104</u>

City of Owensboro, Kentucky
 Budgetary Comparison Schedule
 Downtown Development and Revitalization Fund
 For the fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Regulatory license taxes	\$ 3,270,868	\$ 3,270,868	\$ 3,466,755	\$ 195,887
Interest	150,000	150,000	63,601	(86,399)
Miscellaneous	-	(28,223)	581,547	609,770
Total Revenues	<u>3,420,868</u>	<u>3,392,645</u>	<u>4,111,903</u>	<u>719,258</u>
Expenditures:				
Community/economic development	-	8,634	3,929	4,705
Capital outlay	-	910,154	232,346	677,808
Total Expenditures	<u>-</u>	<u>918,788</u>	<u>236,275</u>	<u>682,513</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,420,868</u>	<u>2,473,857</u>	<u>3,875,628</u>	<u>1,401,771</u>
Other Financing Sources (Uses):				
Transfers out	<u>(4,603,864)</u>	<u>(4,603,864)</u>	<u>(4,603,861)</u>	<u>3</u>
Total Other Financing Sources (Uses)	<u>(4,603,864)</u>	<u>(4,603,864)</u>	<u>(4,603,861)</u>	<u>3</u>
Net Change in Fund Balances	(1,182,996)	(2,130,007)	(728,233)	1,401,774
Fund Balances, Beginning of Year	<u>5,566,125</u>	<u>5,566,125</u>	<u>5,566,125</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 4,383,129</u>	<u>\$ 3,436,118</u>	<u>\$ 4,837,892</u>	<u>\$ 1,401,774</u>

City of Owensboro, Kentucky
Notes to Required Supplementary Information (RSI)
on Budgetary Accounting and Control
For the fiscal year ended June 30, 2015

Stewardship, compliance, and accountability:

Budgets and budgetary accounting:

1. Annual budgets are adopted on a basis consistent with generally accepting accounting principles for all governmental funds, except for the Capital Projects Funds and the Debt Service Fund, because effective budgetary control is alternately achieved through project budgets, bond indenture provisions, and City ordinances, respectively.
2. Budgets for the General and Special Revenue Funds are adopted on the modified accrual basis. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the use of resources are reflected in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds for which annual budgets have been adopted. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

City of Owensboro, Kentucky
Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2015

	Special Revenue				Capital Projects			Total Nonmajor Governmental Funds
	Community Development Fund	Greenbelt Fund	Drug and Property Recovery Fund	Economic Development Fund	Total Special Revenue Funds	Riverfront Development Fund	Wellness Fund	
ASSETS								
Equity in pooled deposits and investments	\$ (88,366)	\$ 54,035	\$ 465,043	\$ 2,256,277	\$ 2,686,989	\$ -	\$ (57)	\$ 2,686,932
Accounts receivable	-	-	20,746	-	20,746	-	3,186	23,932
Taxes receivable	-	-	-	121,192	121,192	-	-	121,192
Intergovernmental receivable	128,017	-	-	-	128,017	-	-	128,017
Total Assets	39,651	54,035	485,789	2,377,469	2,956,944	-	3,129	2,960,073
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	39,651	-	2,647	32,747	75,045	-	-	75,045
Accrued wages	-	-	6,005	-	6,005	-	-	6,005
Deferred revenue	-	-	-	121,192	121,192	-	-	121,192
Total Liabilities	39,651	-	8,652	153,939	202,242	-	-	202,242
Fund Balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	477,137	-	477,137	-	3,129	480,266
Committed	-	54,035	-	2,223,530	2,277,565	-	-	2,277,565
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balance	-	54,035	477,137	2,223,530	2,754,702	-	3,129	2,757,831
Total Liabilities and Fund Balances	\$ 39,651	\$ 54,035	\$ 485,789	\$ 2,377,469	\$ 2,956,944	\$ -	\$ 3,129	\$ 2,960,073

City of Owensboro, Kentucky
Combining Statement of Revenue, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2015

	Special Revenue				Capital Projects			Total Nonmajor Governmental Funds
	Community Development Fund	Greenbelt Fund	Drug and Property Recovery Fund	Economic Development Fund	Total Special Revenue Funds	Riverfront Development Fund	Wellness Fund	
Revenues:								
Real and personal property taxes	-	-	\$ -	\$ 230,302	\$ 230,302	\$ -	\$ -	\$ 230,302
Occupational licenses taxes	-	-	-	1,345,819	1,345,819	-	-	1,345,819
Net profit license taxes	-	-	-	80,904	80,904	-	-	80,904
Regulatory license taxes	-	-	-	217,884	217,884	-	-	217,884
Intergovernmental	604,183	-	(2)	-	604,181	-	-	604,181
Rentals	8,700	-	-	23,544	32,244	-	-	32,244
Investment earnings	-	579	4,241	-	4,820	-	-	4,820
Contributions and donations	-	-	15,948	1,035,135	1,051,083	-	22,944	1,074,027
Other	2,030	-	295,103	-	297,133	-	-	297,133
Total Revenues	614,913	579	315,290	2,933,588	3,864,370	-	22,944	3,887,314
Expenditures:								
Current:								
Public safety	-	-	293,056	-	293,056	-	22,527	315,583
Community/economic development	679,084	-	-	1,592,345	2,271,429	-	-	2,271,429
Capital outlay	-	-	-	523,920	523,920	-	-	523,920
Total Expenditures	679,084	-	293,056	2,116,265	3,088,405	-	22,527	3,110,932
Excess (Deficiency) of Revenues Over Expenditures	(64,171)	579	22,234	817,323	775,965	-	417	776,382
Other Financing Sources (Uses):								
Sale of capital assets	64,171	-	23,148	-	87,319	-	-	87,319
Transfers in	-	-	-	950,000	950,000	-	-	950,000
Transfers out	-	-	-	(1,335,600)	(1,335,600)	-	-	(1,335,600)
Total Other Financing Sources (Uses)	64,171	-	23,148	(385,600)	(298,281)	-	-	(298,281)
Net Change in Fund Balances	-	579	45,382	431,723	477,684	-	417	478,101
Fund Balances, Beginning of Year	-	53,456	431,755	1,791,807	2,277,018	-	2,712	2,279,730
Fund Balances, End of Year	\$ -	\$ 54,035	\$ 477,137	\$ 2,223,530	\$ 2,754,702	\$ -	\$ 3,129	\$ 2,757,831

City of Owensboro, Kentucky
 Budgetary Comparison Schedule
 Community Development-Special Revenue Funds
 For the fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 597,459	\$ 1,313,704	\$ 604,183	\$ (709,521)
Rentals	8,000	8,000	8,700	700
Miscellaneous	-	-	2,030	2,030
Total Revenues	<u>605,459</u>	<u>1,321,704</u>	<u>614,913</u>	<u>(706,791)</u>
Expenditures:				
Community/economic development	330,459	1,242,430	679,084	563,346
Total Expenditures	<u>330,459</u>	<u>1,242,430</u>	<u>679,084</u>	<u>563,346</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>275,000</u>	<u>79,274</u>	<u>(64,171)</u>	<u>(143,445)</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	150,726	64,171	(86,555)
Total Other Financing Sources (Uses)	<u>-</u>	<u>150,726</u>	<u>64,171</u>	<u>(86,555)</u>
Net Change in Fund Balances	275,000	230,000	-	(230,000)
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ 275,000</u>	<u>\$ 230,000</u>	<u>\$ -</u>	<u>\$ (230,000)</u>

City of Owensboro, Kentucky
 Budgetary Comparison Schedule
 Greenbelt Special Revenue Fund
 For the fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest	-	-	579	579
Total Revenues	<u>-</u>	<u>-</u>	<u>579</u>	<u>579</u>
Expenditures:				
Community/economic development	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>579</u>	<u>579</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	579	579
Fund Balances, Beginning of Year	<u>53,456</u>	<u>53,456</u>	<u>53,456</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 53,456</u>	<u>\$ 53,456</u>	<u>\$ 54,035</u>	<u>\$ 579</u>

**City of Owensboro, Kentucky
Budgetary Comparison Schedule
Drug Property Recovery Special Revenue Fund
For the fiscal year ended June 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ -	\$ 51,354	\$ (2)	\$ (51,356)
Interest	3,185	3,185	4,241	1,056
Donations	18,960	18,960	15,948	(3,012)
Restitution and other income	36,500	44,000	295,103	251,103
Total Revenues	<u>58,645</u>	<u>117,499</u>	<u>315,290</u>	<u>197,791</u>
Expenditures:				
Public safety	139,693	219,007	293,056	(74,049)
Capital outlay	-	23,030	-	23,030
Total Expenditures	<u>139,693</u>	<u>242,037</u>	<u>293,056</u>	<u>(51,019)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(81,048)</u>	<u>(124,538)</u>	<u>22,234</u>	<u>146,772</u>
Other Financing Sources (Uses):				
Sale of capital assets	6,500	6,500	23,148	16,648
Transfers out	(25,000)	(25,000)	-	25,000
Total Other Financing Sources (Uses)	<u>(18,500)</u>	<u>(18,500)</u>	<u>23,148</u>	<u>41,648</u>
Net Change in Fund Balances	(99,548)	(143,038)	45,382	188,420
Fund Balances, Beginning of Year	<u>431,755</u>	<u>431,755</u>	<u>431,755</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 332,207</u>	<u>\$ 288,717</u>	<u>\$ 477,137</u>	<u>\$ 188,420</u>

Excess of Expenditures Over Appropriations

During the year ended June 30, 2015, for the Drug Property Recovery Special Revenue Fund, public safety actual expenditures exceeded the final budget by \$74,049.

Management Response

Revenue collected in the Drug Property Recovery Special Revenue Fund is primarily based upon restitution collections and varies from year to year. The City is tasked with using the fund for public safety and therefore in 2014-15 budgeted expenditures based upon need, not strictly by revenue collected, allowing the fund balance to be spent.

**City of Owensboro, Kentucky
Budgetary Comparison Schedule
Economic Development Special Revenue Fund
For the fiscal year ended June 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Real and personal property taxes	\$ 218,965	\$ 218,965	\$ 230,302	\$ 11,337
Occupational license taxes	1,287,565	1,287,565	1,345,819	58,254
Net profit license taxes	32,765	32,765	80,904	48,139
Regulatory licenses taxes	170,000	170,000	217,884	47,884
Investment earnings	20,000	20,000	23,544	3,544
Rentals	1,063,274	1,063,274	1,035,135	(28,139)
Total Revenues	<u>2,792,569</u>	<u>2,792,569</u>	<u>2,933,588</u>	<u>141,019</u>
Expenditures:				
Community/economic development	1,435,533	2,717,133	1,592,345	1,124,788
Capital outlay	-	866,268	523,920	342,348
Total Expenditures	<u>1,435,533</u>	<u>3,583,401</u>	<u>2,116,265</u>	<u>1,467,136</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,357,036</u>	<u>(790,832)</u>	<u>817,323</u>	<u>1,608,155</u>
Other Financing Sources (Uses):				
Transfers in	-	950,000	950,000	-
Transfers out	(1,335,656)	(1,335,656)	(1,335,600)	56
Total Other Financing Sources (Uses)	<u>(1,335,656)</u>	<u>(385,656)</u>	<u>(385,600)</u>	<u>56</u>
Net Change in Fund Balances	21,380	(1,176,488)	431,723	1,608,211
Fund Balances, Beginning of Year	<u>1,791,807</u>	<u>1,791,807</u>	<u>1,791,807</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,813,187</u>	<u>\$ 615,319</u>	<u>\$ 2,223,530</u>	<u>\$ 1,608,211</u>

City of Owensboro, Kentucky
Combining Statement of Net Position
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2015

	Enterprise Funds			Total Nonmajor Enterprise Funds
	Transit Fund	Geographic Information System Fund	Recreation Fund	
ASSETS				
Current Assets:				
Equity in pooled deposits and investments	\$ 165,763	\$ 50,558	\$ 176,919	\$ 393,240
Cash and cash equivalents	-	-	7,310	7,310
Accounts receivable	25,225	48,866	65,107	139,198
Intergovernmental receivable	203,385	-	-	203,385
Materials and supplies inventory	-	-	33,502	33,502
Prepaid expenses	-	-	1,200	1,200
Total Current Assets	\$ 394,373	\$ 99,424	\$ 284,038	\$ 777,835
Noncurrent Assets:				
Capital assets, net of accumulated depreciation:				
Land	-	-	105,739	105,739
Depreciable capital assets	939,732	47,413	132,088	1,119,233
Total Noncurrent Assets	939,732	47,413	237,827	1,224,972
Total Assets	\$1,334,105	\$ 146,837	\$ 521,865	\$2,002,807
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts payable	\$ 25,539	\$ 14,722	\$ 65,542	\$ 105,803
Accrued liabilities	45,734	12,968	64,081	122,783
Deferred revenue	-	-	30,979	30,979
Long-term liabilities:				
Due within one year	5,269	-	2,527	7,796
Total Current Liabilities	76,542	27,690	163,129	267,361
Non-current Liabilities:				
Due in more than one year	49,266	54,963	115,051	219,280
Total Non-current Liabilities	49,266	54,963	115,051	219,280
Total Liabilities	125,808	82,653	278,180	486,641
Net Position:				
Invested in capital assets	939,732	47,413	237,827	1,224,972
Unrestricted	268,565	16,771	5,858	291,194
Total Net Position	1,208,297	64,184	243,685	1,516,166
Total Liabilities and Net Position	\$1,334,105	\$ 146,837	\$ 521,865	\$2,002,807

City of Owensboro, Kentucky
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2015

	Enterprise Funds			Total Nonmajor Enterprise Funds
	Transit Fund	Geographic Information System Fund	Recreation Fund	
Operating Revenues:				
Charges for services	\$ 135,831	\$ 252,771	\$1,688,205	\$2,076,807
Miscellaneous income	-	729	7,311	8,040
Total Operating Revenues	<u>135,831</u>	<u>253,500</u>	<u>1,695,516</u>	<u>2,084,847</u>
Operating Expenses:				
Salaries, wage, and benefits	1,328,321	336,885	1,290,770	2,955,976
Maintenance	334,538	13,483	765,233	1,113,254
Utilities	25,111	2,993	202,886	230,990
Supplies	294,818	197	396,029	691,044
Other	299,562	7,788	345,408	652,758
Depreciation	395,839	16,273	46,024	458,136
Total Operating Expenses	<u>2,678,189</u>	<u>377,619</u>	<u>3,046,350</u>	<u>6,102,158</u>
Operating Income (Loss)	<u>(2,542,358)</u>	<u>(124,119)</u>	<u>(1,350,834)</u>	<u>(4,017,311)</u>
Nonoperating Revenues:				
Gain (loss) on sale of capital assets	-	-	-	-
Investment earnings	-	264	-	264
Operating grants	693,558	-	-	693,558
Total Nonoperating Revenues	<u>693,558</u>	<u>264</u>	<u>-</u>	<u>693,822</u>
Income (Loss) Before Contributions and Transfers	<u>(1,848,800)</u>	<u>(123,855)</u>	<u>(1,350,834)</u>	<u>(3,323,489)</u>
Capital contributions - grants	585,461	-	-	585,461
Transfers in	845,971	102,162	1,288,531	2,236,664
Transfers out	<u>-</u>	<u>-</u>	<u>(16,623)</u>	<u>(16,623)</u>
Change in Net Position	<u>(417,368)</u>	<u>(21,693)</u>	<u>(78,926)</u>	<u>(517,987)</u>
Net Position, Beginning of Year	<u>1,625,665</u>	<u>85,877</u>	<u>322,611</u>	<u>2,034,153</u>
Net Position, End of Year	<u>\$1,208,297</u>	<u>\$ 64,184</u>	<u>\$ 243,685</u>	<u>\$1,516,166</u>

City of Owensboro, Kentucky
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2015

	<u>Enterprise Funds</u>			
	<u>Transit Fund</u>	<u>Geographic Information System Fund</u>	<u>Recreation Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:				
Cash received from customers	\$ 127,990	\$ 242,888	\$ 1,720,636	\$ 2,091,514
Cash payments to employees for services	(1,336,357)	(335,536)	(1,291,192)	(2,963,085)
Cash payments to suppliers	(990,154)	(7,377)	(1,752,247)	(2,749,778)
Net cash used in operating activities	<u>(2,198,521)</u>	<u>(100,025)</u>	<u>(1,322,803)</u>	<u>(3,621,349)</u>
Cash flows from noncapital financing activities:				
Operating grants	693,558	-	-	693,558
Transfers in	845,971	102,162	1,288,531	2,236,664
Transfers out	-	-	(16,623)	(16,623)
Net cash provided by noncapital financing activities	<u>1,539,529</u>	<u>102,162</u>	<u>1,271,908</u>	<u>2,913,599</u>
Cash flows from capital and related financing activities:				
Capital contributions - grants	585,461	-	-	585,461
Net cash provided (used) in capital and related financing activities	<u>585,461</u>	<u>-</u>	<u>-</u>	<u>585,461</u>
Cash flows from investing activities:				
Interest on investments	-	264	-	264
Net increase in cash and cash equivalents	(73,531)	2,401	(50,895)	(122,025)
Cash and cash equivalents, beginning of year	239,294	48,157	235,124	522,575
Cash and cash equivalents, end of year	<u>\$ 165,763</u>	<u>\$ 50,558</u>	<u>\$ 184,229</u>	<u>\$ 400,550</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (2,542,358)	\$ (124,119)	\$ (1,350,834)	\$ (4,017,311)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	395,839	16,273	46,024	458,136
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(7,841)	(10,612)	22,287	3,834
Materials and supplies inventory	-	-	3,128	3,128
Increase (decrease) in liabilities:				
Accounts payable	(36,125)	13,637	(45,819)	(68,307)
Accrued liabilities	(2,560)	1,349	7,008	5,797
Unearned revenue	-	-	2,833	2,833
Compensated absences	(5,476)	3,447	(7,430)	(9,459)
Net cash used in operating activities	<u>\$ (2,198,521)</u>	<u>\$ (100,025)</u>	<u>\$ (1,322,803)</u>	<u>\$ (3,621,349)</u>



City of Owensboro, Kentucky
Combining Statement of Net Position
Internal Service Funds
For the fiscal year ended June 30, 2015

	Governmental Activities Internal Service Funds				
	Facilities Maintenance Fund	Insurance Fund	Garage Service Fund	Fleet and Facilities Fund	Total Internal Service Funds
ASSETS					
Current Assets:					
Equity in pooled deposits and investments	\$ 1,313,757	\$ 1,167,048	88,988	\$ 3,526,690	\$ 6,096,483
Accounts receivable	3,784	229,207	-	-	232,991
Materials and supplies inventory	-	-	337,174	-	337,174
Total Current Assets	1,317,541	1,396,255	426,162	3,526,690	6,666,648
Noncurrent assets:					
Capital assets, net of accumulated depreciation:					
Construction in process	20,030	-	-	13,810	33,840
Depreciable capital assets	304,833	-	22,533	4,031,610	4,358,976
Total Noncurrent Assets	324,863	-	22,533	4,045,420	4,392,816
Total Assets	\$ 1,642,404	\$ 1,396,255	\$ 448,695	\$ 7,572,110	\$ 11,059,464
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts payable	\$ 187,175	\$ 988,821	10,511	\$ 56,072	\$ 1,242,579
Accrued liabilities	57,540	-	20,092	-	77,632
Total Current Liabilities	244,715	988,821	30,603	56,072	1,320,211
Non-current Liabilities:					
Due in more than one year	-	-	-	-	-
Total Non-current Liabilities	-	-	-	-	-
Total Liabilities	244,715	988,821	30,603	56,072	1,320,211
Net Position:					
Invested in capital assets	324,863	-	-	4,045,420	4,370,283
Unrestricted	1,072,826	407,434	418,092	3,470,618	5,368,970
Total Net Position	1,397,689	407,434	418,092	7,516,038	9,739,253
Total Liabilities and Net Position	\$ 1,642,404	\$ 1,396,255	\$ 448,695	\$ 7,572,110	\$ 11,059,464

City of Owensboro, Kentucky
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the fiscal year ended June 30, 2015

	Governmental Activities Internal Service Funds				Total Internal Service Funds
	Facilities Maintenance Fund	Insurance Fund	Garage Service Fund	Fleet and Facilities Fund	
Operating Revenues:					
Charges for services	\$ 3,694,826	\$ 5,995,592	\$ 1,276,874	\$ 1,818,615	\$ 12,785,907
Miscellaneous income	-	-	-	-	-
Total Operating Revenues	<u>3,694,826</u>	<u>5,995,592</u>	<u>1,276,874</u>	<u>1,818,615</u>	<u>12,785,907</u>
Operating Expenses:					
Salaries, wages, and benefits	1,695,748	-	527,554	-	2,223,302
Maintenance	544,395	-	9,847	544,772	1,099,014
Utilities	17,566	-	9,561	-	27,127
Administrative	618,355	394,178	6,357	-	1,018,890
Supplies	219,723	-	660,810	-	880,533
Claims	-	5,833,074	-	-	5,833,074
Depreciation	15,892	-	3,467	985,113	1,004,472
Total Operating Expenses	<u>3,111,679</u>	<u>6,227,252</u>	<u>1,217,596</u>	<u>1,529,885</u>	<u>12,086,412</u>
Operating Income (Loss)	<u>583,147</u>	<u>(231,660)</u>	<u>59,278</u>	<u>288,730</u>	<u>699,495</u>
Nonoperating Revenues:					
Gain (loss) on sale of capital assets	311	-	500	80,452	81,263
Investment earnings	-	13,892	-	38,177	52,069
Total Nonoperating Revenues	<u>311</u>	<u>13,892</u>	<u>500</u>	<u>118,629</u>	<u>133,332</u>
Income (Loss) Before Contributions and Transfers	<u>583,458</u>	<u>(217,768)</u>	<u>59,778</u>	<u>407,359</u>	<u>832,827</u>
Transfers in	-	-	-	-	-
Transfers out	-	-	(200,000)	-	(200,000)
Change in Net Position	<u>583,458</u>	<u>(217,768)</u>	<u>(140,222)</u>	<u>407,359</u>	<u>632,827</u>
Net Position, Beginning of Year	<u>814,231</u>	<u>625,202</u>	<u>558,314</u>	<u>7,108,679</u>	<u>9,106,426</u>
Net Position, End of Year	<u>\$ 1,397,689</u>	<u>\$ 407,434</u>	<u>\$ 418,092</u>	<u>\$ 7,516,038</u>	<u>\$ 9,739,253</u>

City of Owensboro, Kentucky
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2015

	Governmental Activities Internal Service Funds				Total Internal Service Funds
	Facilities Maintenance Fund	Insurance Fund	Garage Service Fund	Fleet and Facilities Fund	
Cash flows from operating activities:					
Cash received from customers	\$ 3,693,323	\$ 5,766,385	\$ 1,276,874	\$ 1,818,615	\$ 12,555,197
Cash payments to employees for services	(1,693,124)	-	(525,589)	-	(2,218,713)
Cash payments to suppliers	(1,330,760)	(198,699)	(820,901)	(566,755)	(2,917,115)
Cash payments for claims	-	(5,833,074)	-	-	(5,833,074)
Net cash provided (used) in operating activities	<u>669,439</u>	<u>(265,388)</u>	<u>(69,616)</u>	<u>1,251,860</u>	<u>1,586,295</u>
Cash flows from noncapital financing activities:					
Transfers out	-	-	(200,000)	-	(200,000)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets	311	-	500	179,878	180,689
Payments for capital acquisitions	(183,011)	-	(26,000)	(1,775,341)	(1,984,352)
Net cash used in capital and related financing activities	<u>(182,700)</u>	<u>-</u>	<u>(25,500)</u>	<u>(1,595,463)</u>	<u>(1,803,663)</u>
Cash flows from investing activities:	<u>-</u>	<u>13,892</u>	<u>-</u>	<u>38,177</u>	<u>52,069</u>
Interest on investments					
Net decrease in cash and cash equivalents	<u>486,739</u>	<u>(251,496)</u>	<u>(295,116)</u>	<u>(305,426)</u>	<u>(365,299)</u>
Cash and cash equivalents, beginning of year	<u>827,018</u>	<u>1,418,544</u>	<u>384,104</u>	<u>3,832,116</u>	<u>6,461,782</u>
Cash and cash equivalents, end of year	<u>\$ 1,313,757</u>	<u>\$ 1,167,048</u>	<u>\$ 88,988</u>	<u>\$ 3,526,690</u>	<u>\$ 6,096,483</u>
Reconciliation of operating loss to net cash used in operating activities:					
Operating loss	\$ 583,147	\$ (231,660)	\$ 59,278	\$ 288,730	\$ 699,495
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation	15,892	-	3,467	985,113	1,004,472
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(1,503)	(229,207)	-	-	(230,710)
Materials and supplies inventory	-	-	(124,729)	-	(124,729)
Increase (decrease) in liabilities:					
Accounts payable	69,279	195,479	(9,597)	(9,071)	246,090
Accrued liabilities	2,624	-	1,965	(12,912)	(8,323)
Net cash provided (used) in operating activities	<u>\$ 669,439</u>	<u>\$ (265,388)</u>	<u>\$ (69,616)</u>	<u>\$ 1,251,860</u>	<u>\$ 1,586,295</u>



City of Owensboro, Kentucky
Combining Statement of Fiduciary Net Position
Pension Trust Funds
For the fiscal year ended June 30, 2015

	<u>City Employees' Pension Fund</u>	<u>Police and Firefighters' Retirement Fund</u>	<u>Total Pension Trust Funds</u>
ASSETS			
Equity in pooled deposits and investments	\$ 674,315	\$ 1,854,123	\$ 2,528,438
Cash and cash equivalents	82,273	-	82,273
Cash and cash equivalents, restricted	-	48,039	48,039
Interest receivable	-	1,210	1,210
Investments, at fair value	2,695,366	-	2,695,366
Investments, at fair value, restricted	-	193,601	193,601
Total Assets	<u>3,451,954</u>	<u>2,096,973</u>	<u>5,548,927</u>
LIABILITIES			
Pension payable	14,822	74,811	89,633
Other	677	638	1,315
Total Liabilities	<u>15,499</u>	<u>75,449</u>	<u>90,948</u>
NET POSITION			
Held in trust for pension benefits	3,436,455	1,778,674	5,215,129
Held in trust for debt service	-	242,850	242,850
Total Net Position	<u>\$ 3,436,455</u>	<u>\$ 2,021,524</u>	<u>\$ 5,457,979</u>

City of Owensboro, Kentucky
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the fiscal year ended June 30, 2015

	City Employees' Pension Fund	Police and Firefighters' Retirement Fund	Total Pension Trust Funds
Additions:			
Contributions:			
Employer	\$ -	\$ -	\$ -
Other	-	4,956	4,956
Total contributions	<u>-</u>	<u>4,956</u>	<u>4,956</u>
Investment earnings:			
Net appreciation (depreciation) in fair value of investments	127,022	8,647	135,669
Interest	49,553	24,797	74,350
Total investment earnings	<u>176,575</u>	<u>33,444</u>	<u>210,019</u>
Less investment expense	<u>33,211</u>	<u>3,465</u>	<u>36,676</u>
Net investment earnings	<u>143,364</u>	<u>29,979</u>	<u>173,343</u>
Total Additions	<u>143,364</u>	<u>34,935</u>	<u>178,299</u>
Deductions:			
Benefits	358,624	914,051	1,272,675
Transfer to debt service fund	-	311,875	311,875
Total Deductions	<u>358,624</u>	<u>1,225,926</u>	<u>1,584,550</u>
Change in Net Position	(215,260)	(1,190,991)	(1,406,251)
Net Position, Beginning of Year	<u>3,651,715</u>	<u>3,212,515</u>	<u>6,864,230</u>
Net Position, End of Year	<u>\$ 3,436,455</u>	<u>\$ 2,021,524</u>	<u>\$ 5,457,979</u>

City of Owensboro, Kentucky
Combining Statement of Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2015

	County Occupational Tax Fund	School District Tax Fund	Total Agency Funds
ASSETS			
Equity in pooled deposits and investments	\$ 167,576	\$ -	\$ 167,576
Intergovernmental receivable	-	24,315	24,315
Total Assets	<u>\$ 167,576</u>	<u>\$ 24,315</u>	<u>\$ 191,891</u>
LIABILITIES			
Other	167,576	24,315	191,891
Total Liabilities	<u>\$ 167,576</u>	<u>\$ 24,315</u>	<u>\$ 191,891</u>

City of Owensboro, Kentucky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
County Occupational Tax Fund				
Assets:				
Equity in pooled deposits and investments	147,814	\$ 2,186,719	\$ (2,166,957)	\$ 167,576
Liabilities:				
Other	147,814	\$ 2,186,719	\$ (2,166,957)	\$ 167,576
School District Tax Fund				
Assets:				
Intergovernmental receivable	\$ -	\$ 10,772,196	\$ (10,747,881)	\$ 24,315
Liabilities:				
Other	\$ -	\$ 10,772,196	\$ (10,747,881)	\$ 24,315
Total Agency Funds				
Assets:				
Equity in pooled deposits and investments	147,814	2,186,719	(2,166,957)	167,576
Intergovernmental receivable	-	10,772,196	(10,747,881)	24,315
Total assets	\$ 147,814	\$ 12,958,915	\$ (12,914,838)	\$ 191,891
Liabilities:				
Other	\$ 147,814	\$ 12,958,915	\$ (12,914,838)	\$ 191,891

City of Owensboro, Kentucky
Combining Statement of Net Position
Component Unit
Owensboro Municipal Utilities
For the fiscal year ended June 30, 2015

	Electric Light and Power System	Water Works Systems	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Equity in pooled deposits and investments	\$ -	\$ -	\$ -
Cash and cash equivalents:			
In segregated accounts	38,053,568	2,241,669	40,295,237
Investments	499,620	-	499,620
Accounts receivable (less allowance of \$62,172 and \$8,982 for Electric and Water, respectively)	13,579,521	2,454,723	16,034,244
Material and supplies inventory	3,459,155	-	3,459,155
Prepaid items	392,973	-	392,973
Other current assets	2,215,704	-	2,215,704
Restricted assets	100,276,282	7,958,238	108,234,520
Capital assets, net of accumulated depreciation	187,030,810	45,845,286	232,876,096
Other noncurrent assets	2,710,507	1,003,828	3,714,335
Deferred charges	1,663,602	-	1,663,602
Total Assets	349,881,742	59,503,744	409,385,486
Deferred Outflows of Resources:			
Accumulated decrease in fair value of hedging derivatives	4,985,469	-	4,985,469
Deferred pension outflows	2,308,965	461,522	2,770,487
Unamortized loss on debt refunding	3,255,908	330,222	3,586,130
Net unrealized loss on investments	189,632	47,785	237,417
Total Deferred Outflows of Resources	10,739,974	839,529	11,579,503
Total Assets and Deferred Outflows of Resources	\$ 360,621,716	\$ 60,343,273	\$ 420,964,989
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities:			
Accounts payable	\$ 9,656,715	\$ 1,130,683	\$ 10,787,398
Accrued liabilities	9,448,642	-	9,448,642
Accrued interest payable	3,082,909	266,066	3,348,975
Customers' advances	-	202,050	202,050
Non-current liabilities:			
Long-term debt:			
Due within one year	2,780,000	725,000	3,505,000
Due in more than one year	204,022,904	28,525,188	232,548,092
Net pension liability	20,520,943	4,101,776	24,622,719
Other	1,798,494	-	1,798,494
Total Liabilities	251,310,607	34,950,763	286,261,370
Deferred Inflows of Resources:			
Accumulated increase in fair value of hedging derivatives	4,798,482	-	4,798,482
Deferred pension inflows	2,290,634	457,857	2,748,491
Deferred revenue	1,886,549	361,640	2,248,189
Deferred energy cost adjustment	7,003,238	-	7,003,238
Total Deferred Inflows of Resources	15,978,903	819,497	16,798,400
Net Position:			
Net investment in capital assets	13,697,693	24,246,494	37,944,187
Restricted for:			
Capital projects	5,323,512	124,420	5,447,932
Debt service	12,468,189	604,265	13,072,454
Other purposes	43,633,956	-	43,633,956
Unrestricted	18,208,856	(402,166)	17,806,690
Total Net Position	93,332,206	24,573,013	117,905,219
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 360,621,716	\$ 60,343,273	\$ 420,964,989

City of Owensboro, Kentucky
Combining Statement of Activities
Component Unit
Owensboro Municipal Utilities
For the fiscal year ended June 30, 2015

	Program Revenues		Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services and Sales	Capital Grants and Contributions	Electric Light and Power System	Water Works System	Total
Electric Light and Power System	\$ 132,515,604	\$ 139,274,610	\$ 540,256	\$ 7,299,262	\$ -	\$ 7,299,262
Water Works System	10,029,570	10,253,198	39,673	-	263,301	263,301
Total Component Unit	\$ 142,545,174	\$ 149,527,808	\$ 579,929	7,299,262	263,301	7,562,563
General Revenues:						
Earnings on investments			1,516,861		83,538	1,600,399
Deferred net change in fair value of investments			-		-	-
Miscellaneous			138,117		9,500	147,617
Loss on investment derivatives			(714,922)		-	(714,922)
Total General Revenues			940,056		93,038	1,033,094
Transfers Out - Dividends			(8,527,030)		(169,469)	(8,696,499)
Change in Net Position			(287,712)		186,870	(100,842)
Net Position, Beginning of Year			114,996,717		28,658,989	143,655,706
Cumulative effect of change in accounting principle			(21,376,799)		(4,272,846)	(25,649,645)
Net Position, End of Year			\$ 93,332,206		\$ 24,573,013	\$ 117,905,219

City of Owensboro, Kentucky
Capital Assets Used in Operation of Governmental Funds
Schedule by Source
For the fiscal year ended June 30, 2015

Governmental funds capital assets:

Land	\$ 23,486,066
Construction in progress	47,385,743
Land improvements/infrastructure	163,484,906
Buildings	45,318,739
Vehicles	2,050,622
Equipment	6,643,455
Software	82,299
	<u>\$ 288,451,830</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 284,289,749
Community Development Fund	3,607,699
City of Owensboro Municipal Improvement Corporation	554,382
	<u>\$ 288,451,830</u>

This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal funds are included as governmental activities in the statement of net position.

City of Owensboro, Kentucky
Capital Assets Used in Operation of Governmental Funds
 Schedule by Function and Activity
 For the fiscal year ended June 30, 2015

Function and Activity	Land	Construction in Progress	Land Improvements	Buildings	Vehicles	Equipment	Software	Total
General Government:								
City manager, commissioners and legal	\$ 201,993	\$ -	\$ -	1,716,417	\$ -	147,661	\$ -	2,066,071
Finance	-	-	-	-	-	39,374	-	39,374
Personnel	-	-	-	-	-	13,545	-	13,545
Information services	-	-	-	82,124	-	454,826	-	536,950
Unallocated	3,662,589	-	6,125,079	24,622,158	-	2,044,384	70,299	36,524,509
Total General Government	3,864,582	-	6,125,079	26,420,699	-	2,699,790	70,299	39,180,449
Public Safety:								
Police	767,183	-	-	3,469,976	111,840	1,910,884	12,000	6,271,883
Fire	353,862	-	-	2,093,300	1,186,463	163,231	-	3,796,856
Total Public Safety	1,121,045	-	-	5,563,276	1,298,303	2,074,115	12,000	10,068,739
Public Works:								
Engineering	-	-	-	-	-	47,054	-	47,054
Streets	4,305,872	-	43,515,180	1,003,460	9,703	167,835	-	49,002,050
Garage	22,500	-	-	173,527	-	71,580	-	267,607
Stormwater	-	-	-	-	76,877	82,290	-	159,167
Total Public Works	4,328,372	-	43,515,180	1,176,987	86,580	368,759	-	49,475,878
Community and Cultural:								
Parks	3,240,261	-	3,180,135	9,229,973	-	182,181	-	15,832,550
Other agencies	1,431,095	-	1,570,727	2,080,349	-	-	-	5,082,171
Downtown Revitalization	7,542,467	-	32,798,532	-	-	463,217	-	40,804,216
Your Community Vision	1,958,244	-	76,295,253	847,455	665,739	855,393	-	80,622,084
Total Community and Cultural	14,172,067	-	113,844,647	12,157,777	665,739	1,500,791	-	142,341,021
Construction in progress	-	47,385,743	-	-	-	-	-	47,385,743
Total Governmental Funds Capital Assets	\$ 23,486,066	\$ 47,385,743	\$ 163,484,906	\$ 45,318,739	\$ 2,050,622	\$ 6,643,455	\$ 82,299	\$ 288,451,830

City of Owensboro, Kentucky
Capital Assets Used in Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the fiscal year ended June 30, 2015

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2015</u>
General government:				
City manager, commissioners and legal	\$ 2,057,321	\$ 8,750	\$ -	\$ 2,066,071
Finance	39,374	-	-	39,374
Personnel	13,545	-	-	13,545
Information services	510,748	44,341	(18,140)	536,949
Unallocated	36,545,897	-	(21,388)	36,524,509
Total general government	<u>39,166,885</u>	<u>53,091</u>	<u>(39,528)</u>	<u>39,180,448</u>
Public safety:				
Police	6,651,231	83,197	(462,545)	6,271,883
Fire	3,846,688	9,800	(59,632)	3,796,856
Total public safety	<u>10,497,919</u>	<u>92,997</u>	<u>(522,177)</u>	<u>10,068,739</u>
Public works:				
Engineering	47,054	-	-	47,054
Streets	49,002,050	-	-	49,002,050
Garage	292,607	-	(25,000)	267,607
Stormwater	159,167	-	-	159,167
Total public works	<u>49,500,878</u>	<u>-</u>	<u>(25,000)</u>	<u>49,475,878</u>
Community and cultural:				
Parks	15,832,550	-	-	15,832,550
Community services	-	-	-	-
Other agencies	4,162,081	920,091	-	5,082,172
Downtown Revitalization	40,804,216	-	-	40,804,216
Your Community Vision	76,837,441	4,130,271	(345,628)	80,622,084
Total community and cultural	<u>137,636,288</u>	<u>5,050,362</u>	<u>(345,628)</u>	<u>142,341,022</u>
		5,196,450		
Community / economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Construction in Progress	<u>42,872,568</u>	<u>9,429,816</u>	<u>(4,916,641)</u>	<u>47,385,743</u>
Total governmental funds capital assets	<u>\$ 279,674,538</u>	<u>\$ 14,626,266</u>	<u>\$ (5,848,974)</u>	<u>\$ 288,451,830</u>

This schedule presents only the capital assets balances related to the governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.



Industry and Economic Development

Owensboro has emerged as a major economic hub of western Kentucky, attracting major manufacturing processors in industries such as aluminum, automobile parts, uniforms, paper, food, and tobacco. Locally produced goods include automobile frames and parts, electronics, plastics, wire, spaghetti sauce, and various tobacco, food, and paper products. Biodiesel ethanol is locally produced from soybeans grown in the area, and Owensboro has emerged as an international leader in biotechnology research. A large and expanding mortgage processing firm and two natural gas transmission corporations also call Owensboro home.

The City is active in promoting economic development, as new developmental job growth is necessary to ensure the continued stability of the City's revenue base. Economic indicators and trends reflect stabilization in the area's economy compared to the previous year. As of June 2015, area employment over the prior twelve months averaged 43,002, a decrease of less than 2% from the construction-fueled prior year average. The June 2015 unemployment rate was 5.2%, significantly lower than the prior year rate of 5.9%, the State rate of 5.3% and the U.S. rate of 5.5%. The number of Owensboro Municipal Utilities active water and electric meters was slightly higher and has been steady for several years, with much of the recent construction in the city occurring in areas served by Kenergy and the local water districts. The rate of construction of new single-family housing was down from the prior year. The value of new non-residential projects has dropped a bit more from the 2011-2012 all-time high in the local area caused by work on several major projects, including the construction of a new \$385 million hospital and a new convention center.

An aggressive annexation policy is pursued to ensure continued growth and development for the City of Owensboro. Much of the City's long-term industrial growth potential lies in the Carter Road/Airport Corridor, anchored by the 400-acre Mid-America Airpark. The City coordinated with the Greater Owensboro Economic Development Corporation to complete Mid-America AirPark, which includes AirPark, Tamarack, and Unifirst Drives, and this is a valuable tool for attracting new industry to Owensboro. Three recently-opened buildings in the Airpark for a local expansion of a national mortgage processing company will bring their total new employment to over 800 jobs. The Owensboro-Daviess County Regional Airport recently finished a \$40 million expansion, and a \$1.8 million terminal expansion opened in August 2012. Direct flights to the Orlando area added in the past five years make Owensboro a hub for convenient and cost-effective transportation between Florida and the Owensboro region, and multiple daily flights between Owensboro and St. Louis serve a vital connection to cities nationwide. The overall outlook for the area's economy remains bright due to its diversification.

In August 2012, the City completed construction of a \$40 million Riverfront Development project which was funded mostly through a federal grant. The project included a river wall, a signature fountain, children's playground and spraypark, and significant additional green space for Smothers Park. In 2015, this "Lazy Dayz" playground was named the #1 playground in the world by the Landscape Architects Network, one of the 10 best playgrounds in the United States by USA Today, and 18th best playground in America by Early Childhood Education Zone. The City is currently in the later stages of a \$99 million downtown redevelopment and





revitalization project. The City has partnered with Daviess County Fiscal Court in the development and financing of this project, with the City sponsoring \$79 million of the project and the County sponsoring the remaining \$20 million. A \$48 million convention and events center overlooking the Ohio River opened in January

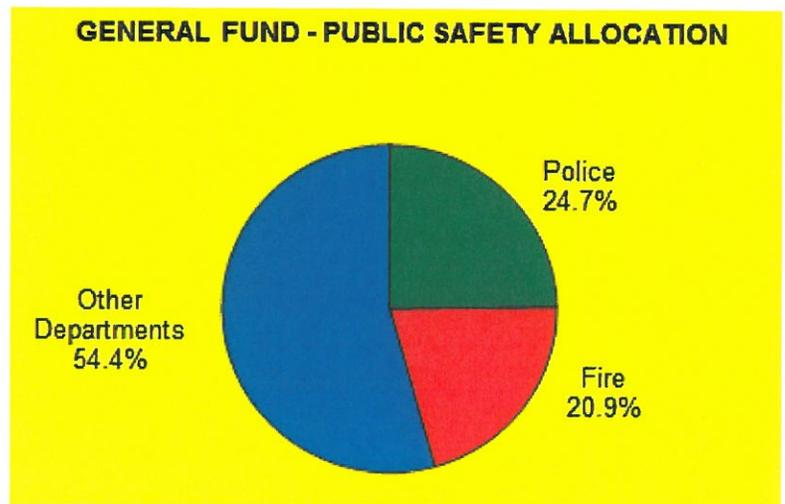
2014. It is flanked by two new privately-developed hotel projects with 270 total rooms at a total cost of over \$35 million. Other new construction in the area includes a corporate headquarters and multiple residential buildings on available riverfront property, with additional property available for future development. In 2015, Southern Business & Development Magazine included Owensboro on their list of “10 Great Southern Downtowns That Are Worth A Visit.”

Communications

The Owensboro Messenger-Inquirer provides daily newspaper service to the citizens of Owensboro and surrounding counties. The Owensboro area is served by many radio stations and by affiliate stations of the four major television networks (ABC, CBS, FOX, and NBC). Cable television service is provided by Time Warner. Owensboro is home to a United States Post Office, with branch offices throughout the City.

Public Safety

The City is committed to excellence from its Police (OPD) and Fire (OFD) Departments. Emergency response times average 3.35 minutes for OPD and 4.25 minutes for OFD, in accordance with the National Fire Protection and United States Insurance Service Offices recommendations. Recent consolidation to our combined City-County 911 Dispatch Center helps ensure efficient and effective Public Safety dispatch services throughout the county. 45.6% of General Fund expenditures are budgeted for public safety. The chart illustrates General



Fund percentages for public safety and all other departments, not including capital projects funding.

Education

Quality education is a priority for the City of Owensboro. Education facilities in the area abound, with city, county and parochial school systems providing elementary, middle and secondary school students with quality education. The average student-teacher ratio for these systems is 20-25:1.

The Owensboro Community and Technical College, an institute for higher learning, offers two-year Associate of Arts and Science degrees, several doctoral degree programs via telecommunications, and vocational education.

Brescia University and Kentucky Wesleyan College are four-year education institutions offering Bachelors of Science and Art degrees. Graduate programs are offered locally by Brescia, Western Kentucky University and Murray State University. Western Kentucky University-Owensboro offers a host of undergraduate and graduate degree programs on their newly expanded Owensboro Campus. These programs provide area residents with the opportunity to earn post-graduate degrees without leaving the city.

Daymar College is a private two-year accredited school offering career-specific education programs. Adult education workshops also offer short courses.

Owensboro is proud of The Wendell H. Ford Government Education Center located at the Area Museum of Science and History. Retired Senator Wendell H. Ford, a local resident, donated memorabilia from his long political career to the Center. The Center includes a replica of his Senate office, a rotunda, and a 70-seat "Senate chamber" used for community, school meetings and lectures. It is equipped with computer and television connections to Washington, D.C. and Frankfort, KY.

Medical Facilities



Owensboro Health (OH) serves eleven counties in Kentucky and southern Indiana. Its new \$385 million state-of-the-art hospital facility (pictured above) officially opened June 1, 2013.

OH medical services can vary greatly from one to another, but patients consistently benefit from quality care. For six years in a row (2009-2015), OH has been ranked in the top 5 percent for clinical excellence by Healthgrades, a leading healthcare rating firm, including top 2 percent for 2014. For 2013 and 2014, Healthgrades named OH Regional Hospital one of America's 100 Best Hospitals.

Among many services and accomplishments, OH also leads two key initiatives for cancer research in the Owensboro region. OH is accredited as a Comprehensive Cancer Center, the highest endorsement awarded to any community hospital from the Commission on Cancer of the American

College of Surgeons. This endorsement shows that OH provides the highest level of care in the diagnosis and treatment of cancer.

Recreation and Culture

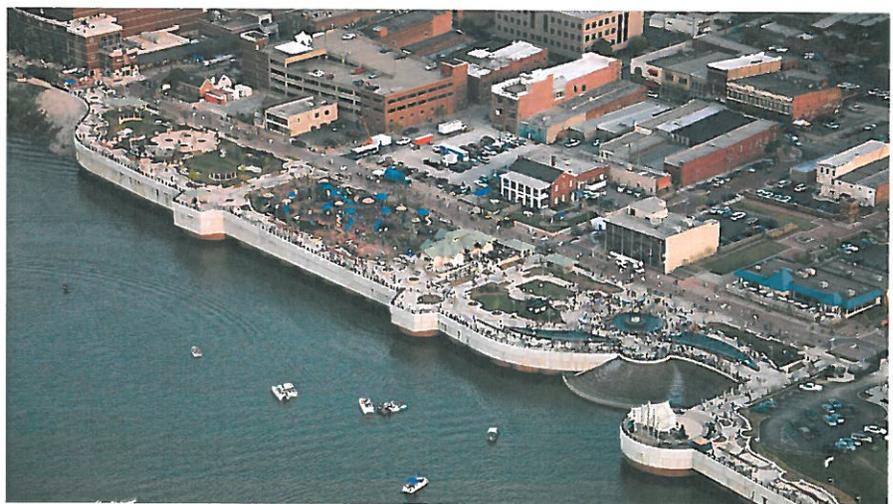
The new, high-tech library serves the community well with a collection of 197,000 books, 28,000 audio and DVD items, a digital collection of over 55,000 items, and access to 31 online databases. Owensboro Area Museum maintains community interest in the natural sciences and area history. Art lovers benefit from the Owensboro Museum of Fine Art, which now features an Atrium Sculpture Court, a restored Civil War-era mansion, a priceless collection of German stained glass windows, and the Kentucky Spirit Galleries. These institutions are recognized as among the finest in western Kentucky.



Owensboro offers wide ranges of recreational and cultural activities to its citizens, who enjoy everything from fishing on nearby lakes to live performances of the Owensboro Symphony Orchestra, one of the finest in the state. Municipal parks provide areas for picnicking, golf, hiking, tennis, softball, football and just plain relaxing. State-maintained Carpenter and Kingfisher lakes offer a fine arena for the fisherman. Other water sports may be enjoyed on the Ohio River. Whether walking, running or biking for fun or exercise, the City's Greenbelt offers a safe route for its residents.

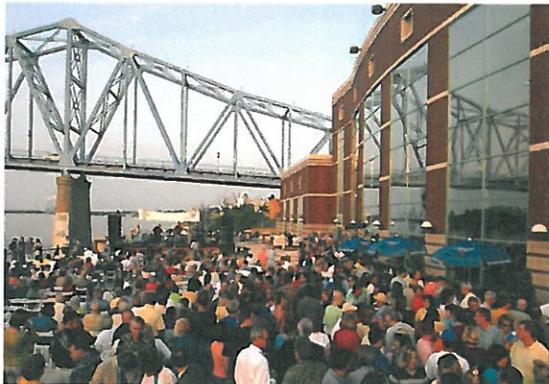
The City maintains two swimming pools and the Kendall Perkins SprayPark, a shallow water play area specially built for small children. Legion Park's sprayground is an enhancement to a beautiful park located in the center of Owensboro that already features basketball courts, a walking trail, playground equipment, and covered shelters.

As was mentioned prior, Smothers Park was greatly expanded and enhanced with additional green space, a signature fountain, and a large children's playground/sprayground complex as part of a recent Riverfront Development Project. This is connected to the new riverfront convention center area by the Mitch McConnell Plaza and Walkway, also a recent addition. Owensboro is indebted to Senator



McConnell for his loyalty and dedication to the City and its ambitious riverfront projects. The City has dedicated the plaza and walkway in his honor.

The RiverPark Center, a 100,000 square foot performing arts and civic center, boasts a 1,500 seat multi-purpose auditorium, an experimental theatre, a riverfront plaza, an open-air courtyard, and meeting/reception rooms. Each year, the RiverPark Center hosts over 800 performance and civic events, and several times since 2008 it has hosted the International Mystery Writers' Festival, with attendees such as 2-time Oscar winner Gene Hackman, actor Josh Hucherson, and writers Stuart Kaminsky and Mary Higgins Clark, the "Queen of Suspense." The International Bluegrass Music Museum currently occupies a portion of this facility, but in the future it will have its own \$15 million facility, currently under construction along the riverfront. Other community activities include music, theatre and art. Cultural activities play a major role in the everyday lives of Owensboro's residents. The City funds many cultural agencies in part.



Friday After 5 is a weekly series of free outdoor concerts held on the riverfront beginning at the RiverPark Center patio and continuing for over seven city blocks. The festival, created by Downtown Owensboro, Inc., began in 1996 with 10 weekly Friday evening concerts. It has grown to a summer-long signature event for the tri-state area hosting more than 50,000 visitors and generally runs from May to September. The festival includes live bands, interactive events for families, entertainment and crafts each Friday after 5:00 p.m. until 10:00 p.m.

Owensboro hosts many festivals throughout the year. Each festival is unique and designed for the whole family. The largest of these is The International Bar-B-Q Festival, which is hosted on the Ohio River front in May of each year. Daviess County has over 150 years of barbecuing experience and boasts of being the Bar-B-Q Capital of the World. The Bar-B-Q Festival is packed with food, music, dance, and a variety of vendor booths.



The Fourth of July ushers in the next big Owensboro celebration. Fireworks and family fun usually start by July 3rd. Musical entertainment and a major fireworks display downtown over the Ohio River are a big part of the holiday on the Fourth, billed as the Celebration of the American Spirit.



The annual Owensboro Dragon Boat Festival premiered in 2011 with 12 teams and had 20 teams participate in August 2014. This festival takes place at English Park, taking advantage of its excellent boat ramp and boarding dock facilities. Paddling teams of 20 people race the boats in multiple heats along a 100-meter course down the Ohio River. Other festivals range from Bluegrass and Dulcimer Music Festivals in the spring to Pumpkin, Farm, and Apple Festivals each fall.



Owensboro has been awarded the designation of *Sports Illustrated* "Sportstown" as the state's top location for community sports and recreation. As Cyndi Sturgeon, Parks and Recreation Department Director at the time, was quoted in the *Sports Illustrated* article: "Sports are a huge focus here in Owensboro and we try to appeal to everyone at all stages of life — from t-ball to adult softball to activities for seniors. Our goal is to help residents have a positive, lifelong relationship with sports."

The Owensboro Sportscenter, a 5,000-seat, air-conditioned auditorium/arena, is home to local high school and college basketball. The City has several times hosted the NCAA Division II Men's "March Madness" Basketball Tournament and the Kentucky 3rd Region Boys' and Girls' High School Basketball Tournament at this site.

Owensboro high schools participate in all major team sports offered by the Kentucky High School Athletic Association, and often at least one of these schools is in serious contention for state champion for various sports. Owensboro High School won its fifth boys high school state basketball championship in 2015.

The Kentucky Wesleyan College basketball team has been referred to as the "UCLA of Small College Basketball." The Panthers are a perennial powerhouse in NCAA's small college basketball ranks and have won eight NCAA II National Tournaments.



The Owensboro Softball Complex, located in Jack C. Fisher Park, has been the site of more than 30 national level softball and baseball world series' and championships since 2001. The Complex is a multiple recipient of the NSA Outstanding Park Award, and the City has received the ASA James Ferrall Award of Excellence on tournament operations multiple times since 2001. The City successfully hosted the three largest Amateur Softball Association's (ASA) National Championships in the history of the ASA: 2004 ASA Men's Class D Nationals-143 teams, 2005 ASA Girls 14 & under Class A Fast Pitch National Championship-144 teams, and 2008 ASA Girls 16 & Under Class A Fast Pitch National Championship-144 teams.

The Owensboro Parks and Recreation Department, in partnership with Owensboro Catholic High School, was awarded the honor of hosting the KHSAA Girls Fast Pitch Softball State Championship in 2004, 2005, and 2008 through 2018. Anything more than a three-year award to the same host community is unprecedented in the history of the event, and the recent extension to eleven consecutive years speaks volumes regarding the caliber of our facilities and staff. The Owensboro Catholic Lady Aces have earned five state fast-pitch softball titles since 1998.

On weeknights throughout the season, the softball complex is home to 450 youth t-ball players, 100 youth baseball players, and 1,200 adult softball players. All of the leagues are coordinated by the Owensboro Parks and Recreation Department.



All Owensboro residents (children, teens, adults, and seniors) have many recreational options, including golf, tennis, softball, volleyball, ice-skating, soccer, football, baseball, and basketball. There are also developmental and instructional programs in t-ball, soccer, cheerleading, tumbling, tennis, golf, tae-kwon do, baseball, softball, volleyball, ice-skating, swimming, and fishing. The City opened its new Ice Arena in August 2009, replacing a facility that was built in 1963. Owensboro Youth Hockey Association, Inc. is open to youth ages 4-18. The Owensboro Youth Soccer League involves youth ages 6-19 during spring and fall seasons. Owensboro Youth Baseball develops young people ages 6-18 in baseball. In 2014, the City opened a new 14,000 square foot Skate Park, and in 2015, a new indoor-outdoor 15-court tennis complex was opened.

Owensboro's 2010 purchase of Ben Hawes Park from the State of Kentucky has allowed for further enhancement of recreational facilities in the area, among them miles of recently renovated mountain biking/hiking trails and a new Soap Box Derby track. The Owensboro Lions Club brought the Soap Box Derby back to Owensboro in 2001 after a 36-year absence. After hosting the event on a city street course since 2001,



construction was recently completed on a new dedicated course in Ben Hawes Park. This is the result of a combined commitment of the Owensboro Lions Club, its sponsors, and the governments of the City of Owensboro and Daviess County. This Soap Box Derby track hosts several events each year.

Multi-Cultural



Owensboro Sister Cities promotes global understanding between our City and other world communities by assisting local governmental entities with proper protocol and reception of foreign dignitaries and visitors. The City and Owensboro Sisters Cities hope to promote the expansion and development of international trade. Owensboro Sisters Cities promotes two Sister City communities: Olomouc, Czech Republic, and Nisshan City, Japan. Also, a Sister Region

agreement under Sister Cities International has been reached between the Green River Area Development District (GRADD) representing a seven-county area in Western Kentucky and the Olomouc Kraj (Region), comprising thirteen counties in the Central Moravia area of the Czech Republic.

The Government

Owensboro operates under a City Manager form of government. The Board of Commissioners includes our Mayor and four Commissioners. Citizens elect the Commissioners at large on a non-partisan ballot. The Mayor is elected for a four-year term and the Commissioners for two-year terms. The Mayor and Commissioners have equal voting power. The Commission sets the policies that govern the City. It appoints citizen advisory groups that help in the decision-making process. The City Manager is appointed by the Board and is responsible for the day-to-day operations of City employees. Department managers are responsible for their various departments and report to the City Manager.

CITY OF OWENSBORO, KENTUCKY
Statistical Section Objectives

The statistical section of our report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	127-133
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	134-137
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	138-141
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	142-143
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	144-146

Sources: Unless otherwise noted, the information in this section is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 54 in 2010.

CITY OF OWENSBORO
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Governmental activities:</u>										
Net investment in capital assets	\$ 33,144,429	\$ 42,842,237	\$ 45,664,473	\$ 54,604,577	\$ 63,729,670	\$ 59,036,580	\$ 68,207,310	\$ 51,139,210	\$ 66,328,598	\$ 66,312,200
Restricted	6,321,540	7,638,119	15,587,202	31,047,376	31,138,063	39,466,683	37,494,110	48,046,513	21,134,973	16,821,765
Unrestricted	11,296,760	14,063,081	17,570,869	14,239,334	22,461,039	23,652,240	26,057,769	28,696,007	43,596,648	(4,244,765)
Total governmental activities net position	\$ 50,762,729	\$ 64,543,437	\$ 78,822,544	\$ 99,891,287	\$ 117,328,772	\$ 122,155,503	\$ 131,759,209	\$ 127,881,730	\$ 131,060,219	\$ 78,889,200
<u>Business-Type activities:</u>										
Net investment in capital assets	\$ 2,059,230	\$ 1,959,205	\$ 2,233,411	\$ 3,002,194	\$ 4,090,975	\$ 3,790,528	\$ 3,991,570	\$ 4,578,564	\$ 4,286,716	\$ 3,551,388
Unrestricted	7,449,411	9,234,571	10,492,524	11,283,831	11,425,367	12,129,144	11,799,478	11,485,967	8,990,011	8,623,564
Total business-type activities net position	\$ 9,508,641	\$ 11,193,776	\$ 12,725,935	\$ 14,286,025	\$ 15,516,342	\$ 15,919,672	\$ 15,791,048	\$ 16,064,531	\$ 13,276,727	\$ 12,174,952
<u>Primary government:</u>										
Net investment in capital assets	\$ 35,203,659	\$ 44,801,442	\$ 47,897,884	\$ 57,606,771	\$ 67,820,645	\$ 62,827,108	\$ 72,198,880	\$ 55,717,774	\$ 70,615,314	\$ 69,863,588
Restricted	6,321,540	7,638,119	15,587,202	31,047,376	31,138,063	39,466,683	37,494,110	48,046,513	21,134,973	16,821,765
Unrestricted	18,746,171	23,297,652	28,063,393	25,523,165	33,886,406	35,781,384	37,857,267	40,181,974	52,586,659	4,378,799
Total primary government net position	\$ 60,271,370	\$ 75,737,213	\$ 91,548,479	\$ 114,177,312	\$ 132,845,114	\$ 138,075,175	\$ 147,550,257	\$ 143,946,261	\$ 144,336,946	\$ 91,064,152

CITY OF OWENSBORO
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
<u>Governmental activities:</u>										
General government	\$ 8,644,720	\$ 8,793,519	\$ 9,680,973	\$ 8,772,143	\$ 10,693,412	\$ 8,501,561	\$ 9,900,004	\$ 9,869,881	\$ 18,605,042	\$ 13,598,984
Public safety	19,513,418	17,055,086	18,129,214	18,614,163	18,445,524	20,216,734	20,290,474	20,953,730	21,518,684	19,917,267
Public works	9,278,026	6,395,367	5,558,089	9,615,871	7,181,580	9,303,683	6,925,625	12,359,635	7,883,621	6,991,081
Community and cultural	4,457,954	4,886,150	5,862,963	6,749,708	6,677,344	8,180,079	9,028,838	9,600,911	9,904,860	11,074,464
Community/economic development	1,113,760	703,557	898,056	1,258,411	2,512,015	3,174,407	5,802,913	3,746,406	2,403,239	1,660,769
Interest on long-term debt	926,657	1,015,349	1,028,005	1,297,750	2,060,977	2,310,662	2,936,429	3,720,799	4,666,115	4,792,998
Total governmental activities expenses	43,934,535	38,849,028	40,957,300	46,308,046	47,570,852	51,687,126	54,884,283	60,251,362	64,981,561	58,035,563
<u>Business-Type activities:</u>										
Sanitation	4,013,954	4,047,686	4,255,487	4,412,040	4,578,085	4,882,331	5,195,084	5,523,509	5,820,823	5,747,365
Transit	1,367,534	1,477,294	1,537,889	1,606,014	1,741,449	2,026,221	2,023,807	2,141,269	2,722,617	2,678,189
Geographic information system	-	-	291,095	295,960	375,634	316,945	321,526	336,049	363,632	377,619
Downtown maintenance and operations	74,906	68,660	81,852	114,675	84,383	-	107,081	612,494	2,237,673	481,687
Recreation	1,344,738	1,373,102	1,404,093	1,363,000	1,808,163	2,255,163	2,693,529	2,724,406	2,986,234	3,046,350
Total business-type activities expenses	6,801,132	6,966,742	7,570,416	7,791,689	8,587,714	9,480,660	10,341,027	11,337,727	14,130,979	12,331,220
Total primary government expenses	\$ 50,735,667	\$ 45,815,770	\$ 48,527,716	\$ 54,099,735	\$ 56,158,566	\$ 61,167,786	\$ 65,225,310	\$ 71,589,089	\$ 79,112,540	\$ 70,366,783

CITY OF OWENSBORO
CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,325,733	\$ 2,337,646	\$ 2,477,103	\$ 2,305,783	\$ 2,228,883	\$ 2,199,982	\$ 1,943,070	\$ 1,690,180	\$ 1,693,498	\$ 1,621,957
Public safety	778,650	875,431	952,424	1,133,134	960,415	803,860	790,746	823,146	1,331,134	1,143,915
Public works	215,894	216,483	17,901	21,907	22,789	18,624	67,627	1,367,196	44,339	37,081
Community and cultural	13,001	-	-	-	-	-	-	-	214,533	219,504
Community/economic development	301,812	300,944	215,492	190,156	255,973	341,856	879,586	698,646	853,846	1,045,865
Operating grants and contributions	5,152,432	3,470,861	4,066,154	2,904,106	3,379,634	3,971,261	3,894,683	1,416,982	742,900	740,472
Capital grants and contributions	3,142,387	4,533,823	7,478,058	20,161,264	15,445,926	6,634,939	4,836,952	1,070,822	651,624	72,620
Total governmental activities program revenues	11,929,909	11,735,188	15,207,132	26,716,350	22,293,620	13,970,512	12,412,664	7,066,982	5,331,874	4,881,414
Business-type activities:										
Charges for services:										
Sanitation	5,030,171	5,100,056	5,157,748	5,204,380	5,194,660	5,211,205	5,260,980	5,299,182	5,309,154	5,314,021
Transit	148,421	139,101	128,819	132,286	130,316	126,704	139,100	128,560	149,976	135,831
Geographic information system	-	-	262,612	243,914	262,419	213,647	245,370	249,710	262,867	253,500
Downtown maintenance and operations	56,556	53,825	54,109	57,071	56,126	-	-	-	-	-
Recreation	1,051,924	979,206	979,530	971,359	1,228,306	1,517,155	1,780,625	1,786,512	1,684,964	1,695,516
Operating grants and contributions	652,332	407,877	441,862	464,303	445,741	475,124	517,384	585,334	697,007	693,558
Capital grants and contributions	-	420,237	466,465	646,534	1,484,000	469,719	410,061	1,471,164	585,461	585,461
Total business-type activities program revenues	6,939,404	7,100,302	7,491,145	7,719,847	8,801,568	8,013,554	8,353,530	9,520,462	8,689,429	8,677,887
Total primary government program revenues	\$ 18,869,313	\$ 18,835,490	\$ 22,698,277	\$ 34,436,197	\$ 31,095,188	\$ 21,984,066	\$ 20,766,194	\$ 16,587,444	\$ 14,221,303	\$ 13,559,301
Net (expense)/revenue										
Governmental activities	\$ (32,004,626)	\$ (27,113,840)	\$ (25,750,168)	\$ (19,591,696)	\$ (25,277,232)	\$ (37,716,614)	\$ (42,471,619)	\$ (53,184,380)	\$ (59,449,687)	\$ (53,154,149)
Business-type activities	138,272	133,560	(79,271)	(71,842)	213,854	(1,467,106)	(1,987,497)	(1,817,265)	(5,441,560)	(3,653,333)
Total primary government net expense	\$ (31,866,354)	\$ (26,980,280)	\$ (25,829,439)	\$ (19,663,538)	\$ (25,063,378)	\$ (39,183,720)	\$ (44,459,116)	\$ (55,001,645)	\$ (64,891,237)	\$ (56,807,482)

CITY OF OWENSBORO
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes										
Property taxes	\$ 7,758,532	\$ 8,129,079	\$ 8,490,108	\$ 8,874,418	\$ 9,276,874	\$ 9,178,018	\$ 9,410,510	\$ 9,822,714	\$ 9,767,158	\$ 9,991,728
Occupational license taxes	12,282,123	13,202,290	13,765,193	13,726,575	13,836,353	14,828,760	15,303,516	16,281,800	16,058,067	16,375,511
Net profit license taxes	2,143,424	2,728,192	3,280,491	3,419,223	3,256,271	3,176,505	3,027,503	3,856,135	3,907,671	3,723,658
Regulatory taxes	4,722,033	4,815,086	5,040,813	4,824,993	5,867,123	7,276,039	7,533,345	7,992,483	8,234,180	8,824,267
Payments in lieu of taxes from component unit	1,480,187	1,399,301	1,756,428	2,012,646	2,015,823	1,990,074	2,363,275	2,669,050	2,295,286	2,253,698
Investment earnings	373,234	885,309	827,636	1,311,412	1,010,136	615,382	1,114,934	641,337	589,668	330,466
Unrestricted grants and contributions	1,076,654	443,285	441,347	954,986	756,238	443,319	1,442,692	2,078,625	3,353,746	714,119
Gain on sale of assets	127,727	584	296,830	161,646	143,517	263,620	152,660	326,151	599,960	112,586
Investment in joint venture	464,514	1,909,755	1,378,941	60,737	755,383	(108,088)	919,245	440,926	530,462	(638,194)
Miscellaneous	357,791	465,070	217,782	643,280	317,574	276,035	244,222	598,847	105,942	10,199,918
Dividends from component unit	5,095,855	5,324,818	5,693,000	5,758,800	6,076,605	6,215,425	6,379,600	6,392,412	6,546,472	6,974,384
Special Item-Property acquired under lease restructure	-	-	-	-	-	-	5,917,293	-	-	-
Transfers	(888,986)	(1,024,655)	(1,159,294)	(1,088,287)	(697,180)	(1,611,744)	(1,733,470)	(1,593,579)	(1,878,825)	(2,113,824)
Total governmental activities	34,993,088	39,278,114	40,029,275	40,660,439	42,714,717	42,543,345	52,075,325	49,308,901	50,109,717	56,748,317
Business-type activities:										
Investment earnings	166,231	410,982	383,904	454,797	238,370	143,280	125,403	208,415	131,809	83,919
Unrestricted grants and contributions	-	-	-	-	-	-	-	128,996	165,624	240,532
Gain on sale of assets	142,184	115,938	66,232	88,848	180,913	115,412	-	159,758	150,000	(28,155)
Miscellaneous	-	-	-	-	-	-	-	-	207,888	141,437
Transfers	888,986	1,024,655	1,159,294	1,088,287	597,180	1,611,744	1,733,470	1,593,579	1,878,925	2,113,824
Total business-type activities	1,197,401	1,551,575	1,611,430	1,631,932	1,016,463	1,870,436	1,868,873	2,090,748	2,534,246	2,551,557
Total primary government	\$ 36,190,489	\$ 40,829,689	\$ 41,640,705	\$ 42,292,371	\$ 43,731,180	\$ 44,413,781	\$ 53,934,198	\$ 51,397,649	\$ 52,643,963	\$ 59,299,874
Change in Net Position										
Governmental activities	\$ 2,988,462	\$ 11,164,274	\$ 14,279,107	\$ 21,068,743	\$ 17,437,485	\$ 4,826,731	\$ 9,603,706	\$ (3,877,479)	\$ (9,339,970)	\$ 3,594,168
Business-type activities	1,335,673	1,685,135	1,532,159	1,560,090	1,230,317	403,330	(128,624)	273,483	(2,907,304)	(1,101,776)
Total primary government	\$ 4,324,135	\$ 12,849,409	\$ 15,811,266	\$ 22,628,833	\$ 18,667,802	\$ 5,230,061	\$ 9,475,082	\$ (3,603,996)	\$ (12,247,274)	\$ 2,492,392

CITY OF OWENSBORO
GENERAL GOVERNMENTAL REVENUES BY SOURCE
 Last Ten Fiscal Years

FISCAL YEAR	TOTAL	PROPERTY TAXES	LICENSES AND PERMITS	INTER-GOVERNMENTAL REVENUES	CHARGES FOR					MISC. REVENUES
					SERVICES - GENERAL GOVERNMENT	FINES AND FORFEITS	INTEREST			
2006	46,212,243	7,758,532	19,924,204	15,769,971	654,748	161,279	303,186			1,640,323
2007	47,597,695	8,129,079	21,032,128	15,418,252	697,149	157,286	728,907			1,434,894
2008	53,515,825	8,490,108	22,575,081	19,616,625	744,040	234,062	716,395			1,139,514
2009	67,217,494	8,874,418	22,437,240	32,091,906	740,105	149,672	1,156,431			1,767,722
2010	63,550,508	9,276,874	23,473,559	27,600,534	815,486	132,250	909,938			1,341,867
2011	56,698,024	9,178,019	25,671,513	18,853,864	810,145	111,517	547,605			1,525,361
2012	57,993,479	9,410,510	26,214,178	17,919,577	812,117	114,465	1,014,245			2,508,387
2013	55,798,233	9,622,714	28,349,336	12,952,702	2,174,734	107,143	569,148			2,022,456
2014	55,657,986	9,767,158	28,691,389	12,768,435	841,742	90,775	589,698			2,908,789
2015	61,874,528	9,991,728	29,586,092	12,946,219	858,014	90,594	306,937			8,094,944

CITY OF OWENSBORO
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Nonspendable	\$ 153	\$ 267	\$ 175	\$ 290	\$ 17	\$ 18	\$ 17	\$ 23	\$ 69	\$ 41
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	213	44	47	437	396	412
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	3,591	5,662	7,473	7,545	9,451	10,888	12,328	14,155	11,741	9,765
Total General Fund	\$ 3,744	\$ 5,929	\$ 7,648	\$ 7,835	\$ 9,681	\$ 10,950	\$ 12,392	\$ 14,615	\$ 12,206	\$ 10,218
All other governmental units										
Nonspendable	\$ 3,256	\$ 6,154	\$ 13,216	\$ 28,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	21,988	25,331	17,993	31,407	17,616	16,821
Committed	-	-	-	-	8,636	13,500	18,715	15,778	3,123	3,556
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	2,835	1,129	1,972	2,117	-	-	-	-	-	-
Total all other government funds	\$ 6,091	\$ 7,283	\$ 15,188	\$ 30,613	\$ 30,624	\$ 38,831	\$ 36,708	\$ 47,185	\$ 20,739	\$ 20,377

CITY OF OWENSBORO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Real and personal property taxes	\$ 7,758,532	\$ 8,129,079	\$ 8,490,108	\$ 8,874,418	\$ 9,276,874	\$ 9,178,019	\$ 9,410,510	\$ 9,622,714	\$ 9,767,158	\$ 9,991,728
Occupational licenses	12,236,772	12,911,250	13,686,643	13,645,423	13,782,813	14,702,852	15,206,272	16,068,006	16,053,903	16,577,471
Net profit license fees	2,435,859	2,781,868	3,277,814	3,400,218	3,252,516	3,168,582	2,977,184	3,860,563	3,907,671	3,723,658
Regulatory licenses	4,722,033	4,815,086	5,040,813	4,824,993	5,867,123	7,276,039	7,533,345	7,992,483	8,234,180	8,824,267
Intergovernmental	9,193,929	8,694,133	12,167,197	24,320,480	19,508,106	10,648,365	9,176,702	3,891,240	3,926,677	3,718,137
Interest	303,186	728,907	716,395	1,156,431	909,938	547,605	1,014,245	569,148	589,698	306,937
Fees, licenses and permits	529,540	523,924	569,811	566,606	571,107	524,040	497,377	428,284	495,635	460,696
Fines and forfeitures	161,279	157,286	234,062	149,672	132,250	111,517	114,465	107,143	90,775	90,594
Rentals	741,230	720,896	651,199	566,512	566,385	690,104	1,610,887	770,939	68,378	83,503
Charges for services	654,748	697,149	744,040	740,105	815,486	810,145	812,117	2,174,734	841,742	858,014
Contributions and donations	22,227	20,197	17,648	8,879	16,386	13,841	9,880	46,174	1,333,636	5,632,364
Dividends from component units	5,095,855	5,324,818	5,693,000	5,758,800	6,076,605	6,215,425	6,379,600	6,392,412	6,546,472	6,974,384
Payments in lieu of taxes from component unit	1,480,187	1,399,301	1,756,428	2,012,646	2,015,823	1,990,074	2,363,275	2,669,050	2,295,286	2,253,698
Miscellaneous income	876,866	693,801	470,667	1,192,331	759,096	821,416	887,620	1,205,343	1,506,775	2,378,477
Total Revenues	46,212,243	47,597,695	53,515,825	67,217,494	63,550,508	56,698,024	57,993,479	55,798,233	55,657,986	61,874,528
Expenditures										
Current:										
General government	7,373,975	7,680,375	8,484,458	8,309,429	9,374,755	7,493,690	7,889,242	8,273,338	9,662,392	9,508,203
Public safety	20,447,210	16,697,923	17,796,001	18,553,309	18,034,183	19,280,032	19,419,896	20,313,577	21,063,414	21,213,287
Public works	5,078,227	4,534,225	5,913,174	7,055,774	4,736,354	5,277,177	5,109,226	5,993,091	6,012,281	5,060,460
Community and cultural	3,962,926	3,963,882	4,669,820	5,227,916	4,436,163	4,339,919	4,349,945	4,996,919	4,968,033	5,231,290
Community/economic development	1,113,760	1,013,498	898,056	1,258,411	2,512,015	3,174,407	5,802,913	3,746,406	2,403,240	2,451,953
Capital outlay	7,278,471	7,086,041	10,859,962	34,254,857	29,444,904	31,409,589	31,436,203	28,556,718	31,468,944	12,892,283
Debt service:										
Principal	1,662,807	1,841,400	2,714,000	1,933,300	1,318,300	8,618,300	22,238,300	3,104,301	4,257,000	4,924,239
Interest	810,979	920,447	928,832	1,054,240	1,912,906	1,946,891	2,867,038	3,308,443	4,517,083	4,236,147
Issuance costs	147,933	-	55,778	103,773	44,306	184,781	257,979	206,631	85,073	-
Total Expenditures	47,876,288	43,737,791	52,320,081	77,751,009	70,813,886	81,724,786	99,370,742	78,499,424	84,437,460	65,517,862
Excess (deficiency) of revenues over expenditures	(1,664,045)	3,859,904	1,195,744	(10,533,515)	(7,263,378)	(25,026,762)	(41,377,263)	(22,701,191)	(28,779,474)	(3,643,334)
Other financing sources (uses):										
Sale of capital assets	190,561	16,292	992,048	191,943	192,076	274,378	148,935	375,934	599,959	112,586
Issuance of debt	4,100,000	-	8,104,292	27,035,051	9,242,705	35,852,052	43,451,028	36,028,353	4,512,043	26,831,355
Refunding bond issue	2,550,000	-	-	-	-	-	5,195,000	-	-	-
Payment to bond refunding escrow	(2,881,398)	-	(35,475)	(154,000)	(25,350)	(460,796)	(6,507,708)	(179,223)	(4,420,000)	-
Discount on bonds issued	-	-	-	-	-	-	(204,326)	-	-	-
Premiums on bonds issued	-	-	(35,475)	(154,000)	(25,350)	(460,796)	34,319	135,476	67,854	-
Transfers in	2,453,572	5,582,783	3,680,791	3,425,235	3,717,098	12,100,265	26,098,166	8,141,279	12,277,734	11,752,725
Transfers out	(2,745,219)	(6,081,359)	(4,313,729)	(4,352,763)	(4,005,121)	(13,264,553)	(27,518,910)	(9,100,688)	(13,112,474)	(13,354,674)
Transfers to component unit	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	3,667,516	(482,284)	8,427,927	26,145,466	9,121,408	34,501,346	40,696,504	35,401,131	(74,884)	1,293,905
Net change in fund balances	\$ 2,003,471	\$ 3,377,620	\$ 9,623,671	\$ 15,611,951	\$ 1,858,030	\$ 9,474,584	\$ (680,759)	\$ 12,699,940	\$ (28,854,358)	\$ (2,349,429)
Debt service as a percentage of non-capital expenditures	6.1%	7.1%	8.1%	4.6%	8.6%	19.9%	35.8%	13.6%	14.4%	-4.1%

CITY OF OWENSBORO
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

FISCAL YEAR	ASSESSED VALUE				TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL VALUE	PERCENT ASSESSED TO ESTIMATED VALUE ²
	REAL ESTATE	PERSONAL PROPERTY ¹	FRANCHISE	BANK DEPOSITS			
2006	2,149,205,217	253,083,835	96,027,468	1,284,683,290	0.5652	3,887,975,139	97.3%
2007	2,240,389,072	307,709,918	70,915,621	1,313,720,034	0.5352	4,256,206,326	92.4%
2008	2,366,775,100	314,983,944	61,281,884	1,406,922,969	0.5344	4,491,302,919	92.4%
2009	2,508,651,235	312,311,411	69,204,784	1,498,007,365	0.5520	4,718,467,522	93.0%
2010	2,602,525,073	326,108,291	73,128,586	1,626,947,361	0.5520	4,811,548,140	96.2%
2011	2,622,683,843	303,510,001	70,560,952	1,674,615,507	0.5520	4,810,885,997	97.1%
2012	2,654,566,364	304,153,090	76,148,350	1,692,285,825	0.5498	4,883,423,170	96.8%
2013	2,705,000,357	323,853,657	77,914,987	1,967,329,756	0.5306	5,146,144,784	98.6%
2014	2,776,010,494	320,779,194	70,832,445	1,972,795,991	0.5306	5,304,869,065	96.9%
2015	2,829,192,552	325,776,997	55,438,357	2,164,457,539	0.5306	5,558,288,981	96.7%

CITY OF OWENSBORO
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
 Per \$100 of Net Assessed Valuation
 Last Ten Fiscal Years

REAL PROPERTY:

Fiscal Year	OVERLAPPING										CITY RESIDENT TOTALS ¹		
	DIRECT		State	County	Health	Extension	Library	City School District	County School District	In City School District	In County School District		
2005	0.2586	0.1310	0.1340	0.0350	0.0090	0.0660	0.7010	0.5330	1.3346	1.1666			
2006	0.2580	0.1310	0.1270	0.0350	0.0090	0.0570	0.7040	0.5360	1.3210	1.1530			
2007	0.2608	0.1280	0.1270	0.0350	0.0090	0.0503	0.7400	0.5450	1.3501	1.1551			
2008	0.2601	0.1240	0.1300	0.0350	0.0090	0.0590	0.7480	0.5470	1.3651	1.1641			
2009	0.2593	0.1220	0.1360	0.0350	0.0090	0.0600	0.7640	0.5630	1.3853	1.1843			
2010	0.2593	0.1220	0.1360	0.0350	0.0090	0.0590	0.7670	0.5630	1.3873	1.1833			
2011	0.2593	0.1220	0.1360	0.0350	0.0090	0.0610	0.7800	0.5680	1.4023	1.1903			
2012	0.2593	0.1220	0.1360	0.0350	0.0090	0.0630	0.7850	0.5860	1.4093	1.2103			
2013	0.2593	0.1220	0.1360	0.0350	0.0090	0.0640	0.8210	0.6090	1.4463	1.2343			
2014	0.2593	0.1220	0.1360	0.0350	0.0090	0.0640	0.8220	0.6120	1.4473	1.2373			
2015	0.2593	0.1220	0.1360	0.0350	0.0090	0.0640	0.8500	0.6310	1.4753	1.2563			

PERSONAL PROPERTY:

Fiscal Year	OVERLAPPING										CITY RESIDENT TOTALS ¹		
	DIRECT		State	County	Health	Extension	Library	City School District	County School District	In City School District	In County School District		
2005	0.3091	0.4500	0.1638	0.0350	0.0090	0.0570	0.7020	0.5330	1.7259	1.5569			
2006	0.3072	0.4500	0.1572	0.0350	0.0107	0.0577	0.7040	0.5360	1.7218	1.5538			
2007	0.2744	0.4500	0.1592	0.0350	0.0108	0.0594	0.7400	0.5450	1.7288	1.5338			
2008	0.2743	0.4500	0.1696	0.0350	0.0111	0.0622	0.7480	0.5470	1.7502	1.5492			
2009	0.2927	0.4500	0.1946	0.0350	0.0090	0.0693	0.7640	0.5630	1.8146	1.6136			
2010	0.2927	0.4500	0.1946	0.0350	0.0090	0.0687	0.7670	0.5630	1.8170	1.6130			
2011	0.2927	0.4500	0.1946	0.0350	0.0090	0.0751	0.7800	0.5680	1.8364	1.6244			
2012	0.2905	0.4500	0.1946	0.0350	0.0090	0.0817	0.7850	0.5860	1.8458	1.6468			
2013	0.2713	0.4500	0.1800	0.0350	0.0090	0.0767	0.8210	0.6090	1.8430	1.6310			
2014	0.2713	0.4500	0.1800	0.0350	0.0090	0.0785	0.8220	0.6120	1.8458	1.6358			
2015	0.2713	0.4500	0.1800	0.0350	0.0090	0.0793	0.8500	0.6310	1.8746	1.6556			

The Kentucky Revised Statutes state that property tax revenue cannot exceed, excluding new property, 4% of the previous year property.

¹City residents are in either the City School Tax District or the County School Tax District.

CITY OF OWENSBORO
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

TAXPAYER	TYPE OF BUSINESS	June 30, 2015			June 30, 2006		
		ASSESSED VALUATION ¹	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION OF	ASSESSED VALUATION ¹	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION OF
Wal-Mart Real Estate	Retail	\$ 51,597,526	1	1.60%			
Toyotsu Mid America	Manufacturer	30,397,615	2	0.94%			
Towne Square Mall, LLC	Mall Development	29,000,000	3	0.90%	26,021,000	2	1.09%
Atmos Energy	Gas Company	25,053,490	4	0.78%	21,721,771	4	0.91%
Unifirst Corporation	Manufacturer	20,130,908	5	0.62%	19,633,298	6	0.82%
R & B Foods (Unilever)	Manufacturer	19,808,143	6	0.61%			
Owensboro Grain	Manufacturer	18,735,169	7	0.58%			
Owensboro Towne Center	Mall Development	17,296,264	8	0.54%			
Menards	Retail	16,437,284	9	0.51%			
SFG Inc. (Field Packing Co.)	Manufacturer	15,144,597	10	0.47%	16,617,599	8	0.70%
Bellsouth/AT&T	Telecommunications	-			31,726,392	1	1.33%
Boardwalk Pipelines	Gas Company	-			24,857,306	3	1.04%
Time Warner Cable	Cable TV	-			21,512,700	5	0.90%
Metalsa (Dana Corp.)	Manufacturer				16,710,948	7	0.70%
Sazarec North America	Manufacturer				16,320,837	9	0.68%
BB&T	Bank				14,273,806	10	0.60%
		<u>\$ 243,600,996</u>		<u>7.55%</u>	<u>\$ 209,395,657</u>		<u>8.77%</u>

¹Source: Daviess County Property Valuation Office

CITY OF OWENSBORO
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

FISCAL YEAR	TOTAL TAX LEVY FOR FISCAL YEAR		ADJUSTMENTS TO LEVY	FINAL ADJUSTED LEVY	COLLECTED WITHIN FISCAL YEAR OF LEVY		COLLECTIONS SUBSEQUENT YEARS		TOTAL COLLECTIONS TO DATE	
	FISCAL YEAR	AMOUNT			AMOUNT	% OF LEVY	AMOUNT	% OF LEVY	AMOUNT	% OF LEVY
2006	7,236,158	570,768	7,806,926	7,641,239	97.9%	162,463	7,803,702	99.9%		
2007	7,677,452	505,746	8,183,198	8,045,021	98.3%	133,812	8,178,833	99.9%		
2008	8,027,057	521,819	8,548,876	8,419,367	98.5%	125,513	8,544,880	100.0%		
2009	8,328,260	575,934	8,904,194	8,792,417	98.7%	107,489	8,899,906	100.0%		
2010	8,703,133	592,104	9,295,237	9,157,345	98.5%	131,623	9,288,968	99.9%		
2011	8,618,306	593,216	9,211,522	9,037,488	98.1%	159,142	9,196,630	99.8%		
2012	8,829,884	618,711	9,448,595	9,310,565	98.5%	128,183	9,438,748	99.9%		
2013	8,920,645	702,069	9,622,714	9,556,475	99.3%	51,853	9,608,328	99.9%		
2014	9,132,573	634,584	9,767,157	9,544,981	97.7%	34,559	9,579,540	98.1%		
2015	9,316,814	674,914	9,991,728	9,844,322	98.5%	0	9,844,322	98.5%		

CITY OF OWENSBORO
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

FISCAL YEAR	GENERAL OBLIGATION BONDS		LEASE REVENUE BONDS	LOAN PAYABLE	GOVERN-MENTAL	BUSINESS-TYPE	TOTAL PRIMARY GOV'T	PERCENTAGE OF PERSONAL INCOME ¹	PER CAPITA ¹
	BONDS	OBLIGATION	BONDS						
2006	\$20,076		640	906	21,622	0	21,622	1.45%	390
2007	18,411		585	870	19,866	0	19,866	1.28%	358
2008	23,779		525	1,009	25,313	0	25,313	1.56%	457
2009	44,560		465	5,344	50,369	0	50,369	2.99%	907
2010	48,480		405	9,517	58,402	0	58,402	3.21%	1,048
2011	68,418		345	16,544	85,307	0	85,307	4.54%	1,490
2012	85,239		305	19,595	105,139	0	105,139	5.50%	1,825
2013	118,612		290	19,515	138,417	1,621	140,038	6.58%	2,411
2014	114,538		246	19,515	134,299	1,554	135,853	5.99%	2,326
2015	110,235		202	21,881	132,318	1,487	133,805	5.84%	2,292

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

¹See Schedule 14, Demographic Statistics, for personal income and population data.

CITY OF OWENSBORO
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years

FISCAL YEAR	POPULATION ¹	ESTIMATED ACTUAL VALUE ²	TOTAL BONDS AND LOAN PAYABLE		LESS APPLICABLE AMOUNTS ³	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	
			BONDS AND LOAN PAYABLE	NET BONDED DEBT			NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2006	55,459	3,775,221,904	21,622,467	4,056,698	17,565,769	0.47	316.73	
2007	55,525	4,125,580,686	19,866,474	3,778,268	16,088,206	0.39	289.75	
2008	55,398	4,357,075,303	25,312,611	3,666,530	21,646,081	0.50	390.74	
2009	55,516	4,560,266,982	50,368,627	7,745,551	42,623,076	0.93	767.76	
2010	55,745	4,695,545,521	58,401,792	11,657,226	46,744,566	1.00	838.54	
2011	57,265	4,816,042,695	85,307,327	18,413,249	66,894,078	1.39	1,168.15	
2012	57,605	4,844,050,228	105,139,073	21,203,247	83,935,826	1.73	1,457.09	
2013	58,083	5,073,222,677	140,038,443	20,580,070	119,458,373	2.35	2,056.68	
2014	58,416	5,304,869,065	135,852,501	20,302,925	115,549,576	2.18	1,978.05	
2015	58,374	5,558,288,981	133,804,586	21,880,695	111,923,891	2.01	1,917.36	

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

CITY OF OWENSBORO
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 June 30, 2015

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Owensboro
Direct			
City of Owensboro			
General Obligation Bonds	\$ 110,235,118	100.0%	\$ 110,235,118
Revolving Loan	21,880,695	100.0%	21,880,695
Loan Payable #26	16,900	100.0%	16,900
Loan Payable #18	185,000	100.0%	185,000
	<u>132,317,713</u>		<u>132,317,713</u>
	Total Direct		
Overlapping			
Owensboro Independent Schools	19,665,327	100.0%	19,665,327
Daviess County	25,667,666	56.7%	19,109,896
Daviess County Schools	72,581,000	42.0%	30,484,020
	<u>117,913,993</u>		<u>69,259,243</u>
	Total Overlapping Debt		
	<u>\$ 250,231,706</u>		<u>\$ 201,576,956</u>

Note: This table includes all debt for which the City is directly or contingently liable should the outstanding entity's revenue not be sufficient to retire the debt. This table excludes debt which is to be retired by the City's enterprise funds or component units through rates.

(1) 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 Owensboro.

CITY OF OWENSBORO
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 263,731,552	\$ 276,122,241	\$ 289,737,193	\$ 304,779,543	\$ 317,339,605	\$ 317,118,600	\$ 321,289,180	\$ 328,717,300	\$ 335,855,683	\$ 340,588,791
Total net debt applicable to limit	17,640,212	15,987,234	21,719,010	43,052,036	47,100,283	67,363,992	84,245,408	117,532,066	116,149,298	112,053,360
Legal debt margin	\$ 246,091,340	\$ 260,135,007	\$ 268,018,183	\$ 261,727,507	\$ 270,239,322	\$ 249,754,608	\$ 237,043,772	\$ 211,185,234	\$ 219,706,385	\$ 228,535,431
Total net debt applicable to the limit as a percentage of debt limit	6.69%	5.79%	7.50%	14.13%	14.84%	21.24%	26.22%	35.75%	34.58%	32.90%

Legal Debt Margin Calculation for Fiscal Year 2014

Net assessed value	\$ 3,210,407,906
Add back: exempt real property	195,480,000
Total assessed value	<u>\$ 3,405,887,906</u>
Debt limit - 10% of total assessed value ¹	\$ 340,588,791
Amount of debt applicable to debt limit:	
Total general bonded debt	\$ 134,377,595
Less: Revenue Bonds	(201,900)
Loan Payable	(21,880,695)
Amount set aside for repayment of general obligation bonds	(241,640)
Total debt applicable to limitation	<u>\$ 112,053,360</u>
Legal debt margin	<u>\$ 228,535,431</u>

¹Section 158 of the Commonwealth of Kentucky Constitution states:

"Cities shall not be authorized or permitted to incur indebtedness to an amount, including existing indebtedness, in the aggregate exceeding the following named maximum percentages on the value of the taxable property therein, to be estimated by the assessment next before the last assessment previous to the incurring of the indebtedness. Cities of the first and second class, and of the third class having a population exceeding fifteen hundred, ten per centum."

CITY OF OWENSBORO
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

FISCAL YEAR	POPULATION ¹	PERSONAL INCOME (IN THOUSANDS)		PER CAPITA INCOME ²	SCHOOL ENROLLMENT ³	UNEMPLOYMENT RATE ⁴
		\$	\$			
2006	55,459	\$ 1,488,298	\$ 26,836	3,942	5.9%	
2007	55,525	1,546,038	27,844	3,934	5.0%	
2008	55,398	1,619,062	29,226	3,934	4.9%	
2009	55,516	1,686,632	30,381	4,031	10.6%	
2010	55,745	1,821,970	32,684	4,053	8.9%	
2011	57,265	1,879,266	32,817	4,254	8.4%	
2012	57,605	1,910,182	33,160	4,473	7.1%	
2013	58,049	2,126,973	36,641	4,584	7.6%	
2014	58,320	2,268,531	38,898	4,659	6.3%	
2015	58,374	2,291,705	39,259	4,782	5.2%	

Sources:

¹United States Census Estimates

²U. S. Department of Commerce, Bureau of Economic Analysis

³Owensboro Board of Education; represents elementary and secondary public schools

⁴Kentucky Department for Employment Services

City of Owensboro
Principal Employers
 Current Year and Nine Years Ago

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<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>
Owensboro Health Regional Hospital	3,406	1	7.85%	2,733	1	6.10%
US Bank Home Mortgage	2,349	2	5.42%	667	3	1.49%
Owensboro Public Schools	1,036	3	2.39%	985	2	2.20%
Kentucky Community & Technical College	698	4	1.61%			
Toyotetsu Mid-America	602	5	1.39%	574	4	1.28%
Wal-Mart	541	6	1.25%	551	6	1.23%
Unifirst	506	7	1.17%			
Specialty Foods (Field Packing Co.)	500	8	1.15%	500	7	1.12%
Commonwealth of Kentucky	471	9	1.09%	464	8	1.04%
Sazarec	425	10	0.98%			
City of Owensboro				559	5	1.25%
Canteen Service Company				402	9	0.90%
R & B Foods (Unilever)				400	10	0.89%
Total	10,534		24.29%	7,835		17.48%

City of Owensboro
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30									
Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
General government	80	71	73	66	49	56	53	50	49	52
Public safety	245	240	237	230	237	233	229	235	235	237
Public works	72	66	70	64	64	57	61	64	65	65
Community and cultural	5	5	4	2	3	5	4	4	3	1
Total Governmental Activities	402	382	384	362	353	351	347	353	352	355
Business-type activities:										
Sanitation	28	27	27	27	27	26	27	29	27	27
Other enterprise funds	95	95	93	69	79	54	44	31	35	32
Total business-type activities	123	122	120	96	106	80	71	60	62	59
Total primary government	525	504	504	458	459	431	418	413	414	414

City of Owensboro
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical arrests	5,423	4,312	4,531	4,391	4,272	4,235	4,297	3,988	4,137	4,042
Parking violations	11,820	12,331	10,306	8,965	4,636	5,661	4,705	5,150	2,948	3,811
Traffic violations and courtesy notices	23,655	20,600	11,453	14,563	10,870	10,986	8,336	9,824	11,300	10,507
Fire										
Number of calls answered	1,575	2,375	2,051	2,163	2,540	4,285	6,297	6,631	7,050	7,186
Inspections	3,601	3,650	3,408	3,445	1,899	1,878	1,795	2,071	1,827	1,789
Highways and streets										
Street resurfacing (miles)	3.8	4.6	4.6	5.9	3.4	3.5	3.7	1.0	6.3	4.0
Potholes repaired	788	833	1,793	1,197	1,161	1,429	1,198	1,047	2,710	3,775
Sanitation										
Refuse collected (tons/day)	180.8	183.9	183.0	220.1	176.6	177.3	174.9	177.4	175.2	177.1
Recyclables collected (tons/year)	387.5	317.0	309.3	399.2	455.2	442.9	446.0	508.2	516.4	465.4
Culture and recreation										
Participants in programs	91,071	105,407	107,692	103,964	106,000	161,390	183,850	196,719	197,396	253,206
Number of programs	323	373	344	311	290	353	309	305	309	231
Water¹										
New connections	198	193	236	145	150	128	100	110	99	97
Water main breaks and service leaks repaired	443	454	523	470	378	438	336	349	321	342
Average daily consumption (thousands of gallons)	11,915	11,520	11,516	11,418	11,336	11,234	12,164	12,035	11,837	11,821
Riverport										
Terminal operations (thousands of tons)	1,063.2	846.2	753.0	761.5	856.7	822.0	861.3	758.9	846.8	1,008.0
Electric¹										
New connections (net)	207	216	-9	-51	16	64	54	373	-92	168

Sources: Various government departments and component units.

¹Owensboro Municipal Utilities totals only; other utilities serve some outlying parts of the city

* Citation officer position vacant for extended time

** Began responding to additional types of EMS calls April 2010.

