

City of Owensboro
Comprehensive Annual Financial Report
for the
Fiscal Year Ended June 30, 2017



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, 2017**

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City of Owensboro Kentucky

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

December 19, 2017

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, 2017. 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 CPA Group, LLC. has issued an unmodified (clean) opinion on the City of Owensboro's financial statements for the year ended June 30, 2017. 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. The 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 20.69 square miles and serves a population of 59,273.

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 accordance with state statute, on or before June 1 of each year, the City Manager submits a proposed operating budget to the Board for the fiscal year commencing July 1, and on or before June 30 of each year, the Board adopts the budget. This annual budget serves as the foundation for financial planning and control for the City of Owensboro. The budget is prepared by fund, function (ie: Public safety), department (ie: Police) and account. Budget adjustments, within a department and with no change in total appropriations, require approval by the City Manager. Commission vote and approval is required for any of the following situations: an increase above original (or amended) appropriations, a reallocation of expenditure appropriations between departments, a change in the number of full-time or non-full-time positions, or if a new source of revenue is available.

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 \$642.3 million, or 27%, from 2008 to 2017.

Major industries located within the government's boundaries include health care, 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 5.3% in June 2017. The state and federal unemployment rates were 5.7% and 4.5%, respectively.

SIGNIFICANT EVENTS AND INITIATIVES

Tax Increment Financing

The city is participating with the state in two tax increment financing (TIF) projects; the Gateway Commons TIF (Gateway TIF) and the Downtown Riverfront Revitalization TIF (Downtown TIF). For approved TIFs, the state returns up to 80 percent of incremental tax revenues created by

the development to developers to pay for public infrastructure costs. The Kentucky State Economic Development Finance Authority approved a total of \$24.5 million for the Downtown TIF and \$20.5 million for the Gateway Commons TIF in state tax incentive rebates over 20 years to cover public infrastructure costs.

Downtown Redevelopment and Revitalization

The community expressed a desire to redevelop the downtown and riverfront, and as such, voiced their opinion on how to do that through a public forum called 'We the People'. The City's elected officials acted upon that, partnering 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 endeavor. This project has spurred over \$200 million in downtown private development, with many more projects on the horizon.

Bluegrass Music Hall of Fame & Museum

The City, in partnership with the International Bluegrass Music Museum, Inc., has begun construction on a \$15.3 million, 47,000 square foot museum and entertainment venue, which will open in the summer of 2018 as the new Bluegrass Music Hall of Fame & Museum. This tourism and educational venue will serve as an iconic tribute to the bluegrass genre along with many other music styles of historic significance. The 485 seat theatre will become the home of the International Bluegrass Opera, which contains space suitable for a roof top full-service restaurant with views of the majestic Ohio River. Bluegrass is among the fastest growing music interest in the world. This hall of fame and museum will become a focal point of our tourism industry for not only our region but the entire country, for years to come.

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 \$27.7 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.

Parking Garage

The City is building an \$8 million 448-space parking garage. The garage fulfills a contractual obligation to provide 114 parking spaces to incentivize the relocation of a business here from another state, as well as partially serving a 110-room hotel and apartment complex expected to be built across the street, and providing much needed parking for the convention center and Bluegrass Music Hall of Fame & Museum. The cost of building the garage will be reimbursed to the city via the Downtown TIF funds.

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 also partnered with a California-based customer service center creating up to 840 new jobs. 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 have 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, 2016, the 36th 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 17th 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 CPA Group, LLC. 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 Tom Watson

Commissioner Bob Glenn (Mayor Pro Tem)

Commissioner Pam Smith-Wright

Commissioner Larry Conder

Commissioner Jay Velotta

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

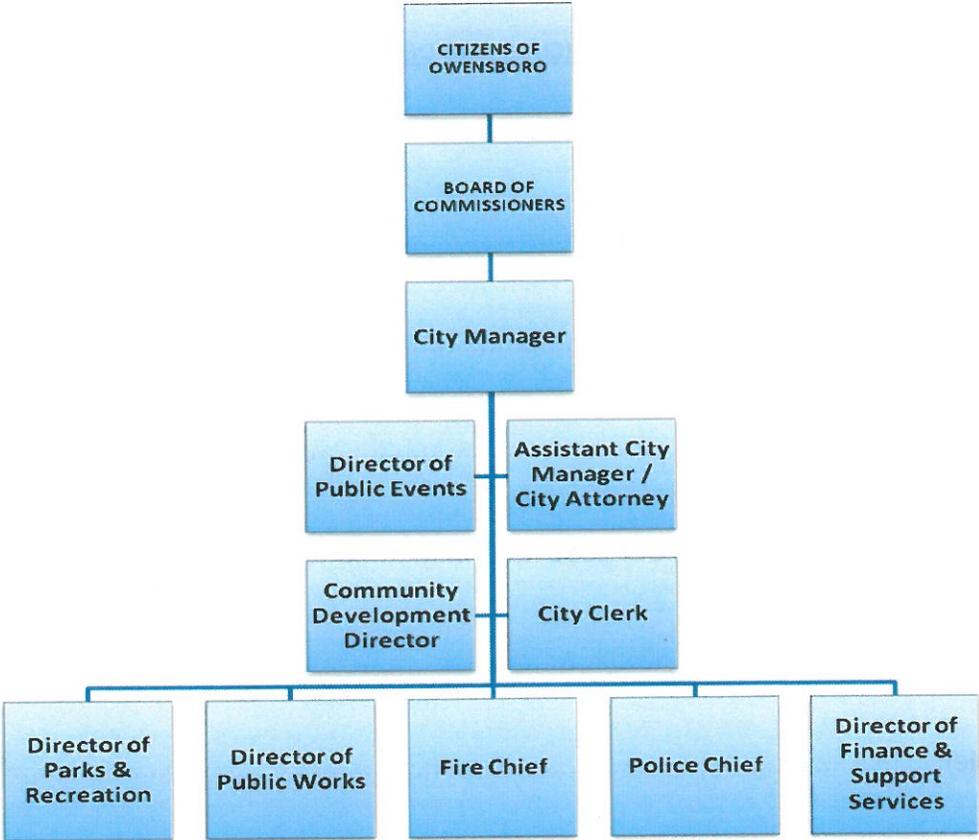
Police Chief Art Ealum

Community Development Director Abby Shelton

Director of Parks & Recreation..... Amanda Rogers

City of Owensboro

Organization Chart Fiscal Year 2016-2017





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, 2016

Christopher P. Merrill

Executive Director/CEO





MYRIAD CPA
GROUP
Audit ■ Tax ■ Advisory



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

To the Honorable Tom Watson, 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, 2017 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 represents 86 percent, 79 percent, and 92 percent, respectively, of total component unit assets, total component unit net position, and total component unit revenues. In addition, we did not audit the financial statements of the Owensboro-Daviess County Regional Airport, which represents 4 percent, 19 percent, and -0.3 percent, respectively, of total governmental activities assets, total governmental activities net position, and total governmental activities general revenues and transfers. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for Owensboro Municipal Utilities and Owensboro-Daviess County Airport, are 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, 2017, 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 11 through 21, and the required supplementary information including the pension schedules and budgetary comparison schedules as listed in the table of contents, 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, capital assets schedules, 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 and capital assets schedules 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, the combining and individual non-major fund financial statements and capital assets schedules 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2017, 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.

Myriad Co Group, LLC

Owensboro, Kentucky
December 14, 2017



**Management's Discussion and Analysis
(Required Supplementary Information)**

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, 2017. 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 1-4) and the financial statements (pages 22-120) provided in this document.

I. Financial Highlights

- The government-wide assets and deferred outflows exceeded liabilities by \$91.2 million at the close of the 2016-2017 fiscal year.
- The government-wide total net position decreased by \$3.9 million from prior year.
- City governmental funds reported a combined ending fund balance of \$46.5 million. Approximately \$6.9 million, or 15% of this total amount is unassigned and available for spending at the City's discretion.
- The unassigned general fund balance of \$6.9 million represents 15% 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 six enterprise funds to account for Sanitation, Convention Center Operations, Sportscenter 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 four 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 110-112 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 113-115 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 89-99 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 100-117 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 \$91.2 million at June 30, 2017.

The largest portion of the City's net position, \$60.9 million, or 67% 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, \$30.3 million, or 33%, represents resources that are subject to external restrictions on how they may be used.

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	
	2016	2017	2016	2017	2016	2017
Current and other assets	\$73,997,837	\$88,726,063	\$13,013,070	\$20,750,119	\$87,010,907	\$109,476,182
Capital assets	229,212,811	225,730,355	3,319,301	2,832,721	232,532,112	228,563,076
Total assets	303,210,648	314,456,418	16,332,371	23,582,840	319,543,019	338,039,258
Deferred outflows of resources	10,179,563	14,530,087	0	0	10,179,563	14,530,087
Total assets and deferred outflows of resources	\$313,390,211	\$328,986,505	\$16,332,371	\$23,582,840	\$329,722,582	\$352,569,345
Long-term liabilities	\$208,631,588	\$224,494,199	\$1,825,475	\$1,702,788	\$210,457,063	\$226,196,984
Other liabilities	9,318,482	14,943,577	743,768	6,617,534	10,062,250	21,561,111
Total liabilities	217,950,070	239,437,776	2,569,243	8,320,319	220,519,313	247,758,095
Deferred inflows of resources	14,071,974	13,595,866	0	0	14,071,974	13,595,866
Total liabilities and deferred inflows of resources	\$232,022,044	\$253,033,642	\$2,569,243	\$8,320,319	\$234,591,287	\$261,353,961
Net position						
Net Invest in capital assets	\$71,226,488	\$58,035,347	\$3,319,301	\$2,832,721	\$74,545,789	\$60,868,068
Restricted	20,558,893	35,381,751	0	0	20,558,893	35,381,751
Unrestricted	(10,417,214)	(17,464,235)	10,443,827	12,429,800	26,613	(5,034,435)
Total net position	\$81,368,167	\$75,952,863	\$13,763,128	\$15,262,521	\$95,131,295	\$91,215,384

A. Analysis of the City's Operations

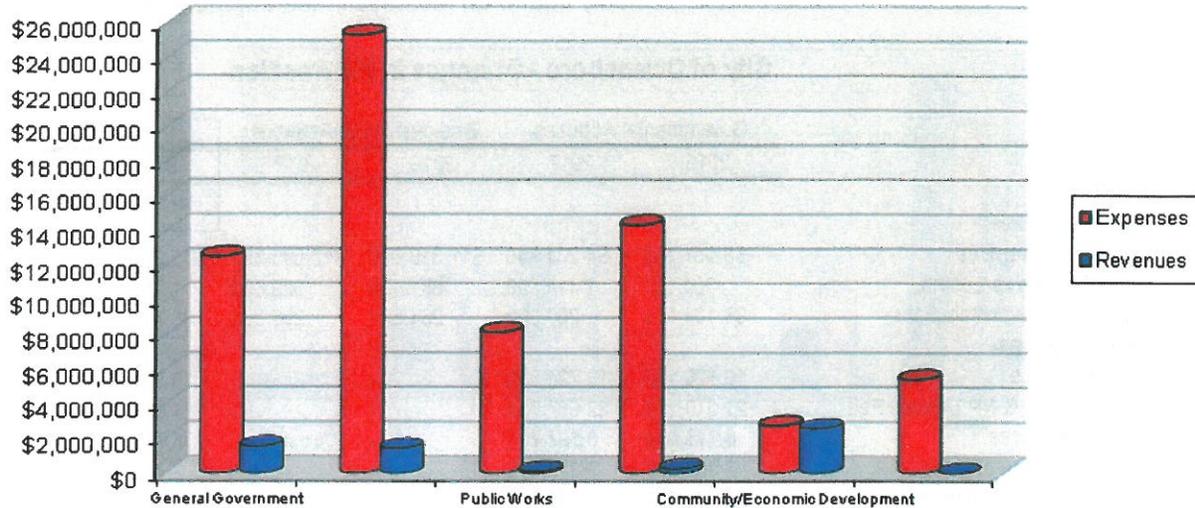
The following table summarizes City operations for the year ended June 30, 2017. The City's net position decreased by \$5.4 million under governmental activities and increased by \$1.5 million under business-type activities. The decrease is primarily due to an increase in the unfunded pension liability.

City of Owensboro - Changes in Net Position

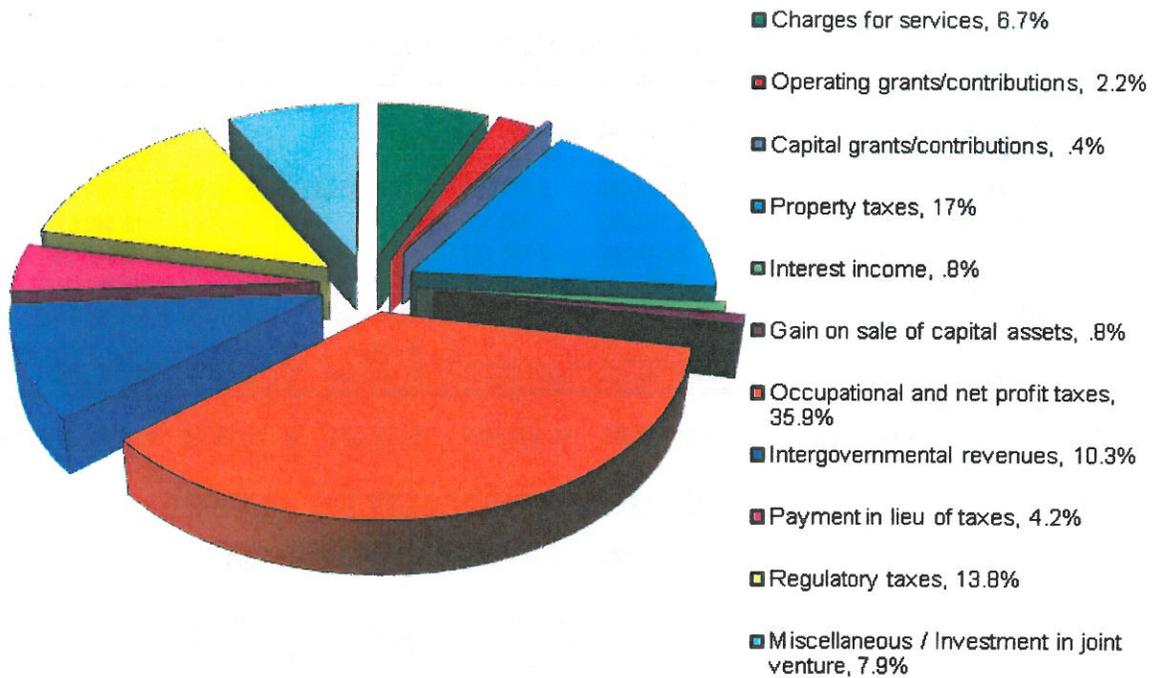
	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Revenues:						
Program revenues:						
Charges for services	\$3,951,769	\$4,204,740	\$11,316,670	\$12,593,394	\$15,268,439	\$16,798,134
Operating grants/contrib	354,181	1,414,590	881,430	922,623	1,245,611	2,337,413
Capital grants/contributions	36,104,114	250,000	264,864	296,263	36,368,978	546,263
General revenues:						
Property taxes	10,326,162	10,724,339	-	-	10,326,162	10,724,339
Occupational & NP License Fee	21,310,174	22,667,734	-	-	21,310,174	22,667,734
Regulatory taxes	8,715,979	8,697,786	-	-	8,715,979	8,697,786
Payment in lieu of taxes	2,493,330	2,670,618	-	-	2,493,330	2,670,618
Gain on sale of capital assets	22,662	532,369	225,337	95,025	247,999	627,394
Investment earnings	466,956	519,810	101,584	99,485	568,540	619,295
Intergovernmental revenues	9,357,088	9,338,517	230,126	233,665	9,587,214	9,572,382
Investment in joint venture	(153,877)	(247,350)	-	-	(153,877)	(247,350)
Miscellaneous	3,672,210	5,189,160	541,871	373,196	4,214,061	5,562,356
Total revenues	\$96,630,748	\$65,962,313	\$13,561,882	\$14,614,051	\$110,192,630	\$60,576,364
Expenses:						
General government	\$12,057,045	\$12,523,892	-	-	\$12,057,045	\$12,523,892
Public safety	23,698,594	25,332,284	-	-	23,698,594	25,332,284
Public works	8,023,489	8,174,725	-	-	8,023,489	8,174,725
Community and cultural	12,340,552	14,348,152	-	-	12,340,552	14,348,152
Community/economic devel	2,643,392	2,748,147	-	-	2,643,392	2,748,147
Interest on long-term debt	5,376,681	5,421,113	-	-	5,376,681	5,421,113
Sanitation	-	-	5,881,661	6,320,520	5,881,661	6,320,520
Other enterprise funds	-	-	8,398,675	9,697,401	8,398,675	9,697,401
Total expenses	\$64,139,753	\$68,548,313	\$14,280,336	\$16,017,921	\$78,420,089	\$84,566,234
Increase in net position						
before transfers & special items	\$32,490,995	(\$2,586,000)	(\$718,454)	(\$1,403,870)	\$31,772,541	(\$3,989,870)
Prior Period Adjustment	-	-	-	-	0	0
Transfers	(2,306,631)	(2,829,304)	2,306,631	2,903,263	0	73,959
Increase in net position	30,184,364	(5,415,304)	1,588,177	1,499,393	31,772,541	(3,915,911)
Net position – beginning of year	51,183,803	81,368,167	12,174,951	13,763,128	63,358,754	95,131,295
Net position – end of year	\$81,368,167	\$75,952,863	\$13,763,128	\$15,262,521	\$95,131,295	\$91,215,384

B. Governmental Activities

Expenses and Program Revenues - Governmental Activities

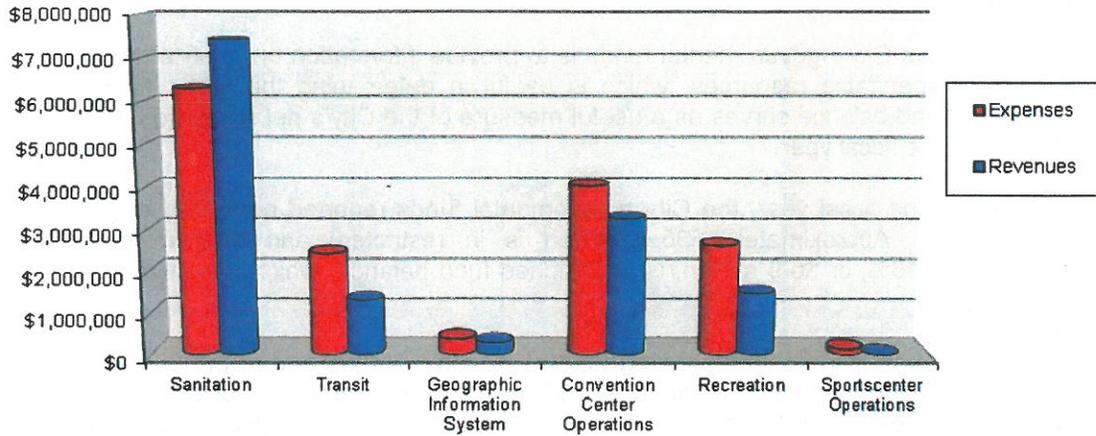


Revenue by Source - Governmental Activities

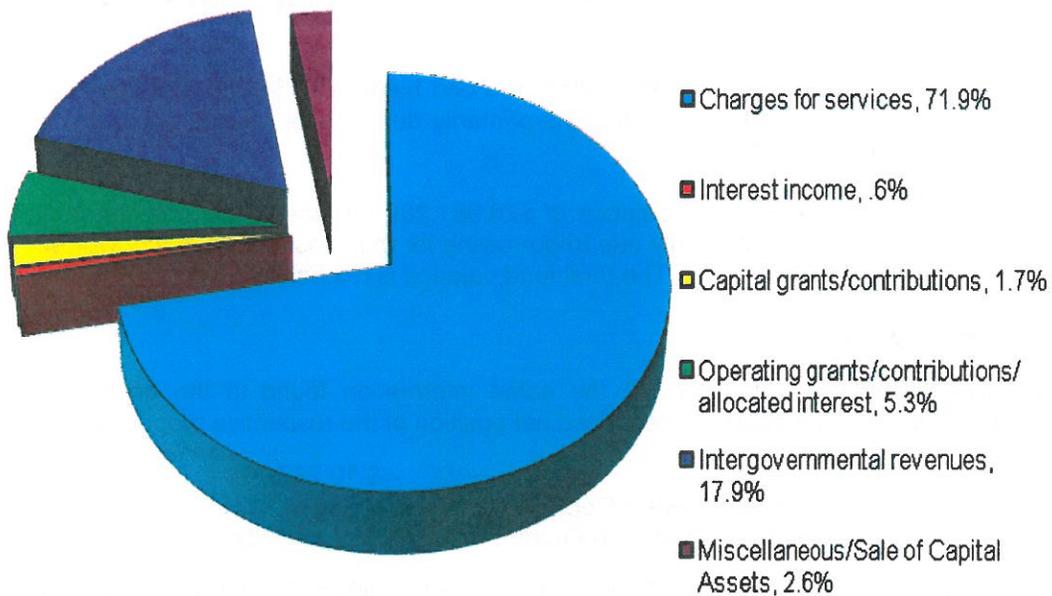


C. Business- Type Activities

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 \$46.5 million. Approximately \$35.4 million is in restricted, and \$4.1 million is in committed. Approximately 15%, or \$6.9 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 2016-2017 fiscal year, the General Fund unassigned fund balance was \$6,928,669, while total fund balance was \$8,904,949. 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 15% of total General Fund expenditures including transfers out of \$47.5 million, while total fund balance represents 22% of total General Fund expenditures. The General Fund balance decreased by \$426,745 during the 2016-2017 fiscal year. This decrease is primarily due to increased expenditures for increased transfers..

The Your Community Vision Fund balance of \$4,416,410 represents an increase of \$590,660 from prior year. This increase is primarily due to timing of capital outlay. The capital outlay is related to police equipment, sidewalks, and stormwater projects. The fund balance consists of \$2,959,067 in restricted funds and \$1,502,343 in committed funds.

The Downtown Development and Revitalization Fund balance of \$3,363,426 represents a decrease of \$404,520 from prior year. This decrease is primarily due to debt service on downtown projects. The total fund balance is restricted.

The Capital Improvements Fund balance of \$26,981,289 represents an increase of \$11,690,329 from prior year. This increase is primarily due to borrowing for the construction of a downtown parking garage and other transportation projects. 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	\$ 10,287,701
Convention Center Operations	\$ (918,944)
Non-major Enterprise Funds	\$ 550,786

The net position for the Proprietary Funds increased \$1.2 million. Sanitation Fund increased \$1.2 million, Convention Center Operations Fund decreased \$0.1 million, and the Non-major Enterprise Funds had no change. Other factors concerning the Proprietary Enterprise Funds have been addressed in the discussion of Proprietary Funds on pages 12-13.

V. General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budget resulted in a \$555,542 increase in appropriations and transfers and can be briefly summarized as follows:

- \$ (63,880) decrease in Administration
- \$ 31,000 increase in Community Development
- \$ 137,520 increase in Engineering
- \$ (117,000) decrease in Finance
- \$ 51,000 increase in Personnel
- \$ 189,720 increase in Fire
- \$ (52,389) decrease in Information Technology
- \$ 10,600 increase in Parks
- \$ (81,450) decrease in Police
- \$ (120,987) decrease in Street
- \$ 518,878 increase in General Government
- \$ 3,650 increase in Property Maintenance
- \$ 48,880 increase in transfers

The net budgetary increase due to appropriations and transfers of \$555,542 was deducted from the available fund balance.

The increases are due to various reasons as follows:

- Engineering increase due to carryovers from prior year for infrastructure projects.
- Finance decreased due to vacant positions.
- Fire increase due to additional overtime cost and unbudgeted retirements.
- Street decreased primarily due to savings from vacant positions.
- General Government increase primarily due to elimination of budget contingency.

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, 2017, is \$228.6 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.

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Land	\$23,486,066	\$24,416,066	\$118,739	\$118,739	\$23,604,805	\$24,534,805
Land improvements	\$113,038,283	\$113,597,357	\$219,029	\$203,688	\$113,257,312	\$113,801,045
Buildings	\$78,341,809	\$74,585,042	\$339,546	\$300,442	\$78,681,355	\$74,885,484
Vehicles	\$2,756,879	\$3,554,234	\$2,029,345	\$1,683,819	\$4,786,224	\$5,238,053
Machinery and equipment	\$2,373,266	\$2,460,388	\$612,642	\$423,228	\$2,985,908	\$2,883,616
Software	\$470,801	\$349,221	\$0	\$0	\$470,801	\$349,221
Construction in Progress	\$8,745,707	\$6,768,047	\$0	\$102,805	\$8,745,707	\$6,870,852
Total	\$229,212,811	\$226,730,355	\$3,319,301	\$2,832,721	\$232,532,112	\$228,563,076

Major capital asset events during the current fiscal year include the following:

- The completion of Harsh Ditch projects totaling \$23.9 million and Scherm Ditch 4 totaling \$3.8 million.
- Construction of the International Bluegrass Music Center. The total budgeted cost for this project is \$15.3 million, with construction in progress as of the close of the fiscal year at \$4.7 million.

Additional information on City capital assets can be found on pages 118-120 of this report and in Footnote 5 at pages 52-54.

B. Long-Term Debt

At year end, the City had \$169,018,870 in outstanding bonds and loans payable, compared to \$159,403,725 at June 30, 2016. That is a 6% increase as shown in the following table:

	Governmental Activities	
	2016	2017
General obligation bonds	\$122,956,976	\$133,399,696
Note Payable #18	145,000	100,000
Advance refunding bonds	11,545,000	10,450,000
Note Payable #26	12,600	8,300
KIA loan payable	24,744,149	25,060,874
Total	<u>\$159,403,725</u>	<u>\$169,018,870</u>

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 \$361,350,566. The City's latest bond rating is A2.

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 55-67.

C. Types of Municipal Debt

- i. **Advance Refunding Bonds.** 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. In 2014, the City issued General Obligation Refunding Bonds Series 2014 to advance refund the 2009 BABs to reduce debt service payments. In 2016, the City issued General Obligation Refunding Bonds Series 2016A and 2016B to advance refund the 2006 and 2008 Bonds Series to further reduce debt service.
- 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 2007 and 2015. The proceeds were used to fund a stormwater separation project. The outstanding amount as of June 30, 2017 is \$24,744,149.

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

- A. **Unemployment Rate.** The unemployment rate for the City of Owensboro as of June 2017 was 5.4%. The state and federal unemployment rates were 5.7% and 4.3%, 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 2017-2018 City budget was prepared. The beginning general fund balance for fiscal year 2017-2018 is \$8,002,036. To address the City's needs as well as its declining fund balance, the City increased its Occupational License Fee rate and Net Profit Fee rate from 1.33% to 1.78% effective July 1, 2017 as well as the Property Tax rate from .2593 cents to .2620 cents per \$100.

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.



Basic Financial Statements

City of Owensboro, Kentucky
Statement of Net Position
As of June 30, 2017

	Primary Government			Component Units
	Governmental	Business	Total	
	Activities	Type		
	Activities	Activities	Total	Component Units
ASSETS				
Equity in pooled deposits and investments	\$ 57,448,521	\$ 10,443,282	\$ 67,891,803	\$ 3,212,111
Cash and cash equivalents:				
In segregated accounts	17,339	3,049,831	3,067,170	32,500,429
With escrow agents	2,757	-	2,757	-
Investments	-	-	-	9,308,809
Receivables:				
Accounts	1,979,114	3,483,956	5,463,070	16,152,248
Lease	11,783,300	-	11,783,300	-
Component units	8,911	1,096,518	1,105,429	-
Taxes	3,015,437	-	3,015,437	-
Intergovernmental	949,640	126,301	1,075,941	-
Delinquent taxes receivable, net of allowance for uncollectible of \$105,000	40,836	-	40,836	-
Internal balances	(2,510,257)	2,510,257	-	-
Materials and supplies inventory	280,824	38,774	319,598	3,781,052
Prepaid items	14,160	1,200	15,360	514,580
Other current assets	-	-	-	2,888,116
Restricted assets	-	-	-	109,241,541
Capital assets, net of accumulated depreciation				278,937,788
Land	24,416,066	118,739	24,534,805	-
Construction in progress	6,768,047	102,805	6,870,852	-
Depreciable capital assets	194,546,242	2,611,177	197,157,419	-
Other noncurrent assets	1,279,051	-	1,279,051	15,466,197
Investment in joint venture	14,416,430	-	14,416,430	-
Total Assets	314,456,418	23,582,840	338,039,258	472,002,871
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	-	-	-	2,285,656
Deferred pension outflows	14,056,700	-	14,056,700	10,605,594
Unamortized loss on debt refunding	473,387	-	473,387	2,558,437
Net unrealized loss on investments	-	-	-	325,714
Total Deferred Outflows of Resources	14,530,087	-	14,530,087	15,775,401
Total Assets and Deferred Outflows of Resources	\$ 328,986,505	\$ 23,582,840	\$ 352,569,345	\$ 487,778,272
LIABILITIES				
Accounts payable	\$ 4,650,426	\$ 3,490,902	\$ 8,141,328	\$ 18,577,791
Accrued wages	418,294	-	418,294	-
Other accrued liabilities	1,124,318	2,743,582	3,867,900	521,584
Accrued interest payable	677,513	-	677,513	3,205,876
Unearned revenue	-	292,614	292,614	335,627
Customers' advances	-	-	-	-
Bonds and loans payable, current portion	7,810,847	71,727	7,882,574	22,225,481
Compensated absences, current portion	262,179	18,709	280,888	-
Bonds and loans payable, less current portion	159,884,161	1,252,135	161,136,296	230,087,714
Compensated absences, less current portion	3,674,089	450,650	4,124,739	-
Net pension liability	60,935,949	-	60,935,949	41,079,760
Other non-current liabilities	-	-	-	653,460
Total Liabilities	239,437,776	8,320,319	247,758,095	316,896,751
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	-	-	-	4,485,606
Deferred pension inflows	935,198	-	935,198	424,752
Deferred revenue	12,660,668	-	12,660,668	1,295,634
Total Deferred Inflows of Resources	13,595,866	-	13,595,866	6,205,992
NET POSITION				
Net investment in capital assets	58,035,347	2,832,721	60,868,068	60,436,620
Restricted for:				
Capital projects	27,096,097	-	27,096,097	5,712,425
Debt service	4,240,803	-	4,240,803	14,537,447
Other purposes	4,044,851	-	4,044,851	51,237,929
Unrestricted	(17,464,235)	12,429,800	(5,034,435)	32,751,108
Total Net Position	75,952,863	15,262,521	91,215,384	164,675,529
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 328,986,505	\$ 23,582,840	\$ 352,569,345	\$ 487,778,272

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Activities
For the fiscal year ended June 30, 2017

	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities		
						Governmental Activities	Business Type Activities	Total
Functions/Programs:								
PRIMARY GOVERNMENT								
Governmental Activities:								
General government	\$ 12,523,892	\$ 1,540,833	\$ -	\$ -	\$ (10,983,059)	\$ -	\$ (10,983,059)	
Public safety	25,332,284	1,293,622	132,245	-	(23,906,417)	-	(23,906,417)	
Public works	8,174,725	95,877	-	-	(8,078,848)	-	(8,078,848)	
Community and cultural	14,348,152	243,243	-	-	(14,104,909)	-	(14,104,909)	
Community and economic development	2,748,147	1,031,165	1,282,345	250,000	(184,637)	-	(184,637)	
Interest on long-term debt	5,421,113	-	-	-	(5,421,113)	-	(5,421,113)	
Total Governmental Activities	68,548,313	4,204,740	1,414,590	250,000	(62,678,983)		(62,678,983)	
Business Type Activities:								
Sanitation	6,320,520	7,435,484	-	-	\$ 1,114,964	\$ -	1,114,964	
Convention center operations	4,067,132	3,281,257	-	-	(785,875)	-	(785,875)	
Transit	2,454,835	102,623	922,823	296,263	(1,133,126)	-	(1,133,126)	
Geographic information system	386,654	285,787	-	-	(100,867)	-	(100,867)	
Recreation	2,649,215	1,488,243	-	-	(1,160,972)	-	(1,160,972)	
Sportscenter operations	139,565	-	-	-	(139,565)	-	(139,565)	
Total Business Activities	16,017,921	12,593,394	922,823	296,263	(2,205,441)		(2,205,441)	
Total Primary Government	\$ 84,566,234	\$ 16,798,134	\$ 2,337,413	\$ 546,263	(62,678,983)		(62,678,983)	
COMPONENT UNITS								
Owensboro Municipal Utilities	\$ 152,520,255	\$ 159,018,897	\$ -	\$ 300,711				\$ 6,799,353
Owensboro Riverport Authority	11,447,762	13,327,559	-	-				1,879,777
Total Component Units	\$ 163,968,017	\$ 172,346,456	\$ -	\$ 300,711				\$ 8,679,130
General Revenues:								
Taxes:								
Property taxes					\$ 10,724,339	\$ -	\$ 10,724,339	\$ -
Occupational license taxes					18,816,777	-	18,816,777	-
Net profit license taxes					3,850,957	-	3,850,957	-
Regulatory license taxes					8,697,786	-	8,697,786	-
Intergovernmental, unrestricted					2,061,368	233,865	2,295,233	-
Investment earnings					519,810	99,485	619,295	1,992,161
Payments in lieu of taxes from component unit					2,670,618	-	2,670,618	-
Miscellaneous					5,189,160	373,196	5,562,356	725,177
Distributions from component units					7,277,149	-	7,277,149	-
Investment in joint venture					(247,350)	-	(247,350)	-
Gain on sale of capital assets					532,369	95,025	627,394	26,308
Transfers					(2,829,304)	2,903,263	73,959	-
Transfers to the City of Owensboro					-	-	-	(475,000)
Deferred net change in fair value of investments					-	-	-	(273,862)
Total General Revenues and Transfers					57,263,679	3,704,834	60,968,513	1,994,784
Change in Net Position					(5,415,304)	1,499,393	(3,915,911)	10,673,914
Net Position, Beginning of Year					81,368,167	13,763,128	95,131,295	154,001,615
Net Position, End of Year					\$ 75,952,863	\$ 15,262,521	\$ 91,215,384	\$ 164,675,529

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Balance Sheet
Governmental Funds
As of June 30, 2017

	General Fund	Your Community Vision Fund	Downtown Development and Revitalization Fund	Debt Service Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Equity in pooled deposits and investments	\$ 11,415,297	\$ 3,768,373	\$ 3,422,781	\$ -	\$ 28,144,093	\$ 1,606,500	\$ 48,357,044
Cash and cash equivalents:							
In segregated accounts	17,339	-	-	-	-	-	17,339
With escrow agents	-	1,117	-	192	1,448	-	2,757
Receivables:							
Accounts	294,470	1,440	-	-	-	1,404,806	1,700,716
Lease	-	-	-	11,783,300	-	-	11,783,300
Component units	8,911	-	-	-	-	-	8,911
Taxes	2,099,394	749,886	-	-	-	166,157	3,015,437
Intergovernmental	71,366	923,126	-	-	-	273,247	1,267,739
Delinquent taxes receivable, net of allowance for uncollectable of \$105,000	40,836	-	-	-	-	-	40,836
Materials and supplies inventory	22,806	-	-	-	-	-	22,806
Prepaid items	14,160	-	-	-	-	-	14,160
Total Assets	\$ 13,984,579	\$ 5,443,942	\$ 3,422,781	\$ 11,783,492	\$ 28,145,541	\$ 3,450,710	\$ 66,231,045
LIABILITIES							
Accounts payable	\$ 960,621	\$ 72,841	\$ 59,355	\$ -	\$ 1,164,252	\$ 502,487	\$ 2,759,556
Accrued wages	359,378	2,478	-	-	-	24,770	386,626
Other accrued liabilities	1,124,318	-	-	-	-	-	1,124,318
Total Liabilities	2,444,317	75,319	59,355	-	1,164,252	527,257	4,270,500
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	2,635,313	907,213	-	11,783,300	-	172,936	15,498,762
FUND BALANCES							
Nonspendable	36,966	-	-	-	-	-	36,966
Restricted	1,391,882	2,959,067	3,363,426	192	26,981,289	685,895	35,381,751
Committed	547,432	1,502,343	-	-	-	2,064,622	4,114,397
Unassigned	6,928,669	-	-	-	-	-	6,928,669
Total Fund Balances	8,904,949	4,461,410	3,363,426	192	26,981,289	2,750,517	46,461,783
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,984,579	\$ 5,443,942	\$ 3,422,781	\$ 11,783,492	\$ 28,145,541	\$ 3,450,710	\$ 66,231,045

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Reconciliation of the Governmental Funds Balance
to the Statement of Net Position
As of June 30, 2017

Total fund balances - governmental funds		\$ 46,461,783
Amounts reported for governmental activities in the statement of net position are different because:		
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.		
		10,987,082
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds:		
Cost	\$ 334,634,790	
Accumulated depreciation	<u>(115,257,165)</u>	219,377,625
Certain assets are not available to pay for current period expenditures:		
Occupational and net profit taxes	\$ 3,015,437	
Negative net pension obligation-Single Employer Plan	<u>1,279,051</u>	4,294,488
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.		
		14,416,430
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	\$ 12,565,791	
Deferred outflows of resources-Single Employer Plans	1,490,909	
Deferred inflows of resources-CERS	(139,495)	
Deferred inflows of resources-Single Employer Plans	<u>(795,703)</u>	13,121,502
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	\$ (167,695,008)	
Accrued interest payable	(677,513)	
Debt issuance discounts	697,204	
Debt issuance premiums	(631,900)	
Deferred refunding charges	473,387	
Compensated absences	(3,936,268)	
Net pension liability-CERS	(55,398,721)	
Net pension liability-Single Employer Plans	<u>(5,537,228)</u>	<u>(232,706,047)</u>
Net position of governmental activities		<u>\$ 75,952,863</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, 2017

	General Fund	Downtown			Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Your Community Vision Fund	Development and Revitalization Fund	Debt Service Fund			
Revenues:							
Real and personal property taxes	\$ 10,473,857	\$ -	\$ -	\$ -	\$ -	\$ 250,482	\$ 10,724,339
Occupational license taxes	12,905,428	4,468,430	-	-	-	1,442,919	18,816,777
Net profit license taxes	2,891,070	927,573	-	-	-	32,314	3,850,957
Regulatory license taxes	5,174,772	-	3,474,375	-	-	170,323	8,819,470
Intergovernmental	2,251,415	-	-	-	-	1,871,962	4,123,377
Investment earnings	152,314	43,010	46,025	209	250,255	27,997	519,810
Fees, licenses, and permits	463,732	54,061	-	-	-	-	517,793
Fines and forfeitures	80,489	-	-	-	-	-	80,489
Rentals	77,835	-	-	-	-	1,031,165	1,109,000
Charges for services	868,669	-	-	-	-	-	868,669
Contributions and donations	42,000	-	-	-	250,000	16,088	308,088
Distributions from component units	7,277,149	-	-	-	-	-	7,277,149
Payments in lieu of taxes from component units	2,670,618	-	-	-	-	-	2,670,618
Miscellaneous income	1,191,896	-	-	3,159,008	-	347,895	4,698,799
Total Revenues	46,521,244	5,493,074	3,520,400	3,159,217	500,255	5,191,145	64,385,335
Expenditures:							
Current:							
General government	11,116,289	-	-	-	-	-	11,116,289
Public safety	19,934,856	-	-	-	-	2,270,199	22,205,055
Public works	4,306,598	2,134,923	-	-	-	-	6,441,521
Community and cultural	5,294,753	-	-	-	-	-	5,294,753
Community/economic development	174,541	-	95,821	-	-	2,721,582	2,991,944
Capital outlay	12,935	1,484,350	46,269	-	4,821,428	305,939	6,670,921
Debt service:							
Principal	-	-	-	8,062,924	-	-	8,062,924
Interest	-	-	-	4,952,973	-	-	4,952,973
Issuance costs	-	-	-	-	278,974	-	278,974
Total Expenditures	40,839,972	3,619,273	142,090	13,015,897	5,100,402	5,297,720	68,015,354
Excess (Deficiency) of Revenues Over Expenditures	5,681,272	1,873,801	3,378,310	(9,856,680)	(4,600,147)	(106,575)	(3,630,019)
Other Financing Sources (Uses):							
Sale of capital assets	212,083	-	-	-	-	320,286	532,369
Issuance of debt	-	1,473,523	-	-	15,945,000	-	17,418,523
Premium (discount) on bonds	-	-	-	-	280,476	-	280,476
Refund bond escrow agent	-	-	-	-	-	-	-
Transfers in	360,681	-	-	9,854,304	65,000	1,720,381	12,000,366
Transfers out	(6,680,781)	(2,756,664)	(3,782,830)	-	-	(1,683,367)	(14,903,642)
Total Other Financing Sources (Uses)	(6,108,017)	(1,283,141)	(3,782,830)	9,854,304	16,290,476	357,300	15,328,092
Net Change in Fund Balances	(426,745)	590,660	(404,520)	(2,376)	11,690,329	250,725	11,698,073
Fund Balances, Beginning of Year, as Restated	9,331,694	3,870,750	3,767,946	2,568	15,290,960	2,499,792	34,763,710
Fund Balances, End of Year	\$ 8,904,949	\$ 4,461,410	\$ 3,363,426	\$ 192	\$ 26,981,289	\$ 2,750,517	\$ 46,461,783

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, 2017

Net change in fund balances - total governmental funds		\$ 11,698,073
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	\$ 8,101,053	
Depreciation expense	<u>(12,791,905)</u>	(4,690,852)
Loss on disposal of capital assets		(2,448)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Decrease in investment in joint venture		(247,350)
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	\$ 7,901,098	
Proceeds from debt issuance	(17,418,523)	
Bond premiums from debt issuance	(160,443)	
Bond discounts from debt issuance	32,428	
Amortization of bond discounts and premiums	6,988	
Write off of bond discounts from refunding	-	
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	\$ (24,867)	
Increase in accrued interest payable	(287,046)	
Pension contributions paid after the measurement date-CERS	3,667,754	
Actuarial pension expense-CERS	(6,818,096)	
Actuarial pension expense-Single Employer Plans	<u>(367,155)</u>	(3,829,410)
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.		<u>1,345,662</u>
Change in net position of governmental activities		<u>\$ (5,415,304)</u>

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Net Position
Proprietary Funds
For the fiscal year ended June 30, 2017

	Business-Type Activities Enterprise Funds				
	Sanitation Fund	Convention Center Operations Fund	Nonmajor Enterprise Funds	Total	Governmental Activities-Internal Service Funds
ASSETS					
Current Assets:					
Equity in pooled deposits and investments	\$ 9,791,095	\$ -	\$ 652,187	\$ 10,443,282	\$ 9,256,512
Cash and cash equivalents:					
In segregated accounts	300	2,917,735	131,796	3,049,831	-
Receivables:					
Accounts	2,500	3,066,175	415,281	3,483,956	2,626
Component units	1,096,518	-	-	1,096,518	-
Intergovernmental	5,841	-	120,460	126,301	-
Materials and supplies inventory	11,227	-	27,547	38,774	258,018
Prepaid expenses	-	-	1,200	1,200	-
Total Current Assets	10,907,481	5,983,910	1,348,471	18,239,862	9,517,156
Noncurrent Assets:					
Capital assets, net of accumulated depreciation:					
Construction in process	-	-	102,805	102,805	30,884
Land	13,000	-	105,739	118,739	-
Depreciable capital assets	1,960,587	98,971	551,619	2,611,177	6,321,847
Total Noncurrent Assets	1,973,587	98,971	760,163	2,832,721	6,352,731
Total Assets	\$ 12,881,068	\$ 6,082,881	\$ 2,108,634	\$ 21,072,583	\$ 15,869,887
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts payable	\$ 369,933	\$ 2,911,599	\$ 209,370	\$ 3,490,902	\$ 2,053,211
Accrued liabilities	29,263	2,667,393	46,926	2,743,582	31,668
Deferred revenue	-	-	292,614	292,614	-
Bonds and loans payable, current portion	-	71,727	-	71,727	-
Compensated absences, current portion	2,160	-	16,549	18,709	-
Total Current Liabilities	401,356	5,650,719	565,459	6,617,534	2,084,879
Non-current Liabilities:					
Bonds payable, net of discount, less current portion	-	1,252,135	-	1,252,135	-
Compensated absences, less current portion	218,424	-	232,226	450,650	-
Total Non-current Liabilities	218,424	1,252,135	232,226	1,702,785	-
Total Liabilities	619,780	6,902,854	797,685	8,320,319	2,084,879
Net Position:					
Invested in capital assets	1,973,587	98,971	760,163	2,832,721	6,352,731
Unrestricted	10,287,701	(918,944)	550,786	9,919,543	7,432,277
Total Net Position	12,261,288	(819,973)	1,310,949	12,752,264	13,785,008
Total Liabilities and Net Position	\$ 12,881,068	\$ 6,082,881	\$ 2,108,634	\$ 21,072,583	\$ 15,869,887
Total Net Position				\$ 12,752,264	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				2,510,257	
Net Position of Business-Type Activities				<u>\$ 15,262,521</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, 2017

	Business-Type Activities Enterprise Funds				Governmental Activities-Internal Service Funds
	Sanitation Fund	Convention		Total	
		Center Operations Fund	Nonmajor Enterprise Funds		
Operating Revenues:					
Charges for services	\$ 7,435,484	\$ 3,281,257	\$ 1,876,653	\$ 12,593,394	\$ 14,126,893
Miscellaneous income	10,594	-	20,507	31,101	1,773
Total Operating Revenues	<u>7,446,078</u>	<u>3,281,257</u>	<u>1,897,160</u>	<u>12,624,495</u>	<u>14,128,666</u>
Operating Expenses:					
Salaries, wages, and benefits	2,086,309	-	2,954,799	5,041,108	2,345,372
Maintenance	644,304	119,031	856,296	1,619,631	1,007,370
Utilities	8,477	83,202	232,517	324,196	21,942
Administrative	-	-	-	-	1,057,369
Supplies	284,100	300	591,176	875,576	860,231
Other	2,542,438	3,798,793	701,329	7,042,560	-
Claims	-	-	-	-	5,803,107
Depreciation	754,892	65,806	294,152	1,114,850	1,495,366
Total Operating Expenses	<u>6,320,520</u>	<u>4,067,132</u>	<u>5,630,269</u>	<u>16,017,921</u>	<u>12,590,757</u>
Operating Income (Loss)	<u>1,125,558</u>	<u>(785,875)</u>	<u>(3,733,109)</u>	<u>(3,393,426)</u>	<u>1,537,909</u>
Nonoperating Revenues:					
Gain (loss) on sale of capital assets	95,025	-	-	95,025	75,520
Intergovernmental	-	233,865	-	233,865	-
Investment earnings	-	99,351	134	99,485	74,328
Operating grants	-	-	922,823	922,823	-
Total Nonoperating Revenues	<u>95,025</u>	<u>333,216</u>	<u>922,957</u>	<u>1,351,198</u>	<u>149,848</u>
Income (Loss) Before Contributions and Transfers	<u>1,220,583</u>	<u>(452,659)</u>	<u>(2,810,152)</u>	<u>(2,042,228)</u>	<u>1,687,757</u>
Capital contributions - grants	-	-	296,263	296,263	-
Transfers in	-	500,000	2,883,216	3,383,216	-
Transfers out	-	(105,509)	(374,444)	(479,953)	-
Change in Net Position	<u>1,220,583</u>	<u>(58,168)</u>	<u>(5,117)</u>	<u>1,157,298</u>	<u>1,687,757</u>
Net Position, Beginning of Year	<u>11,040,705</u>	<u>(761,805)</u>	<u>1,316,066</u>	<u>11,594,966</u>	<u>12,097,251</u>
Net Position, End of Year	<u>\$ 12,261,288</u>	<u>\$ (819,973)</u>	<u>\$ 1,310,949</u>	<u>\$ 12,752,264</u>	<u>\$ 13,785,008</u>
Change in Net Position				\$ 1,157,298	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>342,095</u>	
Change in Net Position of Business-type Activities				<u>\$ 1,499,393</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, 2017

	<u>Business-Type Activities Enterprise Funds</u>				
	<u>Sanitation Fund</u>	<u>Convention Center Operations Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities-Internal Service Funds</u>
Cash flows from operating activities:					
Cash received from customers	\$ 7,475,376	\$ 3,281,257	\$ 2,349,521	\$ 13,106,154	\$ 14,136,552
Other cash receipts	10,594	(62,501)	-	(51,907)	-
Cash payments to employees for services	(2,100,294)	-	(2,953,122)	(5,053,416)	(2,340,204)
Cash payments to suppliers	(3,329,032)	(1,183,267)	(2,367,677)	(6,879,976)	(2,129,166)
Cash payments for claims	-	-	-	-	(5,803,107)
Net cash provided by (used in) operating activities	<u>2,056,644</u>	<u>2,035,489</u>	<u>(2,971,278)</u>	<u>1,120,855</u>	<u>3,864,075</u>
Cash flows from noncapital financing activities:					
Operating grants	-	-	922,823	922,823	-
Intergovernmental contributions	-	233,865	-	233,865	-
Transfers in	-	500,000	2,883,216	3,383,216	-
Transfers out	-	(105,509)	(374,444)	(479,953)	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>628,356</u>	<u>3,431,595</u>	<u>4,059,951</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets	95,025	-	(93,493)	1,532	76,583
Capital contributions - grants	-	-	296,263	296,263	-
Payments for capital acquisitions	(496,740)	-	-	-	(2,499,792)
Net cash provided by (used in) capital and related financing activities	<u>(401,715)</u>	<u>-</u>	<u>202,770</u>	<u>297,795</u>	<u>(2,423,209)</u>
Cash flows from investing activities:					
Interest on investments	-	99,351	134	99,485	74,328
Net increase (decrease) in equity in pooled cash and deposits and cash equivalents	1,654,929	2,763,196	663,221	5,081,346	1,515,194
Equity in pooled cash and deposits, and cash and cash equivalents, beginning of year	8,136,466	154,539	120,762	8,411,767	7,741,318
Equity in pooled cash and deposits, and cash and cash equivalents, end of year	<u>\$ 9,791,395</u>	<u>\$ 2,917,735</u>	<u>\$ 783,983</u>	<u>\$ 13,493,113</u>	<u>\$ 9,256,512</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,125,558	\$ (785,875)	\$ (3,733,109)	\$ (3,393,426)	\$ 1,537,909
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	754,892	65,806	256,115	1,076,813	1,495,366
Changes in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	4,054	(2,492,602)	144,165	(2,344,383)	7,886
Component units receivable	35,838	-	-	35,838	-
Materials and supplies inventory	(8,140)	-	3,077	(5,063)	66,707
Prepaid expenses	-	-	-	-	10,000
Increase (decrease) in liabilities:					
Accounts payable	158,427	2,888,292	83,160	3,129,879	741,039
Deferred charges	-	2,453,408	269,334	2,722,742	-
Accrued liabilities	4,651	(93,540)	4,554	(84,335)	5,168
Compensated absences	(18,636)	-	1,426	(17,210)	-
Net cash provided by (used in) operating activities	<u>\$ 2,056,644</u>	<u>\$ 2,035,489</u>	<u>\$ (2,971,278)</u>	<u>\$ 1,120,855</u>	<u>\$ 3,864,075</u>

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2017

	<u>Pension Trust Funds</u>	<u>Investment Trust Fund</u>	<u>Agency Funds</u>
ASSETS			
Equity in pooled deposits and investments	\$ 192,862	\$ 11,534,985	\$ 58,393
Cash and cash equivalents	78,715	-	-
Intergovernmental receivable	-	-	186,335
Investments, at fair value:			
Corporate stocks	<u>3,149,487</u>	<u>-</u>	<u>-</u>
Total Assets	<u>3,421,064</u>	<u>11,534,985</u>	<u>244,728</u>
LIABILITIES			
Pension payable	70,300	-	-
Other	<u>-</u>	<u>-</u>	<u>244,728</u>
Total Liabilities	<u>70,300</u>	<u>-</u>	<u>244,728</u>
NET POSITION			
Restricted for:			
Pensions	3,350,764	-	-
External pool participants	<u>-</u>	<u>11,534,985</u>	<u>-</u>
Total Net Position	<u>\$ 3,350,764</u>	<u>\$ 11,534,985</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, 2017

	Pension Trust Funds	Investment Trust Fund
Additions:		
Purchases of pool units	\$ -	\$ 40,178,046
Contributions:		
Employer	-	-
Other	4,312	-
Total contributions	4,312	-
Investment earnings:		
Net appreciation (depreciation) in fair value of investments	401,680	22,803
Interest	59,134	148,709
Total investment earnings	460,814	171,512
Less investment expense	37,384	-
Net investment earnings	423,430	171,512
Total Additions	427,742	40,349,558
Deductions:		
Benefits	1,119,691	-
Redemption of pool units	-	(39,347,304)
Total Deductions	1,119,691	(39,347,304)
Change in Net Position	(691,949)	1,002,254
Net Position, Beginning of Year	4,042,713	10,532,731
Net Position, End of Year	\$ 3,350,764	\$ 11,534,985

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Net Position
Component Units
As of June 30, 2017

	Owensboro Municipal Utilities	Owensboro Riverport Authority	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Equity in pooled deposits and investments	\$ -	\$ 3,212,111	\$ 3,212,111
Cash and cash equivalents:			
In segregated accounts	29,399,089	3,101,340	32,500,429
Investments	9,308,809	-	9,308,809
Accounts receivable (less allowance of \$61,100 and \$0 for OMU and ORA, respectively)	14,111,094	2,041,154	16,152,248
Material and supplies inventory	3,781,052	-	3,781,052
Prepaid items	514,580	-	514,580
Other current assets	2,842,075	46,041	2,888,116
Restricted assets	109,241,541	-	109,241,541
Capital assets, net of accumulated depreciation	221,194,863	57,742,925	278,937,788
Other noncurrent assets	15,466,197	-	15,466,197
Total Assets	405,859,300	66,143,571	472,002,871
Deferred Outflows of Resources:			
Accumulated decrease in fair value of hedging derivatives	2,285,656	-	2,285,656
Deferred pension outflows	9,182,984	1,422,610	10,605,594
Unamortized loss on debt refunding	2,558,437	-	2,558,437
Net unrealized loss on investments	325,714	-	325,714
Total Deferred Outflows of Resources	14,352,791	1,422,610	15,775,401
Total Assets and Deferred Outflows of Resources	\$ 420,212,091	\$ 67,566,181	\$ 487,778,272
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities:			
Accounts payable	\$ 18,254,955	\$ 322,836	\$ 18,577,791
Accrued liabilities	-	521,584	521,584
Accrued interest payable	3,205,876	-	3,205,876
Unearned revenue	-	335,627	335,627
Customers' advances	-	-	-
Deferred gain	-	209,458	209,458
Non-current liabilities:			
Long-term debt:			
Due within one year	19,111,851	3,113,630	22,225,481
Due in more than one year	206,333,802	23,753,912	230,087,714
Net pension liability	36,954,089	4,125,671	41,079,760
Other	653,460	-	653,460
Total Liabilities	284,514,033	32,382,718	316,896,751
Deferred Inflows of Resources:			
Accumulated increase in fair value of hedging derivatives	4,485,606	-	4,485,606
Deferred pension inflows	424,752	-	424,752
Deferred revenue	1,295,634	-	1,295,634
Total Deferred Inflows of Resources	6,205,992	-	6,205,992
Net Position:			
Net investment in capital assets	29,561,237	30,875,383	60,436,620
Restricted for:			
Capital projects	5,712,425	-	5,712,425
Debt service	14,537,447	-	14,537,447
Other purposes	51,237,929	-	51,237,929
Unrestricted	28,443,028	4,308,080	32,751,108
Total Net Position	129,492,066	35,183,463	164,675,529
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 420,212,091	\$ 67,566,181	\$ 487,778,272

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Activities
Component Units
For the fiscal year ended June 30, 2017

	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	\$ 152,520,255	\$ 159,018,897	\$ 300,711	\$ 6,799,353	\$ -	\$ 6,799,353
Owensboro Riverport Authority	11,447,762	13,327,539	-	-	1,879,777	1,879,777
Total Component Units	\$ 163,968,017	\$ 172,346,436	\$ 300,711	6,799,353	1,879,777	8,679,130
General Revenues:						
Earnings on investments				1,926,047	66,114	1,992,161
Deferred net change in fair value of investments				(273,862)	-	(273,862)
Miscellaneous				291,976	433,201	725,177
Gain (loss) on sale of capital assets				-	26,308	26,308
Transfer to City of Owensboro				-	(475,000)	(475,000)
Total General Revenues				1,944,161	50,623	1,994,784
Change in Net Position				8,743,514	1,930,400	10,673,914
Net Position, Beginning of Year				120,748,552	33,253,063	154,001,615
Net Position, End of Year				\$ 129,492,066	\$ 35,183,463	\$ 164,675,529

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, 2017

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, 2017. 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, 2017

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 distribution, 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.

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, 2017

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, 2017

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.

Central Dispatch Fund - established to account for funds used in operation of the Owensboro-Daviess County Central Dispatch.

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.

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.

Convention Center 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, 2017

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, softball complex, and ice arena.

Sportscenter Operations Fund - established for the purpose of managing and accounting for the operations of the Owensboro 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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

As a general rule, the effect of inter-fund 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, 2017

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.

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 Lives</u>	<u>Estimated</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.

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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:

- Non-spendable 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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- 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). All budget appropriations created by passage of ordinance, lapse at fiscal year-end.

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 17% of expenditures.

Inter-fund 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 inter-fund transfers. Inter-fund 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, 2017.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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, 2017, was \$0.2593 per \$100 on the assessed valuation of \$3,009,034,677. 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 \$0.2565 and \$0.3030 per \$100 of assessed value, respectively.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017, consist of the following major investment classifications:

	Fair Value	Number of Shares	Interest Rates	Maturity Dates
Government obligations	\$ 7,228,187	7,419,140	1.40-3.82%	9/17-3/22
Certificates of deposit	5,000,000	5,000,000	1.50%	10/20
Cash and cash equivalents	70,661,967	70,661,967		
Totals	<u>\$ 82,890,154</u>	<u>83,081,107</u>		

The following condensed statements of net position and changes in net position for the year ended June 30, 2017, are presented for the pool as a whole:

Statement of Net Position

Assets:

Investments at fair value	\$ 7,228,187
Certificates of deposit	5,000,000
Cash and cash equivalents	70,661,967
Total Assets	<u>\$ 82,890,154</u>

Net Position:

Held in trust for external pool participants:	
Component unit	\$ 3,212,111
Fiduciary:	
Pension Trust Funds	192,862
Agency Funds	58,393
Other external participants	11,534,985
Held in trust for internal pool participants	<u>67,891,803</u>
Total Net Position	<u>\$ 82,890,154</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

Statement of Changes in Net Position

Revenues:	
Interest income	\$ 1,160,804
Net change in fair value	<u>(105,336)</u>
Total Revenues	<u>1,055,468</u>
Share transactions at net position value of \$1 per share:	
Purchase of units	136,965,080
Redemption of units	<u>(120,952,735)</u>
Net increase in net position and shares resulting from share transactions	<u>16,012,345</u>
Total Increase in Net Position	<u>17,067,813</u>
Net Position:	
Beginning of period	<u>65,822,341</u>
End of period	<u>\$ 82,890,154</u>

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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

At June 30, 2017, the reported amount of the City's pooled and non-pooled bank deposits was \$68,050,131. Of the bank balance, \$250,000 was covered by federal depository insurance and \$84,786,455 was the value of collateral held in the pledging bank's trust department in the City's name.

As of June 30, 2017, 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 Bank	990,402	
Federal Farm Credit Bank Obligations	5,997,726	
Certificates of Deposit	<u>5,240,059</u>	
Total investments and weighted average maturity	<u>\$ 12,228,187</u>	<u>33.84</u>

Primary Government

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits and investments:		
Non-pooled:		
Cash and cash equivalents	<u>\$ 3,069,927</u>	\$ 3,069,927
Fiduciary cash equivalents		78,715
Fiduciary investments		<u>3,149,487</u>
		<u>\$ 6,298,129</u>
Pooled:		
Cash and cash equivalents		70,661,967
Certificates of deposit		5,000,000
Government obligations		<u>7,228,187</u>
Total deposits and investments		<u>89,188,283</u>
Less:		
External participants' equity in pool:		
Component unit		\$ (3,212,111)
Other external participants - Investment Trust Fund		(11,534,985)
Fiduciary:		
Cash equivalents		(78,715)
Investments		(3,149,487)
Equity in pool:		
Pension Trust Funds		(192,862)
Agency Funds		<u>(58,393)</u>
Total deposits and investments - primary government		<u>\$ 70,961,730</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

Statement of Net Position Accounts:

Equity in pooled deposits and investments	\$ 67,891,803
Cash and cash equivalents:	
In segregated accounts	3,067,170
With escrow agents	2,757
	3,069,927
Total deposits and investments - primary government	\$ 70,961,730

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The inputs or methodology used for valuing securities are not an indication of risk associated with those securities.

The City has the following recurring fair value measurements as of June 30, 2017:

	Fair Value Measurements Using			
	June 30, 2017	Quoted Prices in Activity Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Debt Securities:</u>				
U.S. Agency Securities	\$ 6,988,128	\$ 6,988,128	\$ -	\$ -
<u>Other Securities:</u>				
Certificate of Deposit	5,240,059	-	5,240,059	-
Total Investments-Primary Government	\$ 12,228,187	\$ 6,988,128	\$ 5,240,059	\$ -
<u>City Employees' Employee Retirement Plan</u>				
Equity Securities	3,229,859	3,229,859	-	-
Total investments	\$ 15,458,046	\$ 10,217,987	\$ 5,240,059	\$ -

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Certificate of deposits classified in Level 2 are valued using consensus pricing. Money market funds and certificates of deposit having a maturity of one year or less from the fiscal year end are not subject to GASB Statement No. 72.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

Component Units

	<u>Carrying Amount</u>
Deposits:	
Cash and cash equivalents	\$ 84,735,164
Investments:	
Equity in pooled deposits and investments	3,212,111
Negotiable Certificates of Deposit	1,481,641
Government agency obligations	43,957,742
Repurchase agreements	8,900,000
Total investments	57,551,494
Total deposits and investments - component units	\$ 142,286,658
 <u>Balance Sheet Accounts:</u>	
Equity in pooled deposits and investments	\$ 3,212,111
Cash and cash equivalents	32,500,429
Investments	9,308,809
	\$ 45,021,349
Restricted assets:	
Cash and cash equivalents	52,234,735
Investments	45,030,574
Other restricted assets	11,976,232
	109,241,541
Less other restricted assets	(11,976,232)
Total deposits and investments - component units	\$ 142,286,658

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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	\$ <u>2,757</u>
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Component Units

Certain assets of Owensboro Municipal Utilities as of May 31, 2017, which are restricted, consist of the following:

Electric Light and Power System:

Cash and investments	\$ 44,583,379
Investments	42,841,842
Accrued interest receivable	463,476
Fuel inventory, at cost	10,808,057
Other	687,001
	<u>\$ 99,383,755</u>

Water Works System:

Cash and equivalents	\$ 7,651,356
Investments	2,188,732
Accrued interest receivable	17,698
	<u>9,857,786</u>
Total restricted assets - component units	<u>\$ 109,241,541</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 5 - CAPITAL ASSETS

Primary Government

Capital asset activity for the City for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 23,486,066	\$ 1,180,000	\$ (250,000)	\$ 24,416,066
Construction in progress	8,745,707	7,171,325	(9,148,985)	6,768,047
Total capital assets, not being depreciated	<u>32,231,773</u>	<u>8,351,325</u>	<u>(9,398,985)</u>	<u>31,184,113</u>
Capital assets, being depreciated:				
Land improvements/infrastructure	180,566,393	8,898,259	(8,299)	189,456,353
Buildings	105,893,669	5,695	-	105,899,364
Vehicles	11,400,538	1,927,505	(431,775)	12,896,268
Machinery and equipment	8,641,428	1,021,765	(17,298)	9,645,895
Software	614,699	1,700	-	616,399
Total capital assets, being depreciated	<u>307,116,727</u>	<u>11,854,924</u>	<u>(457,372)</u>	<u>318,514,279</u>
Less accumulated depreciation for:				
Land improvements/infrastructure	(67,528,110)	(8,339,185)	8,299	(75,858,996)
Buildings	(27,551,860)	(3,762,462)	-	(31,314,322)
Vehicles	(8,643,659)	(1,127,702)	429,327	(9,342,034)
Machinery and equipment	(6,268,162)	(934,643)	17,298	(7,185,507)
Software	(143,898)	(123,280)	-	(267,178)
Total accumulated depreciation	<u>(110,135,689)</u>	<u>(14,287,272)</u>	<u>454,924</u>	<u>(123,968,037)</u>
Total capital assets, being depreciated, net	<u>196,981,038</u>	<u>(2,432,348)</u>	<u>(2,448)</u>	<u>194,546,242</u>
Governmental activities, capital assets, net	<u>\$ 229,212,811</u>	<u>\$ 5,918,977</u>	<u>\$ (9,401,433)</u>	<u>\$ 225,730,355</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 118,739	\$ -	\$ -	\$ 118,739
Construction in progress	-	102,805	-	102,805
Total capital assets, not being depreciated	<u>118,739</u>	<u>102,805</u>	<u>-</u>	<u>221,544</u>
Capital assets, being depreciated:				
Land improvements	833,287	-	-	833,287
Buildings	2,005,621	-	-	2,005,621
Vehicles	7,502,738	496,741	(322,652)	7,676,827
Machinery and equipment	1,572,898	28,724	-	1,601,622
Total capital assets, being depreciated	<u>11,914,544</u>	<u>525,465</u>	<u>(322,652)</u>	<u>12,117,357</u>
Less accumulated depreciation for:				
Land improvements	(614,258)	(15,341)	-	(629,599)
Buildings	(1,666,075)	(39,104)	-	(1,705,179)
Vehicles	(5,473,393)	(842,267)	322,652	(5,993,008)
Machinery and equipment	(960,256)	(218,138)	-	(1,178,394)
Total accumulated depreciation	<u>(8,713,982)</u>	<u>(1,114,850)</u>	<u>322,652</u>	<u>(9,506,180)</u>
Total capital assets, being depreciated, net	<u>3,200,562</u>	<u>(589,385)</u>	<u>-</u>	<u>2,611,177</u>
Business-type activities, capital assets, net	<u>\$ 3,319,301</u>	<u>\$ (486,580)</u>	<u>\$ -</u>	<u>\$ 2,832,721</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 5 - CAPITAL ASSETS, CONTINUED

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

Governmental activities:	
General government	\$ 2,845,279
Public safety	412,172
Public works	2,045,936
Community and cultural	8,983,885
Total depreciation expense, governmental activities	<u>\$ 14,287,272</u>
Business-type activities:	
Sanitation	\$ 754,892
Downtown maintenance and operations	65,806
Transit	259,128
Recreation	18,687
Sportscenter	1,299
Geographic information system	15,038
Total depreciation expense, business-type activities	<u>\$ 1,114,850</u>

Construction Commitments

The City has active construction projects as of June 30, 2017. The projects included street projects, the construction of the International Blue Grass Museum Center, various Your Community Vision projects, and also renovations by the Fleet and Facilities Fund to the Edge Ice Center. A list of significant commitments as of June 30, 2017, are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining</u>
4th Street Project	\$ 906,401	\$ 67,918
Central Dispatch Backup Center	94,445	10,493
International Bluegrass Museum	5,514,731	19,163,398
Various Your Community Vision Projects	252,470	104,001
	<u>\$ 6,768,047</u>	<u>\$ 19,345,810</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 5 - CAPITAL ASSETS, CONTINUED

Component Units

Capital asset activity for Owensboro Municipal Utilities for the year ended May 31, 2017, was as follows:

	Balance May 31, 2016	Increases	Decreases	Balance May 31, 2017
Electric Light and Power System:				
Capital assets, not being depreciated:				
Construction in progress	\$ 4,558,694	\$ 2,391,143	\$ -	\$ 6,949,837
Capital assets, being depreciated:				
Utility plant	464,366,464	3,822,098	(1,001,589)	467,186,973
Less accumulated depreciation	(281,410,459)	(18,502,614)	997,903	(298,915,170)
Total capital assets, being depreciated, net	<u>182,956,005</u>	<u>(14,680,516)</u>	<u>(3,686)</u>	<u>168,271,803</u>
Electric Light and Power System capital assets, net	<u>\$ 187,514,699</u>	<u>\$ (12,289,373)</u>	<u>\$ (3,686)</u>	<u>\$ 175,221,640</u>
Water Works System:				
Capital assets, not being depreciated:				
Construction in progress	\$ 3,271,652	\$ 1,118,899	\$ -	\$ 4,390,551
Capital assets, being depreciated:				
Utility plant	80,637,461	1,762,603	(296,520)	82,103,544
Less accumulated depreciation	(37,969,528)	(2,845,408)	294,064	(40,520,872)
Total capital assets, being depreciated, net	<u>42,667,933</u>	<u>(1,082,805)</u>	<u>(2,456)</u>	<u>41,582,672</u>
Water Works System capital assets, net	<u>\$ 45,939,585</u>	<u>\$ 36,094</u>	<u>\$ (2,456)</u>	<u>\$ 45,973,223</u>

Capital asset activity for Owensboro Riverport Authority for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated:				
Land and land improvements	\$ 4,056,123	\$ 6,254	\$ -	\$ 4,062,377
Construction in progress	510,838	-	(114,486)	396,352
Total capital assets, not being depreciated	<u>4,566,961</u>	<u>6,254</u>	<u>(114,486)</u>	<u>4,458,729</u>
Capital assets, being depreciated:				
Port facilities	59,620,359	1,499,362	(57,784)	61,061,937
Machinery and equipment	10,785,390	502,194	-	11,287,584
Office furniture and equipment	1,170,962	564,937	-	1,735,899
Property on operating leases	3,809,227	-	-	3,809,227
Total capital assets, being depreciated	<u>75,385,938</u>	<u>2,566,493</u>	<u>(57,784)</u>	<u>77,894,647</u>
Less accumulated depreciation	(21,181,997)	(3,588,318)	159,864	(24,610,451)
Total capital assets, being depreciated, net	<u>54,203,941</u>	<u>(1,021,825)</u>	<u>102,080</u>	<u>53,284,196</u>
Owensboro Riverport Authority capital assets, net	<u>\$ 58,770,902</u>	<u>\$ (1,015,571)</u>	<u>\$ (12,406)</u>	<u>\$ 57,742,925</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 6 - LONG-TERM LIABILITIES

Primary Government

Long-term liability activity for the City for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
<u>Governmental activities:</u>					
<u>Bonds and loans payable:</u>					
General obligation bonds:					
Series 2003A	\$ 310,000	\$ -	\$ (310,000)	\$ -	\$ -
Series 2010	4,435,000	-	(210,000)	4,225,000	220,000
Series 2011	18,415,000	-	(445,000)	17,970,000	460,000
Series 2011	2,370,000	-	(120,000)	2,250,000	125,000
Series 2012A Refunding	1,310,000	-	(210,000)	1,100,000	215,000
Series 2012B	36,820,000	-	(950,000)	35,870,000	970,000
Series 2012C Refunding	1,915,000	-	(300,000)	1,615,000	310,000
Series 2013A	19,165,000	-	(470,000)	18,695,000	480,000
Series 2013B	8,057,598	-	(399,767)	7,657,831	408,144
Series 2013C	5,570,000	-	(270,000)	5,300,000	275,000
Series 2014 Refunding	4,035,000	-	(220,000)	3,815,000	225,000
Series 2014B	24,000,000	-	(2,355,000)	21,645,000	2,430,000
Series 2016A Refunding	2,320,000	-	(225,000)	2,095,000	215,000
Series 2016B Refunding	1,965,000	-	(140,000)	1,825,000	140,000
Series 2016C	2,560,000	-	-	2,560,000	-
Series 2016D	-	9,380,000	-	9,380,000	-
Series 2016 BAN	-	6,565,000	-	6,565,000	-
<u>Notes payable:</u>					
KIA A07-04	21,865,898	1,473,523	(1,096,390)	22,243,031	1,122,223
KIA A15-36	2,878,251	-	(60,408)	2,817,843	161,180
Notes payable #18	145,000	-	(45,000)	100,000	50,000
Notes payable #26	12,600	-	(4,300)	8,300	4,300
Total bonds and loans payable, governmental activities	158,149,347	17,418,523	(7,830,865)	167,737,005	7,810,847
<u>Less deferred amounts:</u>					
For issuance premiums-governmental	547,957	137,136	(53,193)	631,900	-
For issuance discounts-governmental	(686,742)	(32,428)	45,273	(673,897)	-
Bonds and loans payable net of deferred amounts, governmental	158,010,562	17,523,231	(7,838,785)	167,695,008	7,810,847
<u>Business-type activities:</u>					
<u>Bonds payable:</u>					
General obligation bonds:					
Series 2013B	1,417,402	-	(70,233)	1,347,169	71,727
Total bonds and loans payable, business-type	1,417,402	-	(70,233)	1,347,169	71,727
<u>Less deferred amounts:</u>					
For issuance discounts- Business type activities	(24,239)	-	932	(23,307)	-
Bonds and loans payable net of deferred amounts, business-type	1,393,163	-	(69,301)	1,323,862	71,727
Total Bonds and loans payable net of deferred amounts, primary government	\$ 159,403,725	\$ 17,523,231	\$ (7,908,086)	\$ 169,018,870	\$ 7,882,574

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

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.

Long-term debt of the City at June 30, 2017, consisted of the following:

Series 2010 General Obligation Bonds: 2.00% - 5.875% with principal due annually and interest due semi-annually through December 2030	\$ 4,225,000
Series 2011 General Obligation Bonds: 3.00% - 5.00% with principal due annually and interest due semi-annually through April 2041	17,970,000
Series 2011 General Obligation Bonds: .08% - 5.00% with principal due annually and interest due semi-annually through June 2031	2,250,000
Series 2012A General Obligation Refunding Bonds: 1.00% - 2.75% with principal due annually and interest due semi-annually through February 2022	1,100,000
Series 2012B General Obligation Bonds: 2.00% - 4.00% with principal due annually and interest due semi-annually through June 2042	35,870,000
Series 2012C General Obligation Refunding Bonds: 2.00% - 2.50% with principal due annually and interest due semi-annually through September 2021	1,615,000
Series 2013A General Obligation Bonds: 2.00% - 5.00% with principal due annually and interest due semi-annually through May 2043	18,695,000
Series 2013B General Obligation Bonds: 1.55% -3.125% with principal due annually and interest due semi-annually through May 2033	9,005,000
Series 2013C General Obligation Bonds: 2.00% -3.75% with principal due annually and interest due semi-annually through May 2033	5,300,000
Series 2014 General Obligation Refunding Bonds: 2.00% - 3.25% with principal due annually and interest due semi-annually through October 2029	3,815,000
Series 2014B General Obligation Bonds: 3.00% - 3.40% with principal due annually and interest due semi-annually through January 2026	21,645,000

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Series 2016A General Obligation Refunding Bonds: 2.00% - 5.00% with principal due annually and interest due semi-annually through March 2026	2,095,000
Series 2016B General Obligation Refunding Bonds: 2.00% - 3.00% with principal due annually and interest due semi-annually through January 2029	1,825,000
Series 2016C General Obligation Bonds: 2.00% - 3.00% with principal due annually and interest due semi-annually through January 2037	2,560,000
Series 2016D General Obligation Bonds: 3.00% - 5.00% with principal due annually and interest due semi-annually through December 2027	9,380,000
Series 2016 BAN: 2.38% - 4.13% with principal due annually and interest due semi-annually through February 2021 with ballon payment at maturity of \$6,045,000	6,565,000
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	22,243,031
Kentucky Infrastructure Authority Federally Assisted Wastewater Revolving Loan A15-036: 1.75% semi-annual interest only until final closing, thereafter, due in semi-annual principal and interest payments for a period not to exceed twenty years	2,817,843
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	100,000
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>8,300</u>
Total bonds and loans payable, primary government	<u><u>\$ 169,084,174</u></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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

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

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.

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.

On June 3, 2016, the City issued \$2,320,000 in general obligation bonds for the purpose of refunding the Series 2006 bonds. The interest rate on the bonds ranges from 2.00% to 5.00% over the term of the obligation with a final maturity due March 1, 2026. Debt service payments are scheduled semi-annually at amounts that range from \$267,750 to \$278,000. The difference in cash flow requirements to service the old debt of \$2,982,413 and the cash flows to service the new debt of \$2,742,807 is \$239,605. This refunding will reduce overall debt service payments by \$239,605 over the term of the debt.

On June 3, 2016, the City issued \$1,965,000 in general obligation bonds for the purpose of refunding the Series 2008 bonds. The interest rate on the bonds ranges from 2.00% to 3.00% over the term of the obligation with a final maturity due January 1, 2029. Debt service payments are scheduled semi-annually at amounts that range from \$30,250 to \$192,931. The difference in cash flow requirements to service the old debt of \$2,465,075 and the cash flows to service the new debt of \$2,304,216 is \$160,859. This refunding will reduce overall debt service payments by \$160,859 over the term of the debt.

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

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 7,882,703	\$ 5,256,161	\$ 13,138,864
2019	8,156,487	5,067,204	13,223,691
2020	8,916,733	4,859,871	13,776,604
2021	9,151,144	4,625,699	13,776,843
2022	15,190,721	4,304,126	19,494,847
2023-2027	40,333,237	18,578,503	58,911,740
2028-2032	33,188,874	10,873,367	44,062,241
2033-2037	26,074,275	4,903,094	30,977,369
2038-2042	19,140,000	2,627,622	21,767,622
2043-2047	1,050,000	36,750	1,086,750
	<u>\$ 169,084,174</u>	<u>\$ 61,132,397</u>	<u>\$ 230,216,571</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Component Units

Owensboro Municipal Utilities Electric Light and Power System

Long-term debt activity for the year ended May 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
Series of 1991-B	\$ 54,718,792	\$ 3,413,709	\$ (15,725,000)	\$ 42,407,501	\$ 15,111,851
Series of 2002-A	12,985,000	-	(2,955,000)	10,030,000	3,140,000
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	-
	204,108,792	3,413,709	(18,680,000)	188,842,501	18,251,851
Add unamortized debt premium (discount)	3,170,867	-	(356,794)	2,814,073	-
Total long-term debt	<u>\$ 207,279,659</u>	<u>\$ 3,413,709</u>	<u>\$ (19,036,794)</u>	<u>\$ 191,656,574</u>	<u>\$ 18,251,851</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Bonds payable on May 31st 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, 2017, was \$4,767,499)	\$	42,407,501
Series of 2002-A:		
6.34%, due 2020, subject to annual pro rata sinking fund redemption from 2017 to 2020		10,030,000
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>
<hr/>		
Total long-term debt	\$	188,842,501
Less current maturities		(18,251,851)
Add unamortized debt premium (discount)		<u>2,814,073</u>
Long-term portion	\$	<u><u>173,404,723</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>
2018	18,865,000	7,035,383	25,900,383
2019	19,065,000	6,836,307	25,901,307
2020	19,275,000	6,624,551	25,899,551
2021	18,550,000	6,399,481	24,949,481
2022	19,385,000	5,561,233	24,946,233
2023 - 2027	<u>98,470,000</u>	<u>12,958,949</u>	<u>111,428,949</u>
	<u>\$ 193,610,000</u>	<u>\$ 45,415,904</u>	<u>\$ 239,025,904</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

The scheduled principal maturities include \$8,181,208 of interest scheduled to be incurred in future years on deferred interest bonds, which will be compounded and added to the original principal amounts.

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 an 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, 2017

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 2017 was \$539,243.

Remaining interest subsidies scheduled through maturity of the bonds, before budget sequestration reductions, are as follows:

Year Ending May 31:

2018	\$	578,846
2019		578,846
2020		578,846
2021		578,846
2022		503,779
2023 - 2027		<u>868,069</u>
	<u>\$</u>	<u>3,687,232</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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

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 Kentucky Revised Statutes.

Owensboro Municipal Utilities Water Works System

Long-term debt activity for the year ended May 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
Series of 2009	\$ 19,160,000	\$ -	\$ (5,895,000)	\$ 13,265,000	\$ -
Series of 2014	9,005,000	-	(735,000)	8,270,000	750,000
Series of 2015	5,385,000	-	(35,000)	5,350,000	30,000
Series of 2016	-	6,590,000	-	6,590,000	80,000
	33,550,000	6,590,000	(6,665,000)	33,475,000	860,000
Add unamortized debt premium	383,477	25,143	(94,542)	314,078	-
Total bonds payable	<u>\$ 33,933,477</u>	<u>\$ 6,615,143</u>	<u>\$ (6,759,542)</u>	<u>\$ 33,789,078</u>	<u>\$ 860,000</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Long-term debt at May 31, 2017, consists of the following Water Revenue Bonds:

Series of 2009:		
5.0% to 5.25%, due serially September 15, 2018 to 2035	\$	13,265,000
Series of 2014:		
1.75% to 3.9%, due serially September 15, 2015 to 2038		8,270,000
Series of 2015:		
3.0% to 4.0%, due serially September 15, 2016 to 2040		5,350,000
Series of 2016:		
2.0% to 3.0%, due serially September 15, 2017 to 2035		6,590,000
Total long-term debt	\$	33,475,000
Less current maturities		(860,000)
Add unamortized debt premium		314,078
	\$	32,929,078

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>
2018	\$ 860,000	\$ 1,309,626	\$ 2,169,626
2019	890,000	1,285,020	2,175,020
2020	915,000	1,253,320	2,168,320
2021	950,000	1,222,508	2,172,508
2022	985,000	1,189,533	2,174,533
2023 - 2027	5,490,000	5,365,963	10,855,963
2028 - 2032	6,730,000	4,130,397	10,860,397
2033 - 2037	8,415,000	2,495,184	10,910,184
2038 - 2042	8,240,000	644,090	8,884,090
	\$ 33,475,000	\$ 18,895,641	\$ 52,370,641

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 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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

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. 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.

On December 16, 2015, the City issued \$5,385,000 of Water Revenue Improvement Bonds, Series 2015, dated December 1, 2015. The 2015 Bonds were issued to provide funds for the various capital improvement expenditures for the Water System and to fully fund the Bond Reserve Account. The Series 2015 Bond maturing on and after September 15, 2024, are subject to redemption in whole or in part on September 15, 2023, 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 Kentucky Revised Statutes.

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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Owensboro Riverport Authority

Long-term debt and lease obligations activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Maturities</u>
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%	\$ 1,898,775	\$ -	\$ (197,710)	\$ 1,701,065	\$ 200,903
River dock lease obligation paying monthly base rental payments of \$47,705 until February 14, 2024 bearing an interest rate of 2.75%	3,953,048	-	(469,648)	3,483,400	482,727
General obligation bonds maturing in 2025 bearing interest ranging from 3% to 3.4%. Principal payments begin in 2017.	<u>24,000,000</u>	<u>-</u>	<u>(2,355,000)</u>	<u>21,645,000</u>	<u>2,430,000</u>
	29,851,823	-	(3,022,358)	26,829,465	3,113,630
Add unamortized premium	<u>42,881</u>	<u>-</u>	<u>(4,804)</u>	<u>38,077</u>	<u>-</u>
Total debt	<u>\$ 29,894,704</u>	<u>\$ -</u>	<u>\$ (3,027,162)</u>	<u>\$ 26,867,542</u>	<u>\$ 3,113,630</u>

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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Scheduled aggregate maturities of lease obligations are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>
2018	\$ 3,113,630
2019	3,200,318
2020	3,297,432
2021	3,389,986
2022	3,493,747
Thereafter	<u>10,334,352</u>
	<u>\$ 26,829,465</u>

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.

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 7 - CITY FUNDED RETIREMENT PLANS, CONTINUED

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, 2017, the plan had twenty-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, 2017, the plan had forty-one members, none of whom were active City employees. The plan is closed to new entrants.

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, 2017.

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, 2017.

NET PENSION LIABILITY/ASSET

The CEPF had a net pension asset of \$1,279,051 as of June 30, 2017, 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 \$6,723,649 as of June 30, 2017, 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, 2017, 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%

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 7 - CITY FUNDED RETIREMENT PLANS, CONTINUED

Mortality rates were based on the PR-2000 Healthy Mortality Table projected to 2017 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, 2017 valuation were based on the results of an actuarial experience study used in the June 30, 2017 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.

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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 7 - CITY FUNDED RETIREMENT PLANS, CONTINUED

Changes in Net Pension Liability (Asset):

	<u>CEPF</u>	<u>PFRF</u>
Total Pension Liability (Asset)		
Service cost	\$ -	\$ -
Interest	123,942	300,505
Changes in benefit terms	9,813	22,257
Differences between expected and actual experience	(94,508)	(56,856)
Changes in assumptions	7,574	920,026
Benefit payments	(291,151)	(828,540)
Net change in total pension liability (asset)	<u>(244,330)</u>	<u>357,392</u>
Total Pension Liability (Asset) - Beginning, June 30, 2016	<u>2,223,413</u>	<u>6,458,887</u>
Total Pension Liability (Asset) - Ending, June 30, 2017 (a)	<u>\$ 1,979,083</u>	<u>\$ 6,816,279</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ -	\$ -
Contributions - employee	-	-
Contributions - other	-	4,312
Net investment income	455,239	5,575
Benefit payments	(291,151)	(828,540)
Administrative expense	(32,400)	(4,984)
Other - debt service	-	-
Net change in plan fiduciary net position	<u>131,688</u>	<u>(823,637)</u>
Plan Fiduciary Net Position - Beginning, June 30, 2016	<u>3,126,446</u>	<u>916,267</u>
Plan Fiduciary Net Position - Ending, June 30, 2017 (b)	<u>\$ 3,258,134</u>	<u>\$ 92,630</u>
Net Pension Liability (Asset) (a) - (b)	<u>\$ (1,279,051)</u>	<u>\$ 6,723,649</u>

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:

	<u>1% Decrease (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
City of Owensboro City Employees' net pension asset	<u>\$ (1,266,260)</u>	<u>\$ (1,279,051)</u>	<u>\$ (1,291,842)</u>
	<u>1% Decrease (4.00%)</u>	<u>Current Discount Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
City of Owensboro Police and Firefighters' net pension liability	<u>\$ 7,305,079</u>	<u>\$ 6,816,279</u>	<u>\$ 6,386,531</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 7 - CITY FUNDED RETIREMENT PLANS, CONTINUED

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, 2017, the City recognized pension expense of \$367,155, which consisted of \$(164,383) for CEPF and \$531,538 for PFRF. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:		
CEPF	\$ 38,252	\$ 301,453
PFRF	38,816	215,408
	<u>77,068</u>	<u>516,861</u>
Changes in assumptions:		
CEPF	94,707	-
PFRF	1,120,874	-
	<u>1,215,581</u>	<u>-</u>
Net difference between projected and actual earnings on pension plan investments:		
CEPF	93,132	278,842
PFRF	105,128	-
	<u>198,260</u>	<u>278,842</u>
 Total	 <u>\$ 1,490,909</u>	 <u>\$ 795,703</u>

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

<u>Year Ending June 30:</u>	
2018	\$ 130,433
2019	101,077
2020	98,207
2021	58,450
2022	48,834
Thereafter	248,205

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 8 - CERS RETIREMENT PLANS

General Information about the Pension 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 the 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 rate are 6% and 9%, respectively. The City is required to contribute at an actuarially determined rate. As of June 30, 2017, the required contribution rate was 13.95% of annual covered payroll for non-hazardous employees and 21.71% 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. The City's contributions to CERS were \$1,410,345 for non-hazardous employees and \$2,257,409 for hazardous employees, for total contributions of \$3,667,754 for the year ended June 30, 2017.

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

At June 30, 2017, the City reported a liability of \$54,212,300 for its proportionate share of the net pension liability, with \$21,411,533 for non-hazardous pensions and \$32,800,767 for hazardous pensions. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. 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, 2016, the City's proportion was 0.434874% for non-hazardous pensions and 1.911532% for hazardous pensions.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

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

	Net Pension Liability
City of Owensboro:	
Non-Hazardous	\$ 21,411,533
Hazardous	32,800,767
Total City of Owensboro	\$ 54,212,300
Component Units:	
Owensboro Municipal Utilities:	
Electric Light and Power System	\$ 30,858,179
Water Works	6,095,910
Total Owensboro Municipal Utilities	\$ 36,954,089
Owensboro Riverport Authority	\$ 4,125,671

For the year ended June 30, 2017, the City recognized pension expense of \$6,818,096, which consists of \$2,999,712 for non-hazardous pensions and \$3,818,384 for hazardous pensions. Owensboro Municipal Utilities recognized non-hazardous pension expense of \$4,246,945 for the Electric Light and Power System and \$801,218 for the Water Works System. Owensboro Riverport Authority recognized non-hazardous pension expense of \$820,286.

At June 30, 2017, the City reported deferred inflows and outflows of resources related to pensions are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 566,551	\$ -
Changes of assumptions	3,016,515	-
Net difference between projected and actual investment earnings on pension plan investments	4,779,943	-
Changes in proportion and differences between City contributions and proportional share of contributions	545,027	139,495
City contributions subsequent to the measurement date	3,667,754	-
Total	\$ 12,575,790	\$ 139,495

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

The \$3,667,754 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, 2018. Other 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:	
2018	\$ 2,705,298
2019	2,349,630
2020	2,642,695
2021	1,070,918
2022	-
Thereafter	-

Actuarial assumptions: The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.0%, average, including inflation
Investment rate of return	7.50%, net of pension plan expense, including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

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 2008 through 2013, is outlined in a report dated December 3, 2015. Several factors are considered in evaluating the 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 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, 2017

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Combined Equity	44%	5.4%
Combined Fixed Income	19%	1.5%
Real Return (Diversified Inflation Strategies)	10%	3.5%
Real Estate	5%	4.5%
Absolute Return (Diversified Hedge Funds)	10%	4.25%
Private Equity	10%	8.5%
Cash Equivalent	2%	-0.25%
Total	100%	

Discount rate: The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 27 year amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. Projected future benefit payments for all current plan members were projected through 2117.

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 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate the is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

<u>City's proportionate share of the net pension liability as of June 30, 2017</u>	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Non-Hazardous	<u>\$ 26,682,237</u>	<u>\$ 21,411,533</u>	<u>\$ 16,893,490</u>
Hazardous	<u>\$ 41,207,329</u>	<u>\$ 32,800,767</u>	<u>\$ 25,866,808</u>

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.

Postemployment Healthcare Benefits

Plan description: In addition to the pension benefits described above, Kentucky Retirement Systems provides postemployment healthcare benefits through the Kentucky Retirement Systems Insurance Fund (Insurance Fund). The Insurance Fund was established to provide hospital and medical insurance for those receiving benefits the Kentucky Employees Retirement System (KERS), the County Employees Retirement System (CERS), and the State Police Retirement System (SPRS). The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2016 (the date of the latest available information), insurance premiums withheld from benefit payments for these benefits from CERS were \$22.6 million and \$2.2 million for non-hazardous and hazardous employees, respectively. For the fiscal year ended June 30, 2015, insurance

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

premiums withheld from benefit payments for those receiving benefits from CERS were \$22.6 million and \$1.7 million for non-hazardous and hazardous employees, respectively. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous employees killed in the line of duty. As of June 30, 2016, the Insurance Fund had 113,280 retirees and beneficiaries for whom benefits were available.

The amount of contributions paid by the Insurance Fund is based on years of service. For employees participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are shown below:

<u>Years of Service</u>	<u>% Paid by Insurance Fund</u>
20 or more	100%
15-19	75%
10-14	50%
4-9	25%
Less than 4	0%

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for those who began participating on or after July 1, 2003. Once employees reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually based on the retiree COLA, which is updated annually due to changes in the Consumer Price Index for all urban consumers. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Funding policy: In prior years, the employer's required medical insurance contribution rate was being increased annually by a percentage that would result in advance-funding the medical liability on an actuarially determined basis using the entry age normal method within a 20 year period measured from 1987. In November 1992, the Board adopted a fixed percentage rate and suspended future increases under the current medical premium funding policy until the next experience study could be performed. In May 1996, the Board adopted a policy to increase the insurance contribution rate by the amount needed to achieve the target rate for full entry age normal funding within 20 years.

The City is required to contribute at an actuarially determined rate. As of June 30, 2017, 2016, and 2015, the City's required contribution rate was 4.73%, 4.64%, and 4.92%, respectively, of annual covered payroll for non-hazardous employees and 9.35%, 12.69%, and 13.58%, respectively, of annual covered payroll for hazardous employees. The contribution requirements of plan members and the City are established and may be amended by the Kentucky Retirement Systems Board of Trustees. Contributions to the Insurance Fund from the City were \$1,450,418, \$1,728,755, and \$1,811,427 for the years ended June 30, 2017, 2016, and 2015, respectively.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

On August 6, 2012, the Board voted to cease self-funding of healthcare benefits for most Medicare eligible retirees. The Board elected to contract with Humana Insurance Company to provide healthcare benefits to retirees through a fully insured Medicare Advantage Plan. The Humana Medicare Advantage Plan became effective January 1, 2013.

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 \$6,059 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>
2018	\$ 72,703
2019	72,703
2020	72,703
2021	72,703
2022	72,703
2023-2027	363,514
	<u>\$ 727,029</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 9 - LEASES, CONTINUED

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

Land	\$ 2,189,562
Buildings	18,791,573
	20,981,135
Less accumulated depreciation	(12,210,967)
	\$ 8,770,168

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, 2017, the City's future annual minimum lease payments are estimated to be as follows:

Year ending June 30:	Amount
2018	\$ 84,000
2019	84,000
2020	84,000
2021	84,000
2022	84,000
2023-2027	420,000
	\$ 840,000

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 2017. The City's rental expense and sub-lease income for the year ended June 30, 2017, total \$131,665 and \$142,081, 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, 2017, are as follows:

Bulk storage warehouse	\$ 460,879
Tank farm	3,337,752
	3,798,631
Less accumulated depreciation	(1,109,829)
	\$ 2,688,802

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 9 - LEASES, CONTINUED

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

Year ending June 30:	Amount
2018	\$ 5,806,522
2019	5,471,862
2020	5,162,662
2021	5,149,062
2022	5,149,062
Thereafter	20,462,045
	\$ 47,201,215

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, 2017

NOTE 10 - PROJECT FINANCING, CONTINUED

<u>Year ending June 30:</u>	<u>Amount</u>
2018	\$ 1,085,610
2019	1,083,259
2020	1,079,585
2021	1,079,168
2022	1,077,159
2023-2027	5,416,621
2028-2032	4,767,256
2033-2037	<u>425,375</u>
Net minimum lease amounts	16,014,033
Less amount representing interest	<u>(4,239,033)</u>
Present value of minimum lease payments	<u>\$ 11,775,000</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 2017 totaled \$3,936,268 for governmental activities and \$469,359 for business-type activities.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 13 - INTERFUND BALANCES

Inter-fund 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	\$ 186,335	\$ -
Major Governmental Funds:		
General Fund	-	186,335
	<u>\$ 186,335</u>	<u>\$ 186,335</u>

Receivable and payable balances involving component units at June 30, 2017, were as follows:

	<u>Receivable</u>	<u>Payable</u>
<u>Primary Government</u>		
General Fund	\$ 166,176	\$ -
Sanitation Fund	1,132,356	-
	<u>1,298,532</u>	<u>-</u>
<u>Component Units</u>		
Owensboro Municipal Utilities	-	1,154,782
Owensboro Riverport Authority	-	143,750
	<u>\$ -</u>	<u>\$ 1,298,532</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, 2017

NOTE 14 - TRANSFERS

Transfer in:

Transfer out:	Major Governmental Funds			Nonmajor Governmental Funds				Internal Service Funds			Enterprise Funds			Total	
	General Fund	Debt Service Fund	Downtown Development & Revitalization	Your Community Vision	Central Dispatch Fund	Drug and Property Recovery Fund	Economic Development Fund	Capital Improvements Fund	Facilities Maintenance Fund	Transit Fund	Geographic Information System Fund	Convention Center Operations	Recreation Fund		Sports Center Fund
Major Governmental Funds:															
General Fund	\$ -	\$ 1,822,715	\$ -	\$ -	\$ 1,720,381	\$ -	\$ -	\$ 65,000	\$ -	\$ 952,867	\$ 107,211	\$ 500,000	\$ 1,512,607	\$ -	\$ 6,680,781
Your Community Vision Fund	-	2,756,664	-	-	-	-	-	-	-	-	-	-	-	-	2,756,664
Downtown Development and Revitalization Fund	-	3,782,830	-	-	-	-	-	-	-	-	-	-	-	-	3,782,830
Nonmajor Governmental Funds:															13,220,275
Drug and Property Recovery Fund	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30,000
Economic Development Fund	273,000	1,233,258	-	-	-	-	-	-	-	-	-	-	-	89,415	1,595,673
Capital Improvements Fund	2,694	-	-	-	-	-	-	-	-	-	-	-	-	-	2,694
Wellness Fund	54,987	-	-	-	-	-	-	-	-	-	-	-	-	-	54,987
Greenbelt Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,683,334
Internal Service Funds:															
Facilities Maintenance Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Garage Service Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Enterprise Funds:															
Convention Center Operations Fund	-	105,509	-	-	-	-	-	-	-	-	-	-	-	-	105,509
Recreation Fund	-	153,328	-	-	-	-	-	-	-	-	-	-	-	221,116	374,444
Fiduciary Funds:															479,953
Police and Firefighters' Retirement Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 360,681	\$ 9,854,304	\$ -	\$ -	\$ 1,720,381	\$ -	\$ -	\$ 65,000	\$ -	\$ 952,867	\$ 107,211	\$ 500,000	\$ 1,512,607	\$ 310,531	\$ 15,383,582

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 75% and 25%, respectively, to fund the dispatch operations.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 15 - FUND BALANCE CLASSIFICATIONS

The composition of the fund balance classifications at June 30, 2017 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	\$ 22,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,806
Prepaid items	14,160	-	-	-	-	-	-	14,160
	<u>36,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,966</u>
Restricted for:								
Debt service	1,391,882	2,333,335	-	192	515,394	-	-	4,240,803
Downtown development	-	-	3,363,426	-	-	-	-	3,363,426
Police services	-	-	-	-	-	681,425	-	681,425
Capital projects	-	625,732	-	-	26,465,895	4,470	-	27,096,097
Parks and wellness	-	-	-	-	-	-	-	-
	<u>1,391,882</u>	<u>2,959,067</u>	<u>3,363,426</u>	<u>192</u>	<u>26,981,289</u>	<u>685,895</u>	<u>-</u>	<u>35,381,751</u>
Committed:								
Public safety	547,432	-	-	-	-	-	-	547,432
Stormwater maintenance and capital project	-	1,502,343	-	-	-	-	-	1,502,343
Economic development	-	-	-	-	-	2,064,622	-	2,064,622
	<u>547,432</u>	<u>1,502,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,064,622</u>	<u>-</u>	<u>4,114,397</u>
Assigned	-	-	-	-	-	-	-	-
Unassigned	6,928,669	-	-	-	-	-	-	6,928,669
Total fund balances	<u>\$ 8,904,949</u>	<u>\$ 4,461,410</u>	<u>\$ 3,363,426</u>	<u>\$ 192</u>	<u>\$ 26,981,289</u>	<u>\$ 2,750,517</u>	<u>\$ -</u>	<u>\$ 46,461,783</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 \$1,666,533 reported in the Insurance Fund at June 30, 2017, 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>
2017	\$ 868,873	\$ 5,489,208	\$ (4,691,548)	\$ 1,666,533
2016	\$ 975,911	\$ 4,765,452	\$ (4,872,490)	\$ 868,873
2015	\$ 793,342	\$ 6,015,643	\$ (5,833,074)	\$ 975,911

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 coverage 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, 2017

NOTE 17 - TRANSFERS - COMPONENT UNITS

Transfers made to the City from component units for the year ended June 30, 2017 were:

	<u>Riverport</u>	<u>OMU</u>	<u>Total</u>
Dividends	\$ 475,000	\$ 6,802,149	\$ 7,277,149
In Lieu of Tax	-	2,643,690	2,643,690
	<u>\$ 475,000</u>	<u>\$ 9,445,839</u>	<u>\$ 9,920,839</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 2.5% per annum.

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.

Owensboro Riverport Authority

The Authority made transfers to the General Fund in the amount of \$475,000 for the year ended June 30, 2017.

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.

As of June 30, 2017, there were no conduit debt obligations.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017.

The City's equity interest in the Owensboro-Daviess County Regional Airport at June 30, 2017, was \$14,416,430 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 decrease in this investment of \$247,350 for the year ended June 30, 2017, 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 Convention Center Operations Fund had a deficit net position of \$(819,973) as of June 30, 2017. 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

The City is a defendant or plaintiff in lawsuits which have arisen in the normal course of operations. While certain lawsuits involve substantial amounts, it is the opinion of management, based on the advice of legal counsel, that the ultimate resolution of such litigation will not have a material adverse effect on the financial position of the City.

Under the terms of certain 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 respective grantor agency. Management of the City believes that any disallowance would be immaterial.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 22 - COMMITMENTS AND CONTINGENCIES, CONTINUED

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, 2017, are estimated to be as follows:

<u>Year ending May 31</u>	
2018	\$ 59,483,841
2019	41,098,871
2020	<u>11,932,958</u>
	<u>\$ 112,515,670</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 coverage 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, 2017, 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.

NOTE 23 - RISK MANAGEMENT

The City of Owensboro 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. The City carries commercial insurance for these types of risks of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 24 - ESTABLISHMENT OF CENTRAL DISPATCH FUND

On July 1, 2016, the City of Owensboro separated for reporting purposes its central dispatch operations from the General Fund and established the Central Dispatch Fund. The effect on beginning fund balance is noted below:

Beginning General Fund Balance July 1, 2016	\$ 9,708,563
Transferred to Central Dispatch Fund	<u>376,869</u>
Revised Beginning General Fund Balance July 1, 2016	<u>\$ 9,331,694</u>

**Required Supplementary Information
(other than Management's Discussion and Analysis)**

City of Owensboro, Kentucky
Schedule of Changes in Plan Net Position Liability and Related Ratios
City Employees' Pension Fund
Fiduciary Funds
For the Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability:										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	123,942	138,906	146,041	170,343	179,398	207,542	216,969	228,921	241,522	254,722
Changes of benefit terms	9,813	-	72,434	40,594	50,384	111,930	65,044	96,686	125,700	306,404
Differences between expected and actual experience	(94,508)	(77,133)	(7,507)	(234,237)	47,885	(9,134)	47,701	(2,400)	(47,594)	(221,299)
Changes of assumptions	7,574	-	9,063	-	11,819	176,745	12,058	-	13,225	-
Benefit payments	(291,151)	(334,825)	(343,802)	(426,592)	(456,696)	(468,273)	(486,114)	(503,195)	(524,313)	(533,240)
Net Change in Total Pension Liability	(244,330)	(273,052)	(123,771)	(449,892)	(167,210)	18,810	(144,342)	(179,988)	(191,460)	(193,413)
Total Pension Liability (Asset) - Beginning	2,223,413	2,496,465	2,620,236	3,070,128	3,237,338	3,218,528	3,362,870	3,542,858	3,734,318	3,927,731
Total Pension Liability (Asset) - Ending	1,979,083	2,223,413	2,496,465	2,620,236	3,070,128	3,237,338	3,218,528	3,362,870	3,542,858	3,734,318

Plan Fiduciary Net Position:

Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	-	-	-	-	-	-	-	-	-	-
Contributions - other	-	-	-	-	-	-	-	-	-	-
Net investment income	455,239	59,940	177,203	488,294	344,353	127,619	671,641	526,473	(570,868)	(118,181)
Benefit payments including refunds	(291,151)	(334,825)	(358,624)	(426,592)	(456,696)	(468,273)	(486,114)	(503,195)	(524,313)	(533,240)
Administrative expenses	(32,400)	(35,123)	(33,211)	(31,800)	(18,820)	(6,356)	(2,256)	(8,096)	(4,431)	(7,572)
Other - debt service	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	131,688	(310,008)	(214,632)	29,902	(131,163)	(347,010)	183,271	15,182	(1,099,612)	(658,993)
Plan Fiduciary Net Position - Beginning	3,126,446	3,436,454	3,459,262	3,429,360	3,560,523	3,907,533	3,724,262	3,709,080	4,808,692	5,467,685
Plan Fiduciary Net Position - Ending	\$ 3,258,134	\$ 3,126,446	\$ 3,244,630	\$ 3,459,262	\$ 3,429,360	\$ 3,560,523	\$ 3,907,533	\$ 3,724,262	\$ 3,709,080	\$ 4,808,692

City's Net Pension Obligation (Asset) \$ (1,279,051) \$ (903,033) \$ (748,165) \$ (839,026) \$ (359,232) \$ (323,185) \$ (689,005) \$ (361,392) \$ (166,222) \$ (1,074,374)

Plan Fiduciary Net Position as a Percentage of the

Total Pension Liability 165% 141% 130% 132% 112% 110% 121% 111% 105% 129%

Covered Employee Payroll

\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -

Net Pension Liability as a Percentage of Covered Employee Payroll

N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A

Actuarial Valuation Date

June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013 June 30, 2012 June 30, 2011 June 30, 2010 June 30, 2009 June 30, 2008

City of Owensboro, Kentucky
Schedule of Changes in Plan Net Position Liability and Related Ratios
Police and Firefighters' Retirement Fund
Fiduciary Funds
For the Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability:										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	300,505	328,605	348,249	358,405	363,697	439,515	472,613	509,922	482,694	591,450
Changes of benefit terms	22,257	-	107,953	376,244	417,334	12,474	12,350	120,498	273,049	47,914
Differences between expected and actual experience	(56,856)	(40,960)	(18,310)	(56,029)	20,013	(34,352)	(89,483)	(222,252)	188,098	54,942
Changes of assumptions	920,026	-	27,602	-	29,895	478,606	28,017	-	587,359	-
Benefit payments	(828,540)	(874,581)	(839,241)	(931,980)	(942,415)	(953,648)	(1,000,509)	(1,064,830)	(1,092,243)	(1,106,312)
Net Change in Total Pension Liability	357,392	(586,936)	(373,747)	(253,360)	(111,476)	(57,405)	(577,012)	(656,662)	438,957	(412,006)
Total Pension Liability (Asset) - Beginning	6,458,887	7,045,823	7,419,570	7,672,930	7,784,406	7,841,811	8,418,823	9,075,485	8,636,528	9,048,534
Total Pension Liability (Asset) - Ending	\$ 6,816,279	\$ 6,458,887	\$ 7,045,823	\$ 7,419,570	\$ 7,672,930	\$ 7,784,406	\$ 7,841,811	\$ 8,418,823	\$ 9,075,485	\$ 8,636,528
Plan Fiduciary Net Position:										
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	-	-	-	-	-	-	-	-	-	-
Contributions - other	4,312	3,200	4,956	2,816	6,120	5,366	3,312	3,522	9,633	25,327
Net investment income	5,575	8,739	33,444	124,641	135,600	112,411	437,924	565,537	(478,198)	44,746
Benefit payments including refunds	(828,540)	(874,581)	(914,051)	(931,980)	(942,415)	(953,648)	(1,000,509)	(1,064,830)	(1,092,243)	(1,106,312)
Administrative expenses	(4,984)	(9,078)	(3,465)	(7,736)	(6,308)	(8,396)	(4,100)	(10,010)	(6,270)	(9,178)
Other - debt service	-	(233,537)	(311,875)	(313,185)	(313,726)	(312,726)	(311,456)	(309,157)	(310,759)	(311,356)
Net Change in Plan Fiduciary Net Position	(823,637)	(1,105,257)	(1,190,991)	(1,125,444)	(1,120,729)	(1,156,993)	(874,829)	(814,938)	(1,677,837)	(1,356,773)
Plan Fiduciary Net Position - Beginning	916,267	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
Plan Fiduciary Net Position - Ending	\$ 92,630	\$ 916,267	\$ 2,021,524	\$ 3,212,515	\$ 4,337,959	\$ 5,458,688	\$ 6,615,681	\$ 7,490,510	\$ 8,305,448	\$ 9,983,285
City's Net Pension Obligation (Asset)	\$ 6,723,649	\$ 5,542,620	\$ 5,024,299	\$ 4,207,055	\$ 3,334,971	\$ 2,325,718	\$ 1,226,130	\$ 928,313	\$ 770,037	\$ (1,346,757)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	1%	14%	29%	43%	57%	70%	84%	89%	92%	116%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A									

Actuarial Valuation Date June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013 June 30, 2012 June 30, 2011 June 30, 2010 June 30, 2009 June 30, 2008

**City of Owensboro, Kentucky
Schedules of City Contributions
City Employees' Pension Fund
For the Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A									

Notes to Schedule:

Valuation date	June 30, 2017
Actuarial cost method	Entry age
Amortization method	Level dollar - closed
Remaining amortization period	20 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	6.00%
Inflation rate	None
Projected salary increases	None
Cost of living adjustment	None

**City of Owensboro, Kentucky
Schedules of City Contributions
Police and Firefighters' Retirement Fund
For the Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ -	\$ -	\$ 651,577	\$ 508,246	\$ 314,916	\$ 206,252	\$ 206,252	\$ 187,474	\$ 187,474	\$ 6,700
Contributions in relation to the statutorily required contribution	-	-	-	-	-	-	-	-	(200,000)	-
Contribution deficiency (excess)	\$ -	\$ -	\$ 651,577	\$ 508,246	\$ 314,916	\$ 206,252	\$ 206,252	\$ 187,474	\$ (12,526)	\$ 6,700
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation date	June 30, 2017
Actuarial cost method	Entry age
Amortization method	Level dollar - closed
Remaining amortization period	20 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	5.00%
Inflation rate	None
Projected salary increases	None
Cost of living adjustment	None

City of Owensboro, Kentucky
Schedule of City's Proportionate Share of the Net Pension Liability
County Employees' Retirement System
As of the Measurement Date for the Last Three Years*

Non-Hazardous Employees

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.434874%	0.427822%	0.435028%
City's proportionate share of the net pension liability	\$ 21,411,533	\$ 18,394,299	\$ 14,114,000
City's covered-employee payroll	\$ 10,576,014	\$ 10,405,208	\$ 10,203,122
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	202.45%	176.78%	138.33%
Plan fiduciary net position as a percentage of the total pension liability	55.50%	59.97%	66.80%

Hazardous Employees

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	1.911532%	1.873598%	1.877152%
City's proportionate share of the net pension liability	\$ 32,800,767	\$ 28,761,709	\$ 22,560,000
City's covered-employee payroll	\$ 9,755,923	\$ 9,569,156	\$ 9,629,780
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	336.21%	300.57%	234.27%
Plan fiduciary net position as a percentage of the total pension liability	53.95%	57.52%	63.46%

*This table will present ten years of information as it becomes available.

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

Non-Hazardous Employees

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 1,410,345	\$ 1,313,541	\$ 1,326,664
Contributions in relation to the statutorily required contribution	<u>(1,410,345)</u>	<u>(1,313,541)</u>	<u>(1,326,664)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 10,110,000	\$ 10,576,014	\$ 10,405,208
Contributions as a percentage of covered-employee payroll	13.95%	12.42%	12.75%

Hazardous Employees

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 2,257,409	\$ 1,976,550	\$ 1,983,686
Contributions in relation to the statutorily required contribution	<u>(2,257,409)</u>	<u>(1,976,550)</u>	<u>(1,983,686)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 10,398,015	\$ 9,755,923	\$ 9,569,156
Contributions as a percentage of covered-employee payroll	21.71%	20.26%	20.73%

*This table will present ten years of information when it becomes available.

City of Owensboro, Kentucky
Budgetary Comparison Schedule
General Fund
For the fiscal year ended June 30, 2017

	<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	\$ 10,138,251	\$ 10,138,251	\$ 10,473,857	\$ 335,606
Licenses, permits, and other taxes:				
Occupational taxes:				
Employees' withholding	12,250,555	12,250,555	12,905,428	654,873
Net profits	2,955,045	2,955,045	2,891,070	(63,975)
Regulatory:				
Insurance license taxes	4,271,170	4,271,170	4,176,873	(94,297)
Alcoholic beverage license fee	102,000	102,000	121,684	19,684
Franchise fee	901,380	901,380	876,215	(25,165)
Other	427,500	427,500	463,732	36,232
Total licenses and permits	<u>20,907,650</u>	<u>20,907,650</u>	<u>21,435,002</u>	<u>527,352</u>
Intergovernmental revenues:				
Federal grants	99,812	99,812	100,000	188
State grants - KLEFPF incentive	801,000	801,000	941,894	140,894
City's portion of state gasoline tax	1,127,287	1,127,287	1,150,619	23,332
LGEA mineral severance tax	60,000	60,000	58,902	(1,098)
Total intergovernmental revenues	<u>2,088,099</u>	<u>2,088,099</u>	<u>2,251,415</u>	<u>163,316</u>
Charges for services:				
Tax collection	272,221	272,221	271,669	(552)
Management fee	597,000	597,000	597,000	-
Total charges for services	<u>869,221</u>	<u>869,221</u>	<u>868,669</u>	<u>(552)</u>
Other revenues:				
Fines and forfeitures	98,000	98,000	80,489	(17,511)
Investment income	175,000	175,000	152,314	(22,686)
Dividends from component units	7,288,008	7,438,008	7,277,149	(160,859)
Payments in lieu of taxes	2,636,500	2,636,500	2,670,618	34,118
Contributions and donations	43,000	64,000	42,000	(22,000)
Rentals	70,740	70,740	77,835	7,095
Miscellaneous	1,049,800	1,049,800	1,191,896	142,096
Total other revenues	<u>11,361,048</u>	<u>11,532,048</u>	<u>11,492,301</u>	<u>(39,747)</u>
Total Revenues	<u>\$ 45,364,269</u>	<u>\$ 45,535,269</u>	<u>\$ 46,521,244</u>	<u>\$ 985,975</u>

City of Owensboro, Kentucky
Budgetary Comparison Schedule, Concluded
General Fund
For the fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures:				
Administration	\$ 1,980,045	\$ 1,916,165	\$ 1,843,237	\$ 72,928
Community development	167,804	198,804	178,278	20,526
Community services	2,012,384	2,012,384	2,012,384	-
Engineering	2,470,302	2,607,822	2,536,673	71,149
Finance	1,624,824	1,507,824	1,471,798	36,026
Fire	9,597,540	9,787,260	9,722,539	64,721
General government	3,280,716	3,799,594	3,764,977	34,617
Information technology	1,793,576	1,741,187	1,700,123	41,064
Parks	3,449,348	3,459,948	3,437,296	22,652
Parking garage	205,215	205,215	207,087	(1,872)
Personnel	676,863	727,863	723,945	3,918
Police	11,396,806	11,315,356	11,154,534	160,822
Property maintenance	125,331	128,981	125,604	3,377
Street	2,251,376	2,130,389	1,961,497	168,892
Total Expenditures	<u>41,032,130</u>	<u>41,538,792</u>	<u>40,839,972</u>	<u>698,820</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,332,139</u>	<u>3,996,477</u>	<u>5,681,272</u>	<u>1,684,795</u>
Other Financing Sources (Uses):				
Sale of capital assets	360,000	360,000	212,083	(147,917)
Transfers in	360,074	360,074	360,681	607
Transfers out	(6,639,900)	(6,688,780)	(6,680,781)	7,999
Total Other Financing Sources (Uses)	<u>(5,919,826)</u>	<u>(5,968,706)</u>	<u>(6,108,017)</u>	<u>(139,311)</u>
Net Change in Fund Balances	(1,587,687)	(1,972,229)	(426,745)	1,545,484
Fund Balances, Beginning of Year	<u>9,331,694</u>	<u>9,331,694</u>	<u>9,331,694</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 7,744,007</u>	<u>\$ 7,359,465</u>	<u>\$ 8,904,949</u>	<u>\$ 1,545,484</u>

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Your Community Vision Special Revenue Fund
For the fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Occupational license taxes	\$ 4,381,939	\$ 4,381,939	\$ 4,468,430	\$ 86,491
Net profit license taxes	934,889	934,889	927,573	(7,316)
Investment earnings	35,000	35,000	43,010	8,010
Fees, licenses, and permits	40,000	40,000	54,061	14,061
Miscellaneous revenue	-	-	-	-
Total Revenues	<u>5,391,828</u>	<u>5,391,828</u>	<u>5,493,074</u>	<u>101,246</u>
Expenditures:				
Public works	2,949,011	3,791,435	2,134,923	1,656,512
Capital outlay	938,035	4,674,284	1,484,350	3,189,934
Debt issuance costs	-	-	-	-
Total Expenditures	<u>3,887,046</u>	<u>8,465,719</u>	<u>3,619,273</u>	<u>4,846,446</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,504,782</u>	<u>(3,073,891)</u>	<u>1,873,801</u>	<u>4,947,692</u>
Other Financing Sources (Uses):				
Issuance of debt	-	1,934,266	1,473,523	(460,743)
Premium (discount) on bonds	-	-	-	-
Refund bond escrow agent	-	-	-	-
Transfers in	42,951	42,951	-	(42,951)
Transfers out	(2,932,433)	(2,837,433)	(2,756,664)	80,769
Total Other Financing Sources (Uses)	<u>(2,889,482)</u>	<u>(860,216)</u>	<u>(1,283,141)</u>	<u>(422,925)</u>
Net Change in Fund Balances	(1,384,700)	(3,934,107)	590,660	4,524,767
Fund Balances, Beginning of Year	<u>3,870,750</u>	<u>3,870,750</u>	<u>3,870,750</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,486,050</u>	<u>\$ (63,357)</u>	<u>\$ 4,461,410</u>	<u>\$ 4,524,767</u>

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Downtown Development and Revitalization Fund
For the fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Regulatory license taxes	\$ 3,525,120	\$ 3,525,120	\$ 3,474,375	\$ (50,745)
Interest	75,000	75,000	46,025	(28,975)
Miscellaneous	-	-	-	-
Total Revenues	<u>3,600,120</u>	<u>3,600,120</u>	<u>3,520,400</u>	<u>(79,720)</u>
Expenditures:				
Community/economic development	-	131,261	95,821	35,440
Capital outlay	-	618,988	46,269	572,719
Total Expenditures	<u>-</u>	<u>750,249</u>	<u>142,090</u>	<u>608,159</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,600,120</u>	<u>2,849,871</u>	<u>3,378,310</u>	<u>528,439</u>
Other Financing Sources (Uses):				
Transfers out	<u>(3,782,830)</u>	<u>(3,782,830)</u>	<u>(3,782,830)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(3,782,830)</u>	<u>(3,782,830)</u>	<u>(3,782,830)</u>	<u>-</u>
Net Change in Fund Balances	(182,710)	(932,959)	(404,520)	528,439
Fund Balances, Beginning of Year	<u>3,767,946</u>	<u>3,767,946</u>	<u>3,767,946</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,585,236</u>	<u>\$ 2,834,987</u>	<u>\$ 3,363,426</u>	<u>\$ 528,439</u>

City of Owensboro, Kentucky
Notes to Required Supplementary Information (RSI)
on Budgetary Accounting and Control
For the fiscal year ended June 30, 2017

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 re-appropriated and honored during the subsequent year.



Nonmajor Governmental Funds

City of Owensboro, Kentucky
Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2017

	Special Revenue					Capital Projects			Total Nonmajor Governmental Funds
	Central Dispatch Fund	Community Development Fund	Greenbelt Fund	Drug and Property Recovery Fund	Economic Development Fund	Total Special Revenue Funds	Wellness Fund	Total Capital Projects Funds	
ASSETS									
Equity in pooled deposits and investments	572,209	\$ -	\$ -	\$ 606,225	\$ 428,066	\$ 1,606,500	\$ -	\$ -	\$ 1,606,500
Accounts receivable	-	212,624	-	24,161	1,168,021	1,404,806	-	-	1,404,806
Taxes receivable	-	-	-	-	166,157	166,157	-	-	166,157
Intergovernmental receivable	-	186,290	-	86,957	-	273,247	-	-	273,247
Total Assets	572,209	398,914	-	717,343	1,762,244	3,450,710	-	-	3,450,710
LIABILITIES									
Accounts payable	2,035	387,665	-	33,891	78,896	502,487	-	-	502,487
Accrued wages	22,743	-	-	2,027	-	24,770	-	-	24,770
Total Liabilities	24,778	387,665	-	35,918	78,896	527,257	-	-	527,257
DEFERRED INFLOWS OF RESOURCES									
Deferred revenue	-	6,779	-	-	166,157	172,936	-	-	172,936
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	4,470	-	681,425	-	685,895	-	-	685,895
Committed	547,431	-	-	-	1,517,191	2,064,622	-	-	2,064,622
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balance	547,431	4,470	-	681,425	1,517,191	2,750,517	-	-	2,750,517
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 572,209	\$ 398,914	\$ -	\$ 717,343	\$ 1,762,244	\$ 3,450,710	\$ -	\$ -	\$ 3,450,710

City of Owensboro, Kentucky
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2017

	Special Revenue				Capital Projects			Total Nonmajor Governmental Funds
	Central Dispatch Fund	Community Development Fund	Greenbelt Fund	Drug and Property Recovery Fund	Economic Development Fund	Total Special Revenue Funds	Wellness Fund	
Revenues:								
Real and personal property taxes	\$ -	\$ -	\$ -	\$ -	\$ 250,482	\$ 250,482	\$ -	\$ -
Occupational licenses taxes	-	-	-	-	1,442,919	1,442,919	-	-
Net profit license taxes	-	-	-	-	32,314	32,314	-	-
Regulatory license taxes	-	-	-	-	170,323	170,323	-	-
Intergovernmental	573,460	1,182,345	-	116,157	-	1,871,962	-	-
Rentals	-	8,760	-	-	1,022,405	1,031,165	-	-
Investment earnings	5,965	-	250	6,855	14,927	27,997	-	-
Contributions and donations	-	-	-	16,088	-	16,088	-	-
Other	10	25,613	-	322,272	-	347,895	-	-
Total Revenues	579,435	1,216,718	250	461,372	2,933,370	5,191,145	-	-
Expenditures:								
Current:								
Public safety	1,973,579	-	-	296,620	-	2,270,199	-	-
Community/economic development	-	1,407,054	-	-	1,314,528	2,721,582	-	-
Capital outlay	155,675	-	-	76,900	73,364	305,939	-	-
Total Expenditures	2,129,254	1,407,054	-	373,520	1,387,892	5,297,720	-	-
Excess (Deficiency) of Revenues Over Expenditures	(1,549,819)	(190,336)	250	87,852	1,545,478	(106,575)	-	(106,575)
Other Financing Sources (Uses):								
Sale of capital assets	-	194,987	-	20,766	104,533	320,286	-	-
Transfers in	1,720,381	-	-	-	-	1,720,381	-	-
Transfers out	-	-	(55,000)	(30,000)	(1,595,673)	(1,680,673)	(2,694)	(2,694)
Total Other Financing Sources (Uses)	1,720,381	194,987	(55,000)	(9,234)	(1,491,140)	359,994	(2,694)	(2,694)
Net Change in Fund Balances	170,562	4,651	(54,750)	78,618	54,338	253,419	(2,694)	(2,694)
Fund Balances, Beginning of Year	376,869	(181)	54,750	602,807	1,462,853	2,497,098	2,694	2,694
Fund Balances, End of Year	\$ 547,431	\$ 4,470	\$ -	\$ 681,425	\$ 1,517,191	\$ 2,750,517	\$ -	\$ 2,750,517

**City of Owensboro, Kentucky
 Budgetary Comparison Schedule
 Central Dispatch Special Revenue Fund
 For the fiscal year ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
Revenues:				
Intergovernmental	573,460	573,460	573,460	\$ -
Investment earnings	-	-	5,965	5,965
Other	-	-	10	10
Total Revenues	<u>573,460</u>	<u>573,460</u>	<u>579,435</u>	<u>5,975</u>
Expenditures:				
Public safety	2,238,702	2,249,472	1,973,579	275,893
Capital outlay	55,139	416,774	155,675	261,099
Total Expenditures	<u>2,293,841</u>	<u>2,666,246</u>	<u>2,129,254</u>	<u>536,992</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,720,381)</u>	<u>(2,092,786)</u>	<u>(1,549,819)</u>	<u>542,967</u>
Other Financing Sources (Uses):				
Transfers in	1,720,381	1,720,381	1,720,381	-
Total Other Financing Sources (Uses)	<u>1,720,381</u>	<u>1,720,381</u>	<u>1,720,381</u>	<u>-</u>
Net Change in Fund Balances	-	(372,405)	170,562	542,967
Fund Balances, Beginning of Year	<u>376,869</u>	<u>376,869</u>	<u>376,869</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 376,869</u>	<u>\$ 4,464</u>	<u>\$ 547,431</u>	<u>\$ 542,967</u>

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Community Development Special Revenue Fund
For the fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 590,272	\$ 1,943,630	\$ 1,182,345	\$ (761,285)
Rentals	8,000	8,000	8,760	760
Miscellaneous	-	-	25,613	25,613
Total Revenues	<u>598,272</u>	<u>1,951,630</u>	<u>1,216,718</u>	<u>(734,912)</u>
Expenditures:				
Community/economic development	623,272	2,276,630	1,407,054	869,576
Total Expenditures	<u>623,272</u>	<u>2,276,630</u>	<u>1,407,054</u>	<u>869,576</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(25,000)</u>	<u>(325,000)</u>	<u>(190,336)</u>	<u>134,664</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	300,000	194,987	(105,013)
Transfers In	-	25,000	-	(25,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>325,000</u>	<u>194,987</u>	<u>(130,013)</u>
Net Change in Fund Balances	(25,000)	-	4,651	4,651
Fund Balances, Beginning of Year	<u>(181)</u>	<u>(181)</u>	<u>(181)</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ (25,181)</u>	<u>\$ (181)</u>	<u>\$ 4,470</u>	<u>\$ 4,651</u>

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Greenbelt Special Revenue Fund
For the fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest	-	-	250	250
Total Revenues	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</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>250</u>	<u>250</u>
Other Financing Sources (Uses):				
Transfers out	-	-	(55,000)	(55,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(55,000)</u>	<u>(55,000)</u>
Net Change in Fund Balances	-	-	(54,750)	(54,750)
Fund Balances, Beginning of Year	<u>54,750</u>	<u>54,750</u>	<u>54,750</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 54,750</u>	<u>\$ 54,750</u>	<u>\$ -</u>	<u>\$ (54,750)</u>

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Drug and Property Recovery Special Revenue Fund
For the fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ -	\$ 100,660	\$ 116,157	\$ 15,497
Interest	4,200	4,200	6,855	2,655
Donations	21,399	21,399	16,088	(5,311)
Restitution and other income	68,500	75,500	322,272	246,772
Total Revenues	<u>94,099</u>	<u>201,759</u>	<u>461,372</u>	<u>259,613</u>
Expenditures:				
Public safety	145,095	174,940	296,620	(121,680)
Capital outlay	-	100,660	76,900	23,760
Total Expenditures	<u>145,095</u>	<u>275,600</u>	<u>373,520</u>	<u>(97,920)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(50,996)</u>	<u>(73,841)</u>	<u>87,852</u>	<u>161,693</u>
Other Financing Sources (Uses):				
Sale of capital assets	5,500	5,500	20,766	15,266
Transfers out	(55,000)	(55,000)	(30,000)	25,000
Total Other Financing Sources (Uses)	<u>(49,500)</u>	<u>(49,500)</u>	<u>(9,234)</u>	<u>40,266</u>
Net Change in Fund Balances	(100,496)	(123,341)	78,618	201,959
Fund Balances, Beginning of Year	602,807	602,807	602,807	-
Fund Balances, End of Year	<u>\$ 502,311</u>	<u>\$ 479,466</u>	<u>\$ 681,425</u>	<u>\$ 201,959</u>

**City of Owensboro, Kentucky
Budgetary Comparison Schedule
Economic Development Special Revenue Fund
For the fiscal year ended June 30, 2017**

	<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	\$ 394,000	\$ 394,000	\$ 250,482	\$ (143,518)
Occupational license taxes	1,504,740	1,504,740	1,442,919	(61,821)
Net profit license taxes	80,000	80,000	32,314	(47,686)
Regulatory licenses taxes	170,000	170,000	170,323	323
Investment earnings	25,000	25,000	14,927	(10,073)
Rentals	1,013,800	1,013,800	1,022,405	8,605
Total Revenues	<u>3,187,540</u>	<u>3,187,540</u>	<u>2,933,370</u>	<u>(254,170)</u>
Expenditures:				
Community/economic development	1,791,470	1,791,470	1,314,528	476,942
Capital outlay	-	820,000	73,364	746,636
Total Expenditures	<u>1,791,470</u>	<u>2,611,470</u>	<u>1,387,892</u>	<u>1,223,578</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,396,070</u>	<u>576,070</u>	<u>1,545,478</u>	<u>969,408</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	104,533	104,533
Transfers out	(1,506,259)	(1,595,674)	(1,595,673)	1
Total Other Financing Sources (Uses)	<u>(1,506,259)</u>	<u>(1,595,674)</u>	<u>(1,491,140)</u>	<u>104,534</u>
Net Change in Fund Balances	(110,189)	(1,019,604)	54,338	1,073,942
Fund Balances, Beginning of Year	<u>1,462,853</u>	<u>1,462,853</u>	<u>1,462,853</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,352,664</u>	<u>\$ 443,249</u>	<u>\$ 1,517,191</u>	<u>\$ 1,073,942</u>



Nonmajor Enterprise Funds

City of Owensboro, Kentucky
Combining Statement of Net Position
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2017

	Enterprise Funds				Total Nonmajor Enterprise Funds
	Transit Fund	Geographic Information System Fund	Recreation Fund	Sportscenter Operations Fund	
ASSETS					
Current Assets:					
Equity in pooled deposits and investments	\$ 500,275	\$ 15,767	\$ 136,145	\$ -	\$ 652,187
Cash and cash equivalents	200	-	5,810	125,786	131,796
Accounts receivable	6,031	32,992	69,647	306,611	415,281
Intergovernmental receivable	120,460	-	-	-	120,460
Materials and supplies inventory	-	-	27,547	-	27,547
Prepaid expenses	-	-	1,200	-	1,200
Total Current Assets	\$ 626,966	\$ 48,759	\$ 240,349	\$ 432,397	\$ 1,348,471
Noncurrent Assets:					
Capital assets, net of accumulated depreciation:					
Land	-	-	105,739	-	105,739
Construction in progress	-	38,036	-	64,769	102,805
Depreciable capital assets	416,430	16,103	100,894	18,192	551,619
Total Noncurrent Assets	416,430	54,139	206,633	82,961	760,163
Total Assets	\$ 1,043,396	\$ 102,898	\$ 446,982	\$ 515,358	\$ 2,108,634
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts payable	\$ 55,804	\$ 1,176	\$ 75,576	\$ 76,814	\$ 209,370
Accrued liabilities	18,922	5,398	22,606	-	46,926
Deferred revenue	-	-	24,865	267,749	292,614
Compensated absences, current portion	3,303	-	13,246	-	16,549
Total Current Liabilities	78,029	6,574	136,293	344,563	565,459
Non-current Liabilities:					
Compensated absences, less current portion	90,262	54,292	87,672	-	232,226
Total Non-current Liabilities	90,262	54,292	87,672	-	232,226
Total Liabilities	168,291	60,866	223,965	344,563	797,685
Net Position:					
Invested in capital assets	416,430	54,139	206,633	82,961	760,163
Unrestricted	458,675	(12,107)	16,384	87,834	550,786
Total Net Position	875,105	42,032	223,017	170,795	1,310,949
Total Liabilities and Net Position	\$ 1,043,396	\$ 102,898	\$ 446,982	\$ 515,358	\$ 2,108,634

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, 2017

	Enterprise Funds				
	Transit Fund	Geographic Information System Fund	Recreation Fund	Sportscenter Operations Fund	Total Nonmajor Enterprise Funds
Operating Revenues:					
Charges for services	\$ 102,623	\$ 285,787	\$ 1,488,243	\$ -	\$ 1,876,653
Miscellaneous income	-	218	20,289	-	20,507
Total Operating Revenues	<u>102,623</u>	<u>286,005</u>	<u>1,508,532</u>	<u>-</u>	<u>1,897,160</u>
Operating Expenses:					
Salaries, wage, and benefits	1,422,829	360,596	1,171,374	-	2,954,799
Maintenance	185,880	17,310	653,106	-	856,296
Utilities	21,453	3,235	207,829	-	232,517
Supplies	200,537	508	390,131	-	591,176
Other	365,008	(10,033)	208,088	138,266	701,329
Depreciation	259,128	15,038	18,687	1,299	294,152
Total Operating Expenses	<u>2,454,835</u>	<u>386,654</u>	<u>2,649,215</u>	<u>139,565</u>	<u>5,630,269</u>
Operating Income (Loss)	<u>(2,352,212)</u>	<u>(100,649)</u>	<u>(1,140,683)</u>	<u>(139,565)</u>	<u>(3,733,109)</u>
Nonoperating Revenues:					
Investment earnings	-	305	-	(171)	134
Operating grants	922,823	-	-	-	922,823
Total Nonoperating Revenues	<u>922,823</u>	<u>305</u>	<u>-</u>	<u>(171)</u>	<u>923,128</u>
Income (Loss) Before Contributions and Transfers	(1,429,389)	(100,344)	(1,140,683)	(139,736)	(2,809,981)
Capital contributions - grants	296,263	-	-	-	296,263
Transfers in	952,867	107,211	1,512,607	310,531	2,883,216
Transfers out	-	-	(374,444)	-	(374,444)
Change in Net Position	(180,259)	6,867	(2,520)	170,795	(5,117)
Net Position, Beginning of Year	<u>1,055,364</u>	<u>35,165</u>	<u>225,537</u>	<u>-</u>	<u>1,316,066</u>
Net Position, End of Year	<u>\$ 875,105</u>	<u>\$ 42,032</u>	<u>\$ 223,017</u>	<u>\$ 170,795</u>	<u>\$ 1,310,949</u>

City of Owensboro, Kentucky
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2017

	Enterprise Funds				
	Transit Fund	Geographic Information System Fund	Recreation Fund	Sportscenter Operations Fund	Total Nonmajor Enterprise Funds
Cash flows from operating activities:					
Cash received from customers	\$ 539,075	\$ 286,673	\$ 1,523,773	\$ -	\$ 2,349,521
Cash payments to employees for services	(1,399,498)	(359,592)	(1,194,032)	-	(2,953,122)
Cash payments to suppliers	(742,446)	(43,891)	(1,481,026)	(100,314)	(2,367,677)
Net cash used in operating activities	<u>(1,602,869)</u>	<u>(116,810)</u>	<u>(1,151,285)</u>	<u>(100,314)</u>	<u>(2,971,278)</u>
Cash flows from noncapital financing activities:					
Operating grants	922,823	-	-	-	922,823
Transfers in	952,867	107,211	1,512,607	310,531	2,883,216
Transfers out	-	-	(374,444)	-	(374,444)
Net cash provided by noncapital financing activities	<u>1,875,690</u>	<u>107,211</u>	<u>1,138,163</u>	<u>310,531</u>	<u>3,121,064</u>
Cash flows from capital and related financing activities:					
Capital contributions - grants	296,263	-	-	-	296,263
Net cash provided (used) in capital and related financing activities	<u>296,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,263</u>
Cash flows from investing activities:					
Purchase of capital assets	(9,233)	-	-	(84,260)	(93,493)
Interest on investments	-	305	-	(171)	134
Net cash provided (used) in investing activities	<u>(9,233)</u>	<u>305</u>	<u>-</u>	<u>(84,431)</u>	<u>(93,359)</u>
Net increase in cash and cash equivalents	559,851	(9,294)	(13,122)	125,786	537,435
Cash and cash equivalents, beginning of year	(59,376)	25,061	155,077	-	120,762
Cash and cash equivalents, end of year	<u>\$ 500,475</u>	<u>\$ 15,767</u>	<u>\$ 141,955</u>	<u>\$ 125,786</u>	<u>\$ 658,197</u>
Reconciliation of operating loss to net cash used in operating activities:					
Operating loss	\$ (2,352,212)	\$ (100,649)	\$ (1,140,683)	\$ (139,565)	\$ (3,733,109)
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation	259,128	(22,999)	18,687	1,299	256,115
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	436,452	668	13,656	(306,611)	144,165
Materials and supplies inventory	-	-	3,077	-	3,077
Increase (decrease) in liabilities:					
Accounts payable	30,432	863	(24,949)	76,814	83,160
Accrued liabilities	3,713	1,004	(163)	-	4,554
Unearned revenue	-	-	1,585	267,749	269,334
Compensated absences	19,618	4,303	(22,495)	-	1,426
Net cash used in operating activities	<u>\$ (1,602,869)</u>	<u>\$ (116,810)</u>	<u>\$ (1,151,285)</u>	<u>\$ (100,314)</u>	<u>\$ (2,971,278)</u>



Internal Service Funds

City of Owensboro, Kentucky
Combining Statement of Net Position
Internal Service Funds
For the fiscal year ended June 30, 2017

	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	\$ 1,840,278	\$ 3,511,919	\$ 83,526	\$ 3,820,789	\$ 9,256,512
Accounts receivable	2,626	-	-	-	2,626
Materials and supplies inventory	-	-	258,018	-	258,018
Prepaid expenses	-	-	-	-	-
Total Current Assets	1,842,904	3,511,919	341,544	3,820,789	9,517,156
Noncurrent assets:					
Capital assets, net of accumulated depreciation:					
Construction in process	22,684	-	-	8,200	30,884
Depreciable capital assets	408,336	-	29,801	5,883,710	6,321,847
Total Noncurrent Assets	431,020	-	29,801	5,891,910	6,352,731
Total Assets	\$ 2,273,924	\$ 3,511,919	\$ 371,345	\$ 9,712,699	\$ 15,869,887
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts payable	\$ 212,142	\$ 1,669,291	20,245	\$ 151,533	\$ 2,053,211
Accrued liabilities	22,874	-	8,794	-	31,668
Total Current Liabilities	235,016	1,669,291	29,039	151,533	2,084,879
Non-current Liabilities:					
Due in more than one year	-	-	-	-	-
Total Non-current Liabilities	-	-	-	-	-
Total Liabilities	235,016	1,669,291	29,039	151,533	2,084,879
Net Position:					
Invested in capital assets	431,020	-	29,801	5,891,910	6,352,731
Unrestricted	1,607,888	1,842,628	312,505	3,669,256	7,432,277
Total Net Position	2,038,908	1,842,628	342,306	9,561,166	13,785,008
Total Liabilities and Net Position	\$ 2,273,924	\$ 3,511,919	\$ 371,345	\$ 9,712,699	\$ 15,869,887

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, 2017

	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	\$ 3,632,690	\$ 6,505,802	\$ 1,356,664	\$ 2,631,737	\$ 14,126,893
Miscellaneous income	1,773	-	-	-	1,773
Total Operating Revenues	<u>3,634,463</u>	<u>6,505,802</u>	<u>1,356,664</u>	<u>2,631,737</u>	<u>14,128,666</u>
Operating Expenses:					
Salaries, wages, and benefits	1,802,336	-	543,036	-	2,345,372
Maintenance	771,601	-	75,555	160,214	1,007,370
Utilities	14,340	-	7,602	-	21,942
Administrative	636,110	415,277	5,982	-	1,057,369
Supplies	204,876	-	655,355	-	860,231
Claims	-	5,803,107	-	-	5,803,107
Depreciation	33,311	-	11,268	1,450,787	1,495,366
Total Operating Expenses	<u>3,462,574</u>	<u>6,218,384</u>	<u>1,298,798</u>	<u>1,611,001</u>	<u>12,590,757</u>
Operating Income (Loss)	<u>171,889</u>	<u>287,418</u>	<u>57,866</u>	<u>1,020,736</u>	<u>1,537,909</u>
Nonoperating Revenues:					
Gain (loss) on sale of capital assets	1,041	-	-	74,479	75,520
Investment earnings	-	32,492	-	41,836	74,328
Total Nonoperating Revenues	<u>1,041</u>	<u>32,492</u>	<u>-</u>	<u>116,315</u>	<u>149,848</u>
Income (Loss) Before Contributions and Transfers	172,930	319,910	57,866	1,137,051	1,687,757
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in Net Position	172,930	319,910	57,866	1,137,051	1,687,757
Net Position, Beginning of Year	<u>1,865,978</u>	<u>1,522,718</u>	<u>284,440</u>	<u>8,424,115</u>	<u>12,097,251</u>
Net Position, End of Year	<u>\$ 2,038,908</u>	<u>\$ 1,842,628</u>	<u>\$ 342,306</u>	<u>\$ 9,561,166</u>	<u>\$ 13,785,008</u>

City of Owensboro, Kentucky
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2017

Governmental Activities Internal Service Funds

	Facilities Maintenance Fund	Insurance Fund	Garage Service Fund	Fleet and Facilities Fund	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 3,636,349	\$ 6,505,802	\$ 1,356,664	\$ 2,637,737	\$ 14,136,552
Cash payments to employees for services	(1,798,902)	-	(541,302)	-	(2,340,204)
Cash payments to suppliers	(1,520,715)	365,069	(682,706)	(290,814)	(2,129,166)
Cash payments for claims	-	(5,803,107)	-	-	(5,803,107)
Net cash provided (used) in operating activities	<u>316,732</u>	<u>1,067,764</u>	<u>132,656</u>	<u>2,346,923</u>	<u>3,864,075</u>
Cash flows from noncapital financing activities:					
Transfers out	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets	1,041	-	-	75,542	76,583
Payments for capital acquisitions	(57,047)	-	(8,267)	(2,434,478)	(2,499,792)
Net cash used in capital and related financing activities	<u>(56,006)</u>	<u>-</u>	<u>(8,267)</u>	<u>(2,358,936)</u>	<u>(2,423,209)</u>
Cash flows from investing activities:					
Interest on investments	-	32,492	-	41,836	74,328
Net decrease in cash and cash equivalents	<u>260,726</u>	<u>1,100,256</u>	<u>124,389</u>	<u>29,823</u>	<u>1,515,194</u>
Cash and cash equivalents, beginning of year	<u>1,579,552</u>	<u>2,411,663</u>	<u>(40,863)</u>	<u>3,790,966</u>	<u>7,741,318</u>
Cash and cash equivalents, end of year	<u>\$ 1,840,278</u>	<u>\$ 3,511,919</u>	<u>\$ 83,526</u>	<u>\$ 3,820,789</u>	<u>\$ 9,256,512</u>
Reconciliation of operating loss to net cash used in operating activities:					
Operating loss	\$ 171,889	\$ 287,418	\$ 57,866	\$ 1,020,736	\$ 1,537,909
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation	33,311	-	11,268	1,450,787	1,495,366
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	1,886	-	-	6,000	7,886
Materials and supplies inventory	-	-	66,707	-	66,707
Prepaid expenses	-	10,000	-	-	10,000
Increase (decrease) in liabilities:					
Accounts payable	106,212	770,346	(4,919)	(130,600)	741,039
Accrued liabilities	3,434	-	1,734	-	5,168
Net cash provided (used) in operating activities	<u>\$ 316,732</u>	<u>\$ 1,067,764</u>	<u>\$ 132,656</u>	<u>\$ 2,346,923</u>	<u>\$ 3,864,075</u>



Fiduciary Funds

City of Owensboro, Kentucky
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the fiscal year ended June 30, 2017

	<u>City Employees' Pension Fund</u>	<u>Police and Firefighters' Retirement Fund</u>	<u>Total Pension Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ -	\$ -	\$ -
Other	-	4,312	4,312
Total contributions	<u>-</u>	<u>4,312</u>	<u>4,312</u>
Investment earnings:			
Net appreciation (depreciation) in fair value of investments	401,680	-	401,680
Interest	53,559	5,575	59,134
Total investment earnings	<u>455,239</u>	<u>5,575</u>	<u>460,814</u>
Less investment expense	<u>32,400</u>	<u>4,984</u>	<u>37,384</u>
Net investment earnings	<u>422,839</u>	<u>591</u>	<u>423,430</u>
Total Additions	<u>422,839</u>	<u>4,903</u>	<u>427,742</u>
Deductions:			
Benefits	291,151	828,540	1,119,691
Transfer to debt service fund	-	-	-
Total Deductions	<u>291,151</u>	<u>828,540</u>	<u>1,119,691</u>
Change in Net Position	131,688	(823,637)	(691,949)
Net Position, Beginning of Year	<u>3,126,446</u>	<u>916,267</u>	<u>4,042,713</u>
Net Position, End of Year	<u>\$ 3,258,134</u>	<u>\$ 92,630</u>	<u>\$ 3,350,764</u>

City of Owensboro, Kentucky
Combining Statement of Assets and Liabilities
Agency Funds
As of June 30, 2017

	<u>County Occupational Tax Fund</u>	<u>School District Tax Fund</u>	<u>Total Agency Funds</u>
ASSETS			
Equity in pooled deposits and investments	\$ 58,393	\$ -	\$ 58,393
Intergovernmental receivable	-	186,335	186,335
Total Assets	<u>\$ 58,393</u>	<u>\$ 186,335</u>	<u>\$ 244,728</u>
LIABILITIES			
Other	58,393	186,335	244,728
Total Liabilities	<u>\$ 58,393</u>	<u>\$ 186,335</u>	<u>\$ 244,728</u>

Component Unit

City of Owensboro, Kentucky
Combining Statement of Net Position
Component Unit
Owensboro Municipal Utilities
For the fiscal year ended June 30, 2017

	<u>Electric Light and Power System</u>	<u>Water Works Systems</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Equity in pooled deposits and investments	\$ -	\$ -	\$ -
Cash and cash equivalents:			
In segregated accounts	28,142,820	1,256,269	29,399,089
Investments	6,039,228	3,269,581	9,308,809
Accounts receivable (less allowance of \$54,904 and \$6,196 for Electric and Water, respectively)	12,122,500	1,988,594	14,111,094
Material and supplies inventory	3,281,502	499,550	3,781,052
Prepaid items	394,326	120,254	514,580
Other current assets	2,842,075	-	2,842,075
Restricted assets	99,383,755	9,857,786	109,241,541
Capital assets, net of accumulated depreciation	175,221,640	45,973,223	221,194,863
Other noncurrent assets	14,392,124	1,074,073	15,466,197
Total Assets	<u>341,819,970</u>	<u>64,039,330</u>	<u>405,859,300</u>
Deferred Outflows of Resources:			
Accumulated decrease in fair value of hedging derivatives	2,285,656	-	2,285,656
Deferred pension outflows	7,668,097	1,514,887	9,182,984
Unamortized loss on debt refunding	1,835,148	723,289	2,558,437
Net unrealized loss on investments	282,126	43,588	325,714
Total Deferred Outflows of Resources	<u>12,071,027</u>	<u>2,281,764</u>	<u>14,352,791</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 353,890,997</u>	<u>\$ 66,321,094</u>	<u>\$ 420,212,091</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities:			
Accounts payable	\$ 17,250,116	\$ 1,004,839	\$ 18,254,955
Accrued interest payable	2,931,410	274,466	3,205,876
Customers' advances	-	-	-
Non-current liabilities:			
Long-term debt:			
Due within one year	18,251,851	860,000	19,111,851
Due in more than one year	173,404,723	32,929,079	206,333,802
Net pension liability	30,858,179	6,095,910	36,954,089
Other	535,281	118,179	653,460
Total Liabilities	<u>243,231,560</u>	<u>41,282,473</u>	<u>284,514,033</u>
Deferred Inflows of Resources:			
Accumulated increase in fair value of hedging derivatives	4,485,606	-	4,485,606
Deferred pension inflows	354,685	70,067	424,752
Deferred revenue	1,072,751	222,883	1,295,634
Total Deferred Inflows of Resources	<u>5,913,042</u>	<u>292,950</u>	<u>6,205,992</u>
Net Position:			
Net investment in capital assets	7,929,669	21,631,568	29,561,237
Restricted for:			
Capital projects	5,318,510	393,915	5,712,425
Debt service	13,782,076	755,371	14,537,447
Other purposes	51,237,929	-	51,237,929
Unrestricted	26,478,211	1,964,817	28,443,028
Total Net Position	<u>104,746,395</u>	<u>24,745,671</u>	<u>129,492,066</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 353,890,997</u>	<u>\$ 66,321,094</u>	<u>\$ 420,212,091</u>

City of Owensboro, Kentucky
Combining Statement of Activities
Component Unit
Owensboro Municipal Utilities
For the fiscal year ended June 30, 2017

	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	\$ 140,468,209	\$ 147,495,908	\$ -	\$ 7,027,699	\$ -	\$ 7,027,699
Water Works System	12,052,046	11,522,989	300,711	-	(228,346)	(228,346)
Total Component Unit	\$ 152,520,255	\$ 159,018,897	\$ 300,711	7,027,699	(228,346)	6,799,353
General Revenues:						
Earnings on investments			1,752,055		173,992	1,926,047
Deferred net change in fair value of investments			(273,862)		-	(273,862)
Miscellaneous			291,976		-	291,976
Loss on investment derivatives			-		-	-
Total General Revenues			<u>1,770,169</u>		<u>173,992</u>	<u>1,944,161</u>
Change in Net Position			8,797,868		(54,354)	8,743,514
Net Position, Beginning of Year			95,948,527		24,800,025	120,748,552
Net Position, End of Year			<u>\$ 104,746,395</u>		<u>\$ 24,745,671</u>	<u>\$ 129,492,066</u>

Capital Assets Used in the Operation of Governmental Funds

City of Owensboro, Kentucky
Capital Assets Used in Operation of Governmental Funds
Schedule by Source
For the fiscal year ended June 30, 2017

Governmental funds capital assets:

Land	\$ 24,416,066
Construction in progress	6,737,163
Land improvements/infrastructure	188,668,358
Buildings	104,933,579
Vehicles	1,793,054
Equipment	7,470,169
Software	616,399
	<u>\$ 334,634,789</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 330,004,730
Community Development Fund	4,075,677
City of Owensboro Municipal Improvement Corporation	554,382
	<u>\$ 334,634,789</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, 2017

Function and Activity	Land	Construction in Progress	Land Improvements	Buildings	Vehicles	Equipment	Software	Total
General Government:								
City manager, commissioners and legal	\$ 201,993	\$ -	\$ -	\$ 2,272,567	\$ -	\$ 138,911	\$ -	\$ 2,613,471
Finance	-	-	-	-	-	39,374	-	39,374
Personnel	-	-	-	-	-	29,531	-	29,531
Information services	-	-	-	82,124	-	455,258	-	537,382
Unallocated	4,601,437	-	4,110,262	23,180,355	-	2,133,134	604,399	34,629,587
Total General Government	4,803,430	-	4,110,262	25,535,046	-	2,796,208	604,399	37,849,344
Public Safety:								
Police	767,183	-	-	3,378,151	46,450	2,262,049	12,000	6,465,833
Fire	353,862	-	-	2,093,300	1,186,463	163,231	-	3,796,856
Total Public Safety	1,121,045	-	-	5,471,451	1,232,913	2,425,280	12,000	10,262,689
Public Works:								
Engineering	-	-	-	-	-	47,054	-	47,054
Streets	4,305,872	-	46,934,566	1,003,460	9,703	167,835	-	52,421,436
Garage	22,500	-	-	173,527	-	71,580	-	267,607
Stormwater	-	-	-	-	51,999	82,290	-	134,289
Total Public Works	4,328,372	-	46,934,566	1,176,987	61,702	368,759	-	52,870,386
Community and Cultural:								
Parks	3,785,795	-	5,186,655	15,242,381	-	143,096	-	24,357,928
Community services	876,713	-	2,038,705	-	-	-	-	2,915,419
Other agencies	-	-	-	1,160,259	-	-	-	1,160,259
Downtown Revitalization	7,542,467	-	35,303,687	55,500,000	-	463,217	-	98,809,371
Your Community Vision	1,958,244	-	95,094,483	847,455	498,439	1,273,610	-	99,672,230
Total Community and Cultural	14,163,219	-	137,623,530	72,750,095	498,439	1,879,923	-	226,915,209
Construction in progress	-	6,737,163	-	-	-	-	-	6,737,163
Total Governmental Funds Capital Assets	\$ 24,416,066	\$ 6,737,163	\$ 188,668,358	\$ 104,933,579	\$ 1,793,054	\$ 7,470,169	\$ 616,399	\$ 334,634,788

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, 2017

Function and Activity	Governmental Funds Capital Assets June 30, 2016	Additions	Deductions	Governmental Funds Capital Assets June 30, 2017
General government:				
City manager, commissioners and legal	\$ 2,066,071	\$ -	\$ -	\$ 2,066,071
Finance	39,374	15,986	-	55,360
Personnel	13,545	-	-	13,545
Information services	556,428	-	-	556,428
Unallocated	37,058,610	1,260,000	(258,299)	38,060,311
Total general government	<u>39,734,028</u>	<u>1,275,986</u>	<u>(258,299)</u>	<u>40,751,715</u>
Public safety:				
Police	6,475,051	101,124	(65,390)	6,510,785
Fire	3,796,856	-	-	3,796,856
Total public safety	<u>10,271,907</u>	<u>101,124</u>	<u>(65,390)</u>	<u>10,307,641</u>
Public works:				
Engineering	47,054	-	-	47,054
Streets	52,582,082	602,004	-	53,184,086
Garage	267,607	-	-	267,607
Stormwater	159,167	-	(24,878)	134,289
Total public works	<u>53,055,910</u>	<u>602,004</u>	<u>(24,878)</u>	<u>53,633,036</u>
Community and cultural:				
Parks	20,401,284	-	-	20,401,284
Community services	467,979	-	-	467,979
Other agencies	5,082,172	-	-	5,082,172
Downtown Revitalization	98,775,231	-	-	98,775,231
Your Community Vision	90,165,077	8,313,492	-	98,478,569
Total community and cultural	<u>214,891,743</u>	<u>8,313,492</u>	<u>-</u>	<u>223,205,235</u>
Community / economic development	-	-	-	-
Construction in Progress	<u>8,475,382</u>	<u>6,737,163</u>	<u>(8,475,382)</u>	<u>6,737,163</u>
Total governmental funds capital assets	<u>\$ 326,428,970</u>	<u>\$ 17,029,768</u>	<u>\$ (8,823,949)</u>	<u>\$ 334,634,789</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 assets.





CITY OF OWENSBORO GENERAL INFORMATION



The City

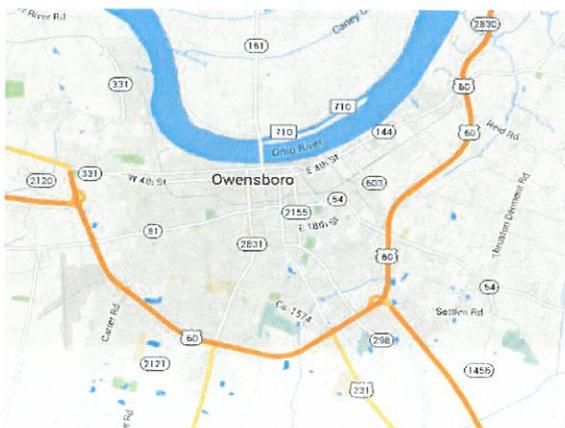
Owensboro, originally known as Yellow Banks (due to the color of the soil along the Ohio River banks), was first settled in 1797. By 1810, David Morton had opened a general store and the settlement population grew to 100 by 1815. An 1817 Act of the Kentucky Legislature incorporated the town as “Owensborough,” later shortened to “Owensboro.” The Owensboro area has grown steadily while retaining the “small town quality” of a friendly city. Owensboro ranks as Kentucky’s fourth largest city in terms of population and is the industrial and cultural capital of western Kentucky.



A 2017 *USA Today* article ranked Owensboro #11 in the country for percentage of new mortgages being closed by millennials (those entering adulthood since 2000), citing our recent downtown makeover as one of the factors attracting this demographic. In 2013, Owensboro was named an All-American City (one of only ten communities selected nationwide) by the National Civic League. *Forbes* magazine ranked Owensboro #6 on their 2013 “Best Small Cities For Jobs” and #62 “Best Small Places for Business and Careers,” including #24 in job growth and #37 ranking for “Low Cost of Doing Business.” Other recent national honors include recognition of the high quality of life and the good environment for raising a family.

Location

Owensboro is the county seat of Daviess County, Kentucky. It lies on the southern banks of the Ohio River, one of the nation’s major waterways. Part of 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. An improved section of U.S. Highway 231 in southern Indiana and a recently expanded Owensboro bypass complete a four-lane direct link through Owensboro from Interstate 64 in Indiana to Interstate 65 in southern Kentucky.



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 2017, area employment over the prior twelve months averaged 44,431, an increase of 3.8% from the prior year average. The June 2017 unemployment rate was 5.3%, higher than the prior year rate of 4.8% and the U.S. rate of 4.6%, but lower than State rate of 5.9%. The total 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 up from the prior year. The value of new non-residential projects increased slightly from the prior year due to continued strong numbers of new projects and additions.

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. In recent years, a local expansion to the Airpark of a national mortgage processing company brought over 800 jobs to three new buildings. The Owensboro-Daviess County Regional Airport in recent years has completed facility and terminal expansions valued at over \$40 million. Direct flights to the Orlando area added in the past seven 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 recent years, 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 spray park, 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 the 18th best playground in America by Early Childhood Education Zone.





The City has recently completed a \$99 million downtown redevelopment and revitalization project, partnering 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, and a third hotel project is in development. 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. Several additional downtown construction projects have been started recently. In 2015, *Southern Business & Development Magazine* included Owensboro on their list of "10 Great Southern Downtowns That Are Worth a Visit."

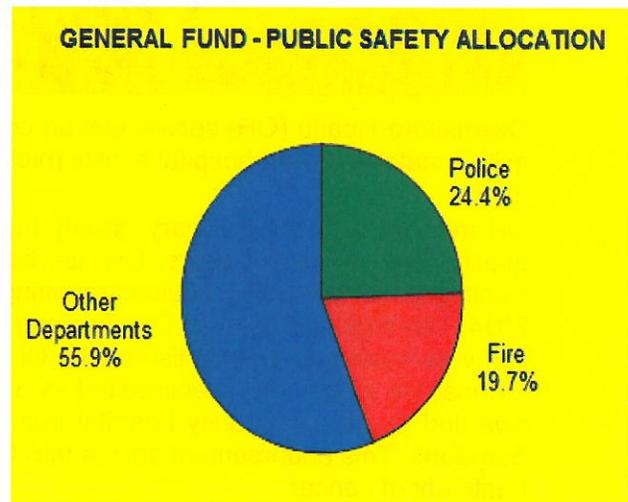
In the past year, the City has been approved for two separate Tax Increment Financing (TIF) Development areas in partnership with the Commonwealth of Kentucky. The Downtown Riverfront Revitalization TIF project will continue revitalization of downtown through public and private investment expected to reach \$142.5 million. The Gateway Commons TIF project on 200 acres of recently annexed land is expected to include total investment of \$335.3 million and is estimated to generate \$158.4 million of eligible state and local tax revenues over a 20-year period

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 3.48 minutes for OPD and 4.43 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. Public Safety accounts for 44.1% of the General Fund expenditure budget. This 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.

Owensboro is proud of The Wendell H. Ford Government Education Center located at the Area Museum of Science and History. The late Senator Wendell H. Ford, who was 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

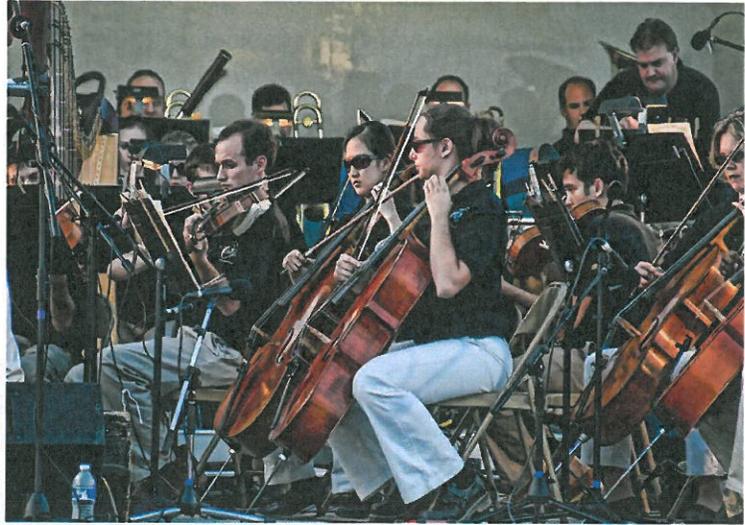


Owensboro Health (OH) serves eleven counties in Kentucky and southern Indiana. Its new \$385 million state-of-the-art hospital facility (pictured above) officially opened June 1, 2013.

OH medical services can vary greatly from one to another, but patients consistently benefit from quality care. In recent years, 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

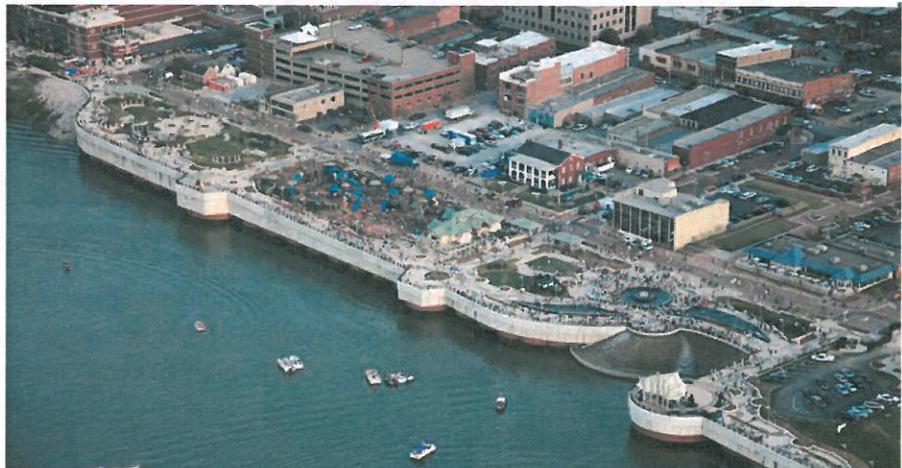
The new, high-tech public library serves the community well with a collection of 197,000 books, 28,000 audio and DVD items, a digital collection of over 55,000 items, and access to 31 online databases. Owensboro Area Museum maintains community interest in the natural sciences and area history. Art lovers 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. The International Bluegrass Music Museum, located in downtown Owensboro, is scheduled to relocate in 2018 to the International Bluegrass Music Center, a \$15.4 million facility currently under construction along the riverfront.



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, family gatherings, golf, hiking, tennis, softball, football, soccer, fishing, and just plain relaxing. State-maintained Carpenter and Kingfisher lakes offer another 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 and visitors.

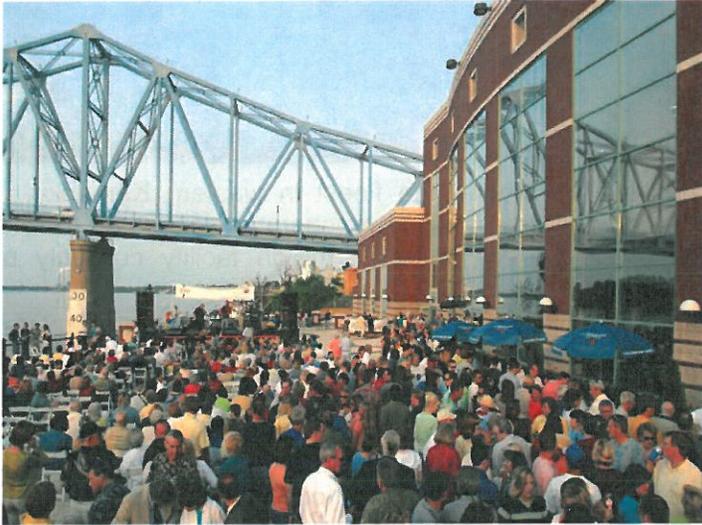
The City maintains two swimming pools and three sprayparks (shallow water play areas specially built for small children). Legion Park is one of our community's finest parks and includes a spraypark, basketball courts, a walking trail, two covered shelters perfect for gatherings and family reunions, and one of the city's best playgrounds. This playground was recently updated with GameTime equipment including over 80 play options and a zipline. Adult fitness equipment is located adjacent to the playground so adults can get fit while their children are playing.

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 hundreds of performance and civic events. 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.

Other festivals range from Bluegrass and Dulcimer Music Festivals in the spring to Pumpkin, Farm, and Apple Festivals each fall. The International Bluegrass Music Museum's annual ROMP Fest draws thousands of music lovers to its 4-day event each summer, celebrating the roots and branches of Bluegrass music.

Owensboro has been awarded the designation of *Sports Illustrated* "Sportstown" as the state's top location for community sports and recreation. As a City representative 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." In 2016 and 2017, Owensboro was recognized as a Playful City USA Community, a national recognition program honoring cities and towns for making their cities more playable; and health and recreation friendly. The City of Owensboro works to drive sports and recreation tourism, hosting events and tournaments, etc., resulting in an average of \$11-\$17 million in economic impact annually.

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 Edge 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. The City recently 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 initially being held on a city street course,



in recent years the event has been hosted 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. In recent years, we've had several veterans from this local track place well in the national All American Soap Box Derby in Akron, Ohio. In 2015, our area produced three Rally Division World Champions.

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.	131-137
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	138-141
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.	142-145
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.	146-147
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.	148-150

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.

Schedule 1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 45,664,473	\$ 54,604,577	\$ 63,729,670	\$ 59,036,580	\$ 68,207,310	\$ 51,139,210	\$ 62,041,882	\$ 64,475,753	\$ 71,226,488	\$ 58,035,347
Restricted	15,587,202	31,047,376	31,138,063	39,466,683	37,494,110	48,046,513	21,134,973	16,821,765	20,558,893	35,381,751
Unrestricted	17,570,869	14,239,334	22,461,039	23,652,240	26,057,789	28,696,007	34,606,637	(4,244,765)	(10,417,214)	(17,464,235)
Total governmental activities net position	\$ 78,822,544	\$ 99,891,287	\$ 117,328,772	\$ 122,155,503	\$ 131,759,209	\$ 127,881,730	\$ 117,783,492	\$ 77,052,733	\$ 81,368,167	\$ 75,952,863
Business-Type activities										
Net investment in capital assets	\$ 2,233,411	\$ 3,002,194	\$ 4,090,975	\$ 3,790,528	\$ 3,991,570	\$ 4,578,564	\$ 4,286,716	\$ 3,551,388	\$ 3,319,301	\$ 2,832,721
Unrestricted	10,492,524	11,283,831	11,425,367	12,129,144	11,799,478	11,485,967	8,990,011	8,623,564	10,443,827	12,429,800
Total business-type activities net position	\$ 12,725,935	\$ 14,286,025	\$ 15,516,342	\$ 15,919,672	\$ 15,791,048	\$ 16,064,531	\$ 13,276,727	\$ 12,174,952	\$ 13,763,128	\$ 15,262,521
Primary government										
Net investment in capital assets	\$ 47,897,884	\$ 57,606,771	\$ 67,820,645	\$ 62,827,108	\$ 72,198,880	\$ 55,717,774	\$ 66,328,598	\$ 68,027,141	\$ 74,545,789	\$ 60,868,068
Restricted	15,587,202	31,047,376	31,138,063	39,466,683	37,494,110	48,046,513	21,134,973	16,821,765	20,558,893	35,381,751
Unrestricted	28,063,393	25,523,165	33,886,406	35,781,384	37,857,267	40,181,974	43,596,648	4,378,799	26,613	(5,034,435)
Total primary government net position	\$ 91,548,479	\$ 114,177,312	\$ 132,845,114	\$ 138,075,175	\$ 147,550,257	\$ 143,946,261	\$ 131,060,219	\$ 89,227,705	\$ 95,131,295	\$ 91,215,384

Schedule 2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 9,680,973	\$ 8,772,143	\$ 10,693,412	\$ 8,501,561	\$ 9,900,004	\$ 9,869,881	\$ 18,605,042	\$ 13,598,984	\$ 12,057,045	\$ 12,523,892
Public safety	18,129,214	18,614,163	18,445,524	20,216,734	20,290,474	20,953,730	21,518,684	19,917,267	23,698,594	25,332,284
Public works	5,558,089	9,615,871	7,181,580	9,303,683	6,925,625	12,359,635	7,883,621	6,991,081	8,023,489	8,174,725
Community and cultural	5,662,963	6,749,708	6,677,344	8,180,079	9,028,838	9,600,911	9,904,860	11,074,464	12,340,552	14,348,152
Community/economic development	898,056	1,258,411	2,512,015	3,174,407	5,802,913	3,746,406	2,403,239	1,660,769	2,643,392	2,748,147
Interest on long-term debt	1,028,005	1,297,750	2,060,977	2,310,662	2,936,429	3,720,799	4,666,115	4,792,998	5,376,681	5,421,113
Total governmental activities expenses	40,957,300	46,308,046	47,570,852	51,687,126	54,884,283	60,251,362	64,981,561	58,035,563	64,139,753	68,548,313
Business-Type activities:										
Sanitation	4,255,487	4,412,040	4,578,085	4,882,331	5,195,084	5,523,509	5,820,823	5,747,365	5,881,661	6,320,520
Transit	1,537,889	1,606,014	1,741,449	2,026,221	2,023,807	2,141,269	2,722,617	2,678,189	2,378,892	2,454,835
Geographic information system	291,095	295,960	375,634	316,945	321,526	336,049	363,632	377,619	2,454,465	386,654
Convention Center Operations	81,852	114,675	84,383	-	107,081	612,494	2,237,673	481,697	429,385	4,067,132
Recreation	1,404,093	1,363,000	1,808,163	2,255,163	2,693,529	2,724,406	2,986,234	3,046,350	3,135,933	2,649,215
Sportscenter Operations	-	-	-	-	-	-	-	-	-	139,565
Total business-type activities expenses	7,570,416	7,791,689	8,587,714	9,480,660	10,341,027	11,337,727	14,130,979	12,331,220	14,280,336	16,017,921
Total primary government expenses	\$ 48,527,716	\$ 54,099,735	\$ 56,158,566	\$ 61,167,786	\$ 65,225,310	\$ 71,589,089	\$ 79,112,540	\$ 70,366,783	\$ 78,420,089	\$ 84,566,234

Schedule 2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,477,103	\$ 2,305,783	\$ 2,228,883	\$ 2,199,982	\$ 1,943,070	\$ 1,690,180	\$ 1,693,498	\$ 1,621,957	\$ 1,536,628	\$ 1,540,833
Public safety	952,424	1,133,134	960,415	803,850	790,746	823,146	1,331,134	1,143,915	1,122,692	1,293,622
Public works	17,901	21,907	22,789	18,624	67,627	1,367,196	44,339	37,081	40,034	95,877
Community and cultural	-	-	-	-	-	-	214,533	219,504	225,812	243,243
Community/economic development	215,492	190,156	255,973	341,856	879,586	698,646	853,846	1,045,865	1,026,603	1,031,165
Operating grants and contributions	4,066,154	2,904,106	3,379,634	3,971,261	3,894,683	1,416,992	742,900	740,472	364,181	1,414,590
Capital grants and contributions	7,478,058	20,161,264	15,445,926	6,634,939	4,836,952	1,070,822	651,624	72,620	36,104,114	250,000
Total governmental activities program revenues	15,207,132	26,716,350	22,293,620	13,970,512	12,412,664	7,066,982	5,531,874	4,881,414	40,420,064	5,869,330
Business-type activities:										
Charges for services:										
Sanitation	5,157,748	5,204,380	5,194,660	5,211,205	5,260,990	5,299,182	5,309,154	5,314,021	7,370,383	7,435,484
Transit	128,819	132,286	130,316	126,704	139,100	128,560	149,976	135,831	130,112	102,623
Geographic information system	262,612	243,914	262,419	213,647	245,370	249,710	262,867	253,500	295,667	285,787
Convention Center Operations	54,109	57,071	56,126	-	-	-	-	-	1,716,131	3,281,257
Recreation	979,530	971,359	1,228,306	1,517,155	1,780,625	1,786,512	1,684,964	1,695,516	1,804,377	1,488,243
Sprtscenter Operations	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	441,862	464,303	445,741	475,124	517,384	585,334	697,007	693,558	881,430	922,823
Capital grants and contributions	466,465	646,534	1,484,000	469,719	410,061	1,471,164	585,461	585,461	264,864	296,263
Total business-type activities program revenues	7,491,145	7,719,847	8,801,568	8,013,554	8,353,530	9,520,462	8,689,429	8,677,887	12,462,964	13,812,480
Total primary government program revenues	\$ 22,698,277	\$ 34,436,197	\$ 31,095,188	\$ 21,984,066	\$ 20,766,194	\$ 16,587,444	\$ 14,221,303	\$ 13,559,301	\$ 52,883,028	\$ 19,681,810
Net (expense)/revenue	\$ (25,750,168)	\$ (19,591,696)	\$ (25,277,232)	\$ (37,716,614)	\$ (42,471,619)	\$ (53,184,380)	\$ (59,449,687)	\$ (53,154,149)	\$ (23,719,689)	\$ (62,678,983)
Governmental activities	(79,271)	(71,842)	213,854	(1,467,106)	(1,987,497)	(1,817,265)	(5,441,550)	(3,653,333)	(1,817,372)	(2,205,441)
Business-type activities	\$ (25,829,439)	\$ (19,663,538)	\$ (25,063,378)	\$ (39,183,720)	\$ (44,459,116)	\$ (55,001,645)	\$ (64,891,237)	\$ (56,807,482)	\$ (25,537,061)	\$ (64,884,424)

Schedule 2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes										
Property taxes	\$ 8,490,108	\$ 8,874,418	\$ 9,276,874	\$ 9,178,018	\$ 9,410,510	\$ 9,622,714	9,767,158	9,991,728	10,326,162	10,724,339
Occupational license taxes	13,765,193	13,726,575	13,836,353	14,828,760	15,303,516	16,281,800	16,058,067	16,375,511	18,292,666	18,816,777
Net profit license taxes	3,280,491	3,419,223	3,256,271	3,176,505	3,027,503	3,856,135	3,907,671	3,723,658	3,017,508	3,850,957
Regulatory taxes	5,040,813	4,824,993	5,867,123	7,276,039	7,533,345	7,992,483	8,234,180	8,824,267	8,818,772	8,819,470
Payments in lieu of taxes from component unit	1,756,428	2,012,646	2,015,823	1,990,074	2,363,275	2,669,050	2,295,286	2,253,698	2,493,330	2,670,618
Investment earnings	827,636	1,311,412	1,010,136	615,382	1,114,934	641,337	589,698	330,466	466,956	504,883
Unrestricted grants and contributions	441,347	954,986	756,238	443,319	1,442,692	2,078,625	3,353,746	714,119	2,085,495	2,061,368
Gain on sale of assets	296,830	161,646	143,517	263,620	152,660	326,151	599,960	112,586	22,662	532,369
Investment in joint venture	1,378,941	60,737	755,383	(108,088)	919,245	440,926	530,462	(658,194)	(153,877)	(247,350)
Miscellaneous	217,782	643,290	317,574	276,035	244,222	598,847	105,942	8,363,471	3,629,767	5,082,403
Dividends from component unit	5,693,000	5,758,800	6,076,605	6,215,425	6,379,600	6,392,412	6,546,472	6,974,384	7,211,243	7,277,149
Special Item-Property acquired under lease restructur	-	-	-	-	5,917,293	-	-	-	-	-
Transfers	(1,159,294)	(1,088,287)	(597,180)	(1,611,744)	(1,733,470)	(1,593,579)	(1,878,925)	(2,113,824)	(2,306,631)	(2,829,304)
Total governmental activities	40,029,275	40,660,439	42,714,717	42,543,345	52,075,325	49,306,901	50,109,717	54,911,870	53,904,053	57,263,679
Business-type activities:										
Investment earnings	383,904	454,797	238,370	143,280	125,403	208,415	131,809	83,919	101,584	99,485
Unrestricted grants and contributions	-	-	-	-	-	128,996	165,624	240,532	230,126	233,865
Gain on sale of assets	68,232	88,848	180,913	115,412	-	159,738	150,000	(28,155)	225,337	95,025
Miscellaneous	-	-	-	-	-	-	207,888	141,437	541,871	373,196
Transfers	1,159,294	1,088,287	597,180	1,611,744	1,733,470	1,593,579	1,878,925	2,113,824	2,306,631	2,903,263
Total business-type activities	1,611,430	1,631,932	1,016,463	1,870,436	1,858,873	2,090,748	2,534,246	2,551,557	3,405,549	3,704,834
Total primary government	\$ 41,640,705	\$ 42,292,371	\$ 43,731,180	\$ 44,413,781	\$ 53,934,198	\$ 51,397,649	\$ 52,643,963	\$ 57,463,427	\$ 57,309,602	\$ 60,968,513
Change in Net Position										
Governmental activities	\$ 14,279,107	\$ 21,068,743	\$ 17,437,485	\$ 4,826,731	\$ 9,603,706	\$ (3,877,479)	\$ (9,339,970)	\$ 1,757,722	\$ 30,184,364	\$ (5,415,304)
Business-type activities	1,532,159	1,560,090	1,230,317	403,330	(128,624)	273,483	(2,907,304)	(1,101,776)	1,588,177	1,499,393
Total primary government	\$ 15,811,266	\$ 22,628,833	\$ 18,667,802	\$ 5,230,061	\$ 9,475,082	\$ (3,603,996)	\$ (12,247,274)	\$ 655,946	\$ 31,772,541	\$ (3,915,911)

Schedule 3

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
					GENERAL GOVERNMENT	SERVICES - GENERAL	FINES AND FORFEITS	INTEREST	MISC. REVENUES	
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		
2016	63,375,677	10,326,162	30,606,359	12,582,476	872,945	95,306	441,972	8,450,457		
2017	64,385,335	10,724,339	32,004,997	14,071,144	868,669	80,489	519,810	6,115,887		

Schedule 4

CITY OF OWENSBORO
FUND BALANCES OF GOVERNMENTAL FUNDS

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>General fund</u>										
Nonspendable	\$ 175	\$ 290	\$ 17	\$ 18	\$ 17	\$ 23	\$ 69	\$ 41	\$ 66	\$ 37
Restricted	-	-	-	-	-	-	-	-	138	1,392
Committed	-	-	213	44	47	437	396	412	377	547
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	7,473	7,545	9,451	10,888	12,328	14,155	11,741	9,765	9,127	6,928
Total General Fund	\$ 7,648	\$ 7,835	\$ 9,681	\$ 10,950	\$ 12,392	\$ 14,615	\$ 12,206	\$ 10,218	\$ 9,709	\$ 8,905
<u>All other governmental units</u>										
Nonspendable	\$ 13,216	\$ 28,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ -
Restricted	-	-	21,988	25,331	17,993	31,407	17,616	16,821	20,421	33,990
Committed	-	-	8,636	13,500	18,715	15,778	3,123	3,556	4,624	3,567
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	1,972	2,117	-	-	-	-	-	-	-	-
Total all other government funds	\$ 15,188	\$ 30,613	\$ 30,624	\$ 38,831	\$ 36,708	\$ 47,185	\$ 20,739	\$ 20,377	\$ 25,055	\$ 37,556

GASB Statement 54 started in 2010

CITY OF OWENSBORO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Real and personal property taxes	\$ 8,490,108	\$ 8,874,418	\$ 9,276,874	\$ 9,178,019	\$ 9,410,510	\$ 9,622,714	\$ 9,767,158	\$ 9,991,728	\$ 10,326,162	\$ 10,724,339
Occupational licenses	13,686,643	13,645,423	13,782,813	14,702,852	15,206,272	16,068,006	16,053,903	16,571,471	18,292,666	18,816,777
Net profit license fees	3,277,814	3,400,218	3,252,516	3,168,582	2,977,184	3,860,563	3,907,671	3,723,658	3,017,508	3,850,957
Regulatory licenses	5,040,813	4,824,993	5,867,123	7,276,039	7,533,345	7,992,483	8,234,180	8,824,267	8,818,772	8,819,470
Intergovernmental	12,167,197	24,320,460	19,508,106	10,648,365	9,176,702	3,891,240	3,926,677	3,718,137	2,877,903	4,123,377
Interest	716,395	1,156,431	909,938	547,605	1,014,245	569,148	589,698	306,937	441,972	504,883
Fees, licenses and permits	569,811	566,606	571,107	524,040	497,377	428,284	495,635	460,696	477,413	517,793
Fines and forfeitures	234,062	149,672	132,250	111,517	114,465	107,143	90,775	90,594	95,306	80,489
Rentals	651,199	566,512	566,385	690,104	1,610,887	770,939	68,378	83,503	100,861	101,522
Charges for services	744,040	740,105	815,486	810,145	812,117	2,174,734	841,742	858,014	872,945	868,669
Contributions and donations	17,648	8,879	16,386	13,841	9,880	46,174	1,333,636	5,632,964	6,205,977	1,330,493
Dividends from component units	5,693,000	5,758,800	6,076,605	6,215,425	6,379,600	6,392,412	6,546,472	6,974,384	7,211,243	7,277,149
Payments in lieu of taxes from component unit	1,756,428	2,012,646	2,015,823	1,990,074	2,363,275	2,669,050	2,295,286	2,253,698	2,493,330	2,670,618
Miscellaneous income	470,667	1,192,331	739,096	821,416	887,620	1,205,343	1,506,775	2,378,477	2,143,619	4,698,799
Total Revenues	53,515,825	67,217,494	63,530,508	56,698,024	57,993,479	55,798,233	55,657,986	61,874,528	63,375,677	64,385,335
Expenditures										
Current:										
General government	8,484,458	8,309,429	9,374,755	7,493,690	7,889,242	8,273,338	9,662,392	9,508,203	10,490,809	11,116,289
Public safety	17,796,001	18,553,309	18,034,183	19,280,032	19,419,896	20,313,577	21,063,414	21,213,287	21,546,175	22,205,055
Public works	5,913,174	7,055,774	4,736,354	5,277,177	5,109,226	5,993,091	6,012,281	5,060,460	6,022,709	6,441,321
Community and cultural	4,669,820	5,227,916	3,436,163	4,339,919	4,349,945	4,996,919	4,968,033	5,231,290	5,483,008	5,294,753
Community/economic development	898,056	1,258,411	2,512,015	3,174,407	5,802,913	3,746,406	2,403,240	2,451,953	2,739,068	2,991,944
Capital outlay	10,859,962	34,254,857	29,444,904	31,409,589	31,436,203	28,556,718	31,468,944	12,892,283	7,248,975	6,670,921
Debt service:										
Principal	2,714,000	1,933,300	1,318,300	8,618,300	22,238,300	3,104,301	4,257,000	4,924,239	5,249,513	8,062,924
Interest	928,832	1,054,240	1,912,906	1,946,891	2,867,038	3,308,443	4,517,083	4,236,147	4,952,973	4,952,973
Issuance costs	55,778	103,773	44,306	184,781	257,979	206,631	85,073	-	166,030	278,974
Total Expenditures	52,320,081	77,751,009	70,813,886	81,724,786	99,370,742	78,499,424	84,437,460	65,517,862	63,899,260	68,015,354
Excess (deficiency) of revenues over expenditures	1,195,744	(10,533,515)	(7,283,378)	(25,026,762)	(41,377,263)	(22,701,191)	(28,779,474)	(3,643,334)	(523,583)	(3,630,019)
Other financing sources (uses):										
Sale of capital assets	992,048	191,943	192,076	274,378	148,935	375,934	599,959	112,586	31,417	532,369
Issuance of debt	8,104,292	27,035,051	9,242,705	35,852,052	43,451,028	36,028,353	4,512,043	26,831,355	10,728,666	17,418,523
Refunding bond issue	-	-	-	-	5,195,000	-	-	-	-	-
Payment to bond refunding escrow	-	-	-	(460,796)	(6,507,708)	(179,223)	(4,420,000)	-	(4,455,272)	-
Discount on bonds issued	(35,475)	(154,000)	(25,350)	(204,326)	34,319	135,476	67,854	-	309,678	280,476
Premiums on bonds issued	-	-	-	3,425,235	26,098,166	8,141,279	12,277,734	11,752,725	11,609,493	12,000,366
Transfers in	(4,313,729)	(4,352,763)	(4,005,121)	(13,264,553)	(27,518,910)	(9,100,688)	(13,112,474)	(13,354,674)	(13,532,587)	(14,903,642)
Transfers out	-	-	-	-	-	-	-	(24,048,087)	-	-
Transfers to component unit	-	-	-	34,501,346	40,696,504	35,401,131	(74,884)	1,293,905	4,691,395	15,328,092
Total Other Financing Sources (Uses)	8,427,927	26,145,466	9,121,408	34,501,346	40,696,504	35,401,131	(74,884)	1,293,905	4,691,395	15,328,092
Net change in fund balances	\$ 9,623,671	\$ 15,611,951	\$ 1,858,030	\$ 9,474,584	\$ (680,759)	\$ 12,699,940	\$ (28,854,358)	\$ (2,349,429)	\$ 4,167,812	\$ 11,698,073
Debt service as a percentage of non-capital expenditures	8.8%	6.9%	7.8%	21.0%	37.0%	12.8%	16.6%	17.4%	18.0%	21.2%

Schedule 6

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			
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	0.5224	5,558,288,981	96.7%
2016	2,895,178,798	324,995,786	67,106,282	3,173,809,995	0.5158	6,709,336,304	96.3%
2017	3,009,034,677	337,997,378	64,687,577	2,606,444,488	0.5306	6,520,221,148	92.3%

¹ Assessment on motor vehicles are not included as the State of Kentucky collects the taxes when vehicles are licensed.

² Source: Property Valuation Administration- Letter from State of KY to PVA "Final Sales Ratio Study Results for The YEAR Assessment Year."

Schedule 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		County	School District	In City School District	In County School District
City	City	School District						District					
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			
2016	0.2593	0.1220	0.1360	0.0350	0.0090	0.0640	0.8530	0.6330	1.4783	1.2583			
2017	0.2593	0.1220	0.1350	0.0350	0.0088	0.0640	0.8580	0.6480	1.4821	1.2721			

PERSONAL PROPERTY:

Fiscal Year	OVERLAPPING										CITY RESIDENT TOTALS ¹		
	DIRECT		State	County	Health	Extension	Library	City		County	School District	In City School District	In County School District
City	City	School District						District					
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			
2016	0.2631	0.4500	0.1800	0.0350	0.0090	0.0838	0.8530	0.6330	1.8739	1.6539			
2017	0.2565	0.4500	0.1789	0.0350	0.0089	0.0839	0.8580	0.6480	1.8712	1.6612			

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.

Schedule 8

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

TAXPAYER	TYPE OF BUSINESS	June 30, 2017			June 30, 2008		
		ASSESSED VALUATION ¹	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION OF \$3,411,441,258	ASSESSED VALUATION ¹	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION OF \$2,774,023,023
Wal-Mart Real Estate	Retail	\$ 50,587,802	1	1.48%	\$ 35,605,452	1	1.28%
Atmos Energy	Gas Company	35,361,471	2	1.04%	17,865,721	8	0.64%
Toyotetsu Mid America	Manufacturer	30,439,005	3	0.89%	33,263,946	2	1.20%
US Bank National Association	Bank	22,146,327	4	0.65%	-	-	-
Unifirst Corporation	Manufacturer	21,362,145	5	0.63%	19,127,173	6	0.69%
Owensboro Grain Company	Manufacturer	19,927,760	6	0.58%	-	-	-
Dart Container	Manufacturer	18,177,199	7	0.53%	-	-	-
Vereit MT Owensboro KY LLC	Commercial Rental	17,296,264	8	0.51%	-	-	-
CTC Investments LLC	Residential Rental	15,645,380	9	0.46%	-	-	-
Menards	Retail	15,220,003	10	0.45%	-	-	-
Unilever (Ragu/Lipton)	Manufacturer	-	-	-	26,064,653	3	0.94%
AT&T (Bellsouth)	Telecommunications	-	-	-	12,655,303	10	0.46%
Owensboro Town Center	Mall Development	-	-	-	19,025,000	7	0.69%
Town Square Mall, LLC	Mall Development	-	-	-	26,021,000	4	0.94%
Boardwalk Pipelines	Gas Company	-	-	-	20,067,573	5	0.72%
SFG (Field Packing Company)	Manufacturer	-	-	-	14,814,579	9	0.53%
		<u>\$ 246,163,356</u>		<u>7.22%</u>	<u>\$ 224,510,400</u>		<u>8.09%</u>

¹ Source: Daviess County Property Valuation Office

Schedule 9

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

FISCAL YEAR	TOTAL TAX		COLLECTED WITHIN		COLLECTIONS		TOTAL COLLECTIONS	
	LEVY FOR FISCAL YEAR	AMOUNT	FISCAL YEAR OF LEVY	% OF LEVY	SUBSEQUENT YEARS	TO DATE	AMOUNT	
							AMOUNT	% OF LEVY
2008	\$ 8,548,876	\$ 8,419,367	98.5%	98.5%	125,513	\$ 8,544,880	99.95%	
2009	8,328,836	8,792,417	105.6%	105.6%	107,940	8,900,357	106.86%	
2010	9,295,237	9,157,345	98.5%	98.5%	132,403	9,289,748	99.94%	
2011	9,211,522	9,037,488	98.1%	98.1%	169,958	9,207,446	99.96%	
2012	9,448,595	9,310,565	98.5%	98.5%	135,347	9,445,912	99.97%	
2013	9,622,714	9,556,475	99.3%	99.3%	63,171	9,619,646	99.97%	
2014	9,883,243	9,767,157	98.8%	98.8%	56,610	9,823,767	99.40%	
2015	10,105,798	9,991,728	98.9%	98.9%	91,909	10,083,637	99.78%	
2016	10,339,452	10,163,739	98.3%	98.3%	153,345	10,317,084	99.78%	
2017	10,615,127	10,498,838	98.9%	98.9%	-	10,498,838	98.90%	

Schedule 10

CITY OF OWENSBORO
 RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME ¹	PER CAPITA
	GENERAL OBLIGATION BONDS	LEASE REVENUE BONDS	LOAN PAYABLE	GENERAL OBLIGATION BONDS					
2008	\$ 23,731,319	\$ 572,000	\$ 1,009,292	\$ -	-	-	\$ 25,312,611	1.56%	\$ 457
2009	44,516,584	507,700	5,344,343	-	-	-	50,368,627	2.99%	907
2010	48,441,344	443,400	9,517,048	-	-	-	58,401,792	3.21%	1,048
2011	68,384,126	379,100	16,544,101	-	-	-	85,307,327	4.54%	1,490
2012	85,209,144	334,800	19,595,129	-	-	-	105,139,073	5.50%	1,825
2013	118,306,822	290,500	19,514,814	1,621,333			139,733,469	6.57%	2,392
2014	114,537,384	246,200	19,514,814	1,554,103			135,852,501	5.99%	2,329
2015	110,235,118	201,900	21,880,695	1,486,873			133,804,586	5.84%	2,292
2016	133,084,574	157,600	24,744,149	1,417,402			159,403,725	6.74%	2,700
2017	142,525,834	108,300	25,060,874	1,323,862			169,018,870	7.31%	2,852

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

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

Schedule 11

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 OF TAXABLE PROPERTY ²	TOTAL BONDS AND LOAN PAYABLE	LESS APPLICABLE AMOUNTS ³	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO	
						ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2008	55,398	\$ 4,357,075,303	\$ 25,312,611	\$ 3,666,530	\$ 21,646,081	0.50	\$ 391
2009	55,516	4,560,266,982	50,368,627	7,745,551	42,623,076	0.93	768
2010	55,745	4,695,545,521	58,401,792	11,657,226	46,744,566	1.00	839
2011	57,265	4,816,042,695	85,307,327	18,413,249	66,894,078	1.39	1,168
2012	57,605	4,844,050,228	105,139,073	21,203,247	83,935,826	1.73	1,457
2013	58,083	5,073,222,677	140,038,443	20,580,070	119,458,373	2.35	2,057
2014	58,416	5,304,869,065	135,852,501	20,302,925	115,549,576	2.18	1,978
2015	58,374	5,558,288,981	133,804,586	21,880,695	111,923,891	2.01	1,917
2016	59,042	6,709,336,304	159,566,749	24,901,749	134,665,000	2.01	2,281
2017	59,273	6,519,919,551	169,084,174	25,169,174	143,915,000	2.21	2,428

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

¹Source: Bureau of the Census Count

²Source: Kentucky Department of Revenue

³These amounts include the loan(s) payable.

Schedule 12

CITY OF OWENSBORO
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 June 30, 2017

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Owensboro
Direct			
City of Owensboro			
General Obligation Bonds	\$ 142,525,834	100.0%	\$ 142,525,834
Revolving Loan	25,060,874	100.0%	25,060,874
Loan Payable #26	8,300	100.0%	8,300
Loan Payable #18	100,000	100.0%	100,000
	<u>167,695,008</u>		<u>167,695,008</u>
	Total Direct		<u>167,695,008</u>
Overlapping			
Owensboro Independent Schools	23,778,110	100.0%	23,778,110
Daviess County	19,785,000	56.1%	11,107,930
Daviess County Schools	70,543,000	44.1%	31,095,707
	<u>114,106,110</u>		<u>65,981,747</u>
	Total Overlapping Debt		<u>65,981,747</u>
	Total Direct and Overlapping Debt		<u>\$ 233,676,755</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.

Schedule 13

CITY OF OWENSBORO
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 289,737,193	\$ 304,779,543	\$ 317,339,605	\$ 317,118,600	\$ 321,289,180	\$ 328,717,300	\$ 335,855,683	\$ 340,588,791	\$ 348,893,937	\$ 361,350,566
Total net debt applicable to limit	21,719,010	43,052,036	47,100,283	67,363,992	84,245,408	117,532,066	116,149,298	112,053,360	134,665,000	143,915,000
Legal debt margin	\$ 268,018,183	\$ 261,727,507	\$ 270,239,322	\$ 249,754,608	\$ 237,043,772	\$ 211,185,234	\$ 219,706,385	\$ 228,535,431	\$ 214,228,937	\$ 217,435,566
Total net debt applicable to the limit as a percentage of debt limit	7.50%	14.13%	14.84%	21.24%	26.22%	35.75%	34.58%	32.90%	38.60%	39.83%

Legal Debt Margin Calculation for Fiscal Year 2017

Net assessed value	\$ 3,411,441,258
Add back: exempt real property	202,064,400
Total assessed value	\$ 3,613,505,658
Debt limit - 10% of total assessed value ¹	\$ 361,350,566
Amount of debt applicable to debt limit:	
Total general bonded debt	\$ 169,084,174
Less: Revenue Bonds	(108,300)
Loan Payable	(25,060,874)
Amount set aside for repayment of general obligation bonds	-
Total debt applicable to limitation	\$ 143,915,000
Legal debt margin	\$ 217,435,566

¹Section 158 of the Commonwealth of Kentucky Constitution states:

Cities, towns, counties, and taxing districts shall not incur indebtedness to an amount exceeding the following maximum percentages on the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness: Cities having a population of fifteen thousand or more, ten percent (10%); cities having a population of less than three thousand, three percent (3%); and counties and case of taxing districts, two percent (2%), unless in case of emergency, the public health or safety should so require. Nothing shall prevent the issue of renewal bonds, or bonds to fund the floating indebtedness of any city, county, or taxing district. Subject to the limits and conditions set forth in this section and elsewhere in this Constitution, the General Assembly shall have the power to establish additional limits on indebtedness and conditions under which debt may be incurred by cities, counties, and taxing districts.

Schedule 14

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
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%
2016	59,042	2,363,569	40,032	4,770	4.8%
2017	59,273	2,313,247	39,027	4,772	5.3%

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

Schedule 15

City of Owensboro
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	2017			2008		
	<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	4,128	1	9.37%	2,400	1	5.72%
US Bank Home Mortgage	2,404	2	5.46%	656	5	1.56%
Owensboro Public Schools	766	3	1.74%	825	2	1.96%
Wal-Mart	661	4	1.50%	662	4	1.58%
Specialty Foods (Field Packing Co.)	630	5	1.43%	500	7	1.19%
Toyotetsu Mid-America	622	6	1.41%	574	6	1.37%
Commonwealth of Kentucky	471	7	1.07%	471	9	1.12%
Unifirst	434	8	0.99%			
Glenmore Distilleries	431	9	0.98%			
City of Owensboro	415	10	0.94%	481	8	1.15%
Texas Gas				683	3	1.63%
R & B Foods (Unilever)				390	10	0.93%
Total	10,962		24.89%	7,642		18.20%

Source: Chamber of Commerce County total and City tax records-best estimate from information received

Schedule 16

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

	Full-time Equivalent Employees as of June 30									
Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
General government	73	66	49	56	53	50	49	52	51	47
Public safety	237	230	237	233	229	235	235	237	238	236
Public works	70	64	64	57	61	64	65	65	64	65
Community and cultural	4	2	3	5	4	4	3	1	1	1
Total Governmental Activities	384	362	353	351	347	353	352	355	354	349
Business-type activities:										
Sanitation	27	27	27	26	27	29	27	27	28	29
Other enterprise funds	93	69	79	54	44	31	35	32	36	38
Total business-type activities	120	96	106	80	71	60	62	59	64	67
Total primary government	504	458	459	431	418	413	414	414	418	416

Source: Government Budget

Schedule 17

City of Owensboro
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Physical arrests	4,531	4,391	4,272	4,235	4,297	3,988	4,137	4,042	4,132	4,459
Parking violations	10,306	8,965	4,636	5,661	4,705	5,150	2,948	3,811	3,595	1,009 *
Traffic violations and courtesy notices	11,453	14,563	10,870	10,986	8,336	9,824	11,300	10,507	6,589	4,333
Fire										
Number of calls answered	2,051	2,163	2,540	4,285	6,297	6,631	7,050	7,186	7,070	7,904 **
Inspections	3,408	3,445	1,899	1,878	1,795	2,071	1,827	1,789	1,780	2,121
Highways and streets										
Street resurfacing (miles)	4.6	5.9	3.4	3.5	3.7	1.0	6.3	4.0	5.2	5.0
Potholes repaired	1,793	1,197	1,161	1,429	1,198	1,047	2,710	3,775	2,627	2,229
Sanitation										
Refuse collected (tons/day)	183.0	220.1	176.6	177.3	174.9	177.4	175.2	177.1	186.1	190.5
Recyclables collected (tons/year)	309.3	399.2	455.2	442.9	446.0	508.2	516.4	465.4	367.2	261.7
Culture and recreation										
Participants	107,692	103,964	106,000	161,390	183,850	196,719	197,396	253,206	380,234	300,525
Number of programs	344	311	290	353	309	305	309	231	186	176
Water ¹										
New connections	236	145	150	128	100	110	99	97	125	79
Water main breaks and service leaks repaired	523	470	378	438	336	349	321	342	322	203
Average daily consumption (thousands of gallons)	11,516	11,418	11,336	11,234	12,164	12,035	11,837	11,821	11,612	12,500
Riverport										
Terminal operations (thousands of tons)	753.0	761.5	856.7	822.0	861.3	758.9	846.8	1,008.0	969.0	1,068.5
Electric ¹										
New connections (net)	-9	-51	16	64	54	373	-92	168	-21	-36

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 in 2014 and 2017

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

Schedule 18

City of Owensboro
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	2	2	2	2	2	2	2	2	2
Patrol units	77	74	85	80	79	80	80	81	81	81
Fire stations	5	5	5	5	5	5	5	5	5	5
Sanitation										
Collection trucks (yard waste equipment not included before 2014)	15	17	17	17	17	17	24	25	25	25
Highways and streets										
Streets (miles)	242.4	243.1	243.7	248.0	248.0	245.2	245.5	245.3	247.4	248.3
Streetlights	11,077	11,025	11,068	11,167	11,233	11,361	9,332	9,350	9,443	9,459 *
Traffic signals	112	112	113	114	114	119	121	122	125	123
Culture and recreation										
Parks and recreation	378	372	967	975.1	963.1	963.1	963.1	959.9	959.9	959.9 *
Parks	19	19	25	25	24	24	24	24	24	24 *
Ball diamonds	16	15	15	15	15	15	15	15	15	14
Basketball courts	9	9	11	11	11	11	11	11	11	11
Football & Soccer fields	15	15	15	15	15	15	15	15	15	15
Golf Courses	1	1	3	3	3	3	3	3	3	3
Sports Arena	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	25	22	22	22	22	22	22	37	37	36
Ice skating rinks	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water ¹										
Water mains (miles)	289	290	291	292	326	325	323	326	326	326 *
Fire hydrants	2,389	2,403	2,415	2,426	2,428	2,430	2,441	2,441	2,438	2,439
Maximum daily capacity (thousands of gallons)	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Sewer										
Sanitary sewers (miles)	277.80	293.88	299.14	300.80	302.30	303.60	302.20	303.01	305.33	306.45
Storm sewers (miles)	44.54	46.71	46.71	48.73	50.10	50.80	51.38	52.73	55.33	56.16
Maximum daily treatment capacity (thousands of gallons)	21,800	21,800	21,800	21,800	21,800	21,800	21,800	21,800	21,800	21,800
Electric ¹										
Number of distribution stations	15	15	15	15	15	16	16	15	14	14
Miles of service lines	309	309	313	314	315	697	700	700	706	706

Sources: Various government departments and component units.
¹Owensboro Municipal Utilities totals only; other utilities serve some outlying parts of the city. Pre-2013 miles reported did not include miles for multiple lines strung on shared poles.
* Streetlights total based on more accurate GIS information beginning with 2014
* Acquisition in 2010 of golf course/park from the State of Kentucky and Riverfront Park
* Riverfront Park removed from totals 2012 with construction of Convention Center. 2015 acreage drop due to Shifley Park/Tennis Center property swap.
* Water main mileage change 2012 due to more accurate GPS measuring being used.