

CITY OF OWENSBORO, KENTUCKY



Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014

City of Owensboro
Comprehensive Annual Financial Report
for the
Fiscal Year Ended June 30, 2014



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, 2014**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	1-3
Directory of Public Officials	4
City of Owensboro Organizational Chart	5
GFOA Certificate of Achievement for Excellence in Financial Reporting	6

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	7-8
MANAGEMENT'S DISCUSSION AND ANALYSIS (required supplementary information)	9-19

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position	20
Statement of Activities	21

Fund Financial Statements

Governmental Funds Financial Statements

Balance Sheet	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25

Proprietary Funds Financial Statements

Statement of Net Position - Business-Type Activities - Enterprise Funds - Governmental Activities - Internal Service Funds	26
Statement of Revenues, Expenses and Changes in Net Position - Business-Type Activities - Enterprise Funds - Governmental Activities - Internal Service Funds	27
Statement of Cash Flows - Business-Type Activities - Enterprise Funds - Governmental Activities - Internal Service Funds	28

Fiduciary Funds Financial Statements

Statement of Fiduciary Net Position 29
Statement of Changes in Fiduciary Net Position 30

Component Units Financial Statements

Statement of Net Position 31
Statement of Activities 32

Notes to Basic Financial Statements 33-78

REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN MD&A

Pension Schedules

Schedule of Changes in Plan Net Position Liability and Related Ratios -
City Employees' Pension Fund 79
Schedule of Changes in Plan Net Position Liability and Related Ratios -
Police and Firefighters' Retirement Fund 80
Schedule of Investment Returns 81
Schedules of Funding Progress 82
Schedules of Employer Contributions 83

Budgetary Comparison Schedules - General and Major Special Revenue Funds

General Fund 84-85
Your Community Vision Special Revenue Fund 86
Downtown Development and Revitalization Fund 87

Notes to Required Supplementary Information (RSI) on Budgetary Accounting and Control . . 88

COMBINING FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Combining Balance Sheet 89

Combining Statement of Revenues, Expenditures and Changes in Fund Balance	90
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Budgetary Comparison Schedules:

Community Development Special Revenue Fund	91
Greenbelt Special Revenue Fund	92
Drug and Property Recovery Special Revenue Fund	93
Economic Development Special Revenue Fund	94

Nonmajor Enterprise Funds

Combining Statement of Net Position	95
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	96
Combining Statement of Cash Flows	97

Internal Service Funds

Combining Statement of Net Position	98
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	99
Combining Statement of Cash Flows	100

Fiduciary Funds

Combining Statement of Fiduciary Net Position - Pension Trust Funds	101
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds	102
Combining Statement of Assets and Liabilities - Agency Funds	103
Combining Statement of Changes in Assets and Liabilities - Agency Funds	104

Component Unit

Owensboro Municipal Utilities	
Combining Statement of Net Position	105
Combining Statement of Activities	106

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

Schedule by Source	107
Schedule by Function and Activity	108
Schedule of Changes by Function and Activity	109

STATISTICAL SECTION

General Information	110-117
Description of Statistical Section Objectives	118
Net Position by Component - Last Ten Fiscal Years	119
Changes in Net Position - Last Ten Fiscal Years	120-121
General Governmental Revenues by Source - Last Ten Fiscal Years	122
Fund Balances of Governmental Funds - Last Ten Fiscal Years	123
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	124
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	125
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	126
Principal Property Taxpayers - Current Year and Nine Years Ago	127
Property Tax Levies and Collections - Last Ten Fiscal Years	128
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	129
Ratio of Net General Bonded Debt Outstanding to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	130
Direct and Overlapping Governmental Activities Debt	131
Legal Debt Margin Information - Last Ten Fiscal Years	132
Demographic and Economic Statistics - Last Ten Fiscal Years	133
Principal Employers - Current Year and Nine Years Ago	134
Full-Time Equivalent City Government Employees by Function - Last Ten Fiscal Years	135
Operating Indicators by Function - Last Ten Fiscal Years	136
Capital Asset Statistics By Function - Last Ten Fiscals Years	137





City of Owensboro Kentucky

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

December 16, 2014

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, 2014. Kentucky Revised Statute 91A.040 requires that the City of Owensboro publish, before February 1 immediately following the fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement.

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

Myriad Certified Public Accountants Group has issued an unqualified ("clean") opinion on the City of Owensboro's financial statements for the year ended June 30, 2014. The independent auditors' report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City, incorporated in 1817, located in the western part of the state, occupies 21.3 square miles and serves a population of 58,416.

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.

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 six years.

Over the past ten years, real estate assessments have increased \$747 million, or 36.8%, from 2005 to 2014.

Major industries located within the government's boundaries include health care (the local hospital provides employment to more than 3,300 healthcare professionals and staff), banking, manufacturing, and retail. The City of Owensboro has a diverse mix of industries in its economy and as a result, has not experienced the decline in its revenue stream that other cities have. The unemployment rate for the City of Owensboro was 6.3% in June 2014. The state and federal unemployment rates were 7.4% and 6.3%, respectively.

SIGNIFICANT EVENTS AND INITIATIVES

Strategic Organization Plan

A Strategic Organization Plan (Plan) for all departments and operations was implemented in 2009. This Plan is an ongoing process, wherein, we are always looking for ways to increase efficiency, effectiveness and cooperation in all departments' personnel and operations. Current estimated annual savings are over \$2 million. This Plan has allowed the City to utilize these funds in other areas of economic development and has moved the City closer toward its non-financial goal of maintaining a sustainable and flexible city government.

Downtown Development and Revitalization

The community has expressed a desire to redevelop our downtown and riverfront. The City has partnered with Daviess County Fiscal Court (the County) in the development and financing of this project, with the City sponsoring \$79.4 million of the project and the County sponsoring \$20 million. A portion of the City's Insurance Premium License Fee is dedicated to fund this project. It includes Riverfront Crossing, Smothers Park and the Convention Center, and was completed in 2014. This project has spurred over \$100 million in downtown private development.

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 \$24.4 million in low interest loans from the Kentucky Infrastructure Authority Clean Water State Revolving Fund to fund this project. The loan will be paid with funds from the Your Community Vision Fund.

Public-Private Partnership

The City's aggressive economic development posture has resulted in significant job growth, increased municipal revenue, and acceleration of the private sector's investment in our community. Its partnership with a global banking company in building three call centers has had a dramatic economic impact

including the creation of over 1,300 jobs in less than five years. The City continues to pursue such partnerships, both large and small, as infill and expansion of its strong financial baseline.

LONG-TERM FINANCIAL PLANNING

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the City a Certificate of Achievement for Excellence in Financial Reporting for fiscal year ended June 30, 2013, the 32nd year Owensboro has received this prestigious award.

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

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

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

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

Respectfully submitted,



William E. Parrish
City Manager



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

DIRECTORY OF PUBLIC OFFICIALS

ELECTED OFFICIALS - BOARD OF COMMISSIONERS

Mayor Ron Payne

Commissioner Deborah May Nunley (Mayor Pro Tem) Commissioner Pam Smith-Wright

Commissioner Bob Glenn Commissioner Jeff Sanford

APPOINTED OFFICIALS AND DEPARTMENT HEADS

City Manager William Parrish

Assistant City Manager/City AttorneyEd Ray

Assistant City Attorney Steve Lynn

City Clerk..... Beth Cecil

Director of Finance & Support ServicesAngela Hamric

Director of Public Works..... Wayne Shelton

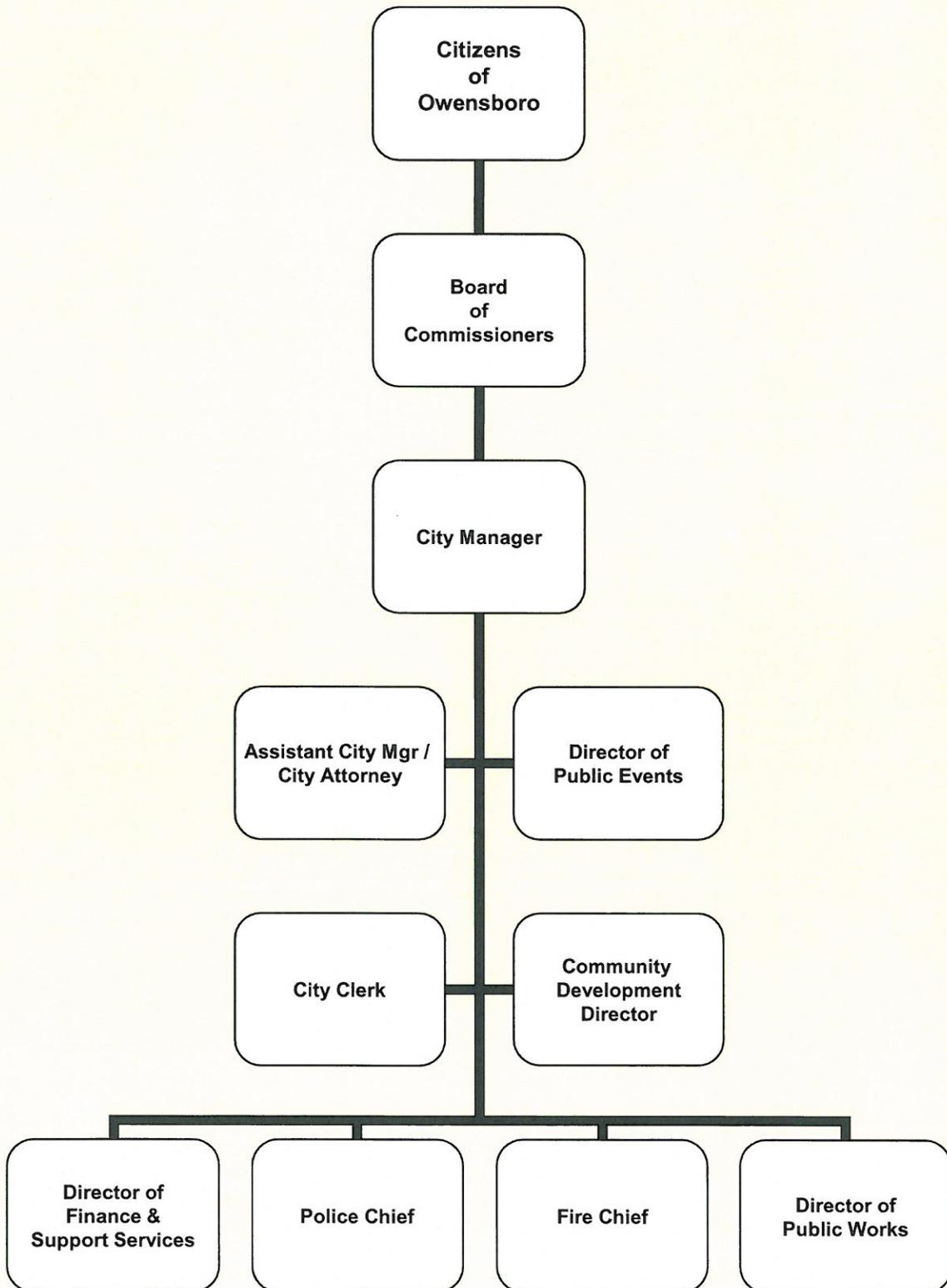
Fire Chief..... Steve Mitchell

Police ChiefArt Ealum

Community Development DirectorKeith Free

CITY OF OWENSBORO

Organization Chart FY 2013-2014





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, 2013

Executive Director/CEO



MYRIAD CPA
GROUP
Audit ■ Tax ■ Advisory



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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Owensboro, Kentucky (the "City") as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Owensboro Municipal Utilities which represent 55 percent, 47 percent and 67 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. In addition, we did not audit the financial statements of the Owensboro-Daviess County Regional Airport, which represents 2 percent, 5 percent, and .25 percent, respectively of the assets, net position, and revenues of the governmental activities. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Owensboro Municipal Utilities, and the Owensboro Daviess County Airport, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund

information of the City of Owensboro, Kentucky as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension schedules on pages 9 to 19 and 79 to 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2014, 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.



Owensboro, Kentucky
December 12, 2014

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, 2014. To fully understand the entire scope of the City's financial activities, this information should be read in conjunction with the letter of transmittal (pages 1-3) and the financial statements (pages 20-109) provided in this document.

I. Financial Highlights

- Assets and deferred outflows exceeded liabilities by \$131.1 million at the close of the 2013-2014 fiscal year. Of this amount, \$43.6 million (unrestricted net position) may be used to meet City government's ongoing obligations to citizens and creditors.
- Total net position decreased by \$12.8 million from prior year.
- At fiscal year end, City governmental funds reported a combined ending fund balance of \$32.9 million. Approximately \$11.7 million, 36% of this total amount is unassigned and available for spending at the City's discretion.
- The unassigned general fund balance of \$11.7 million represents 29% 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 20-21 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 twelve (12) 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, and Debt Service Fund, all of which are considered to be major funds. Data from the eight 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 22-23) and the statement of revenues, expenditures and changes in fund balances (pages 24-25) provide a reconciliation to ease comparison between governmental funds and governmental activities.

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

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

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

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

Proprietary fund statements provide the same kind of information as government-wide financial statements, but in greater detail. Individual data for the proprietary fund financial statements is presented in the form of combining statements at pages 26-28 of this report. Individual data for the internal service fund financial statements are likewise presented in the form of combining statements at pages 98-100 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 101-104 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 33-78 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 79-88 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 89-106 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 \$131.1 million at June 30, 2014.

The largest portion of the City's net position, \$66.3 million, or 50.6% 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, \$21.2 million, or 16.1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$43.6 million, or 33.3%, represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the last fiscal year, the City was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

City of Owensboro Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$109,379,488	\$74,747,529	\$14,556,997	\$11,565,183	\$123,936,485	\$86,312,712
Capital assets	184,011,168	199,938,447	4,578,564	4,286,716	188,589,732	204,225,163
Total assets	\$293,390,656	\$274,685,976	\$19,135,561	\$15,851,899	\$312,526,217	\$290,537,875
Long-term liabilities						
outstanding	\$142,002,194	\$137,896,565	\$1,976,743	\$556,301	\$143,978,937	\$138,452,866
Other liabilities	23,506,732	19,005,919	1,094,287	2,018,871	24,601,019	21,024,790
Total liabilities	\$165,508,926	\$156,902,484	\$3,071,030	\$2,575,172	\$168,579,956	\$159,477,656
Net assets:						
Net Investments in						
capital assets	\$51,139,210	\$62,041,882	\$4,578,564	\$4,286,716	\$55,717,774	\$66,328,598
Restricted	48,046,513	21,134,973	-	-	48,046,513	21,134,973
Unrestricted	28,696,007	34,606,637	11,485,967	8,990,011	40,181,974	43,596,648
Total net assets	\$127,881,730	\$117,783,492	\$16,064,531	\$13,276,727	\$143,946,261	\$131,060,219

A. Analysis of the City's Operations

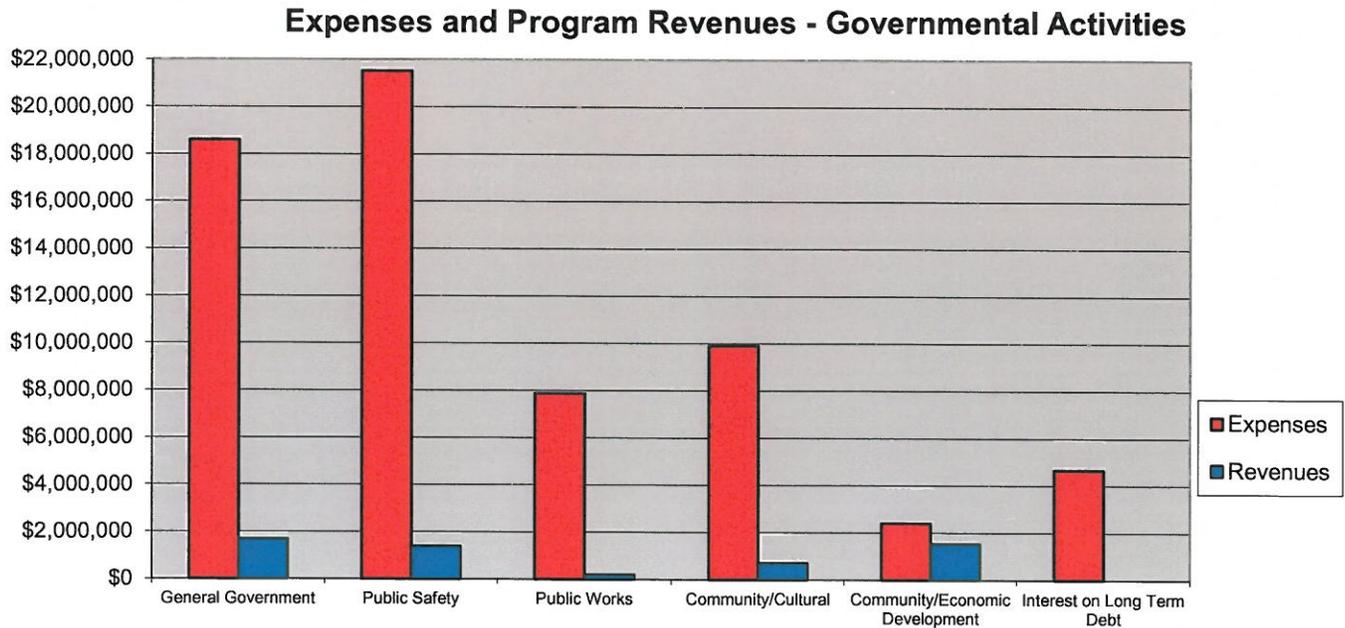
The following table summarizes City operations for the year ended June 30, 2014. Governmental activities decreased the City's net position by \$10.1 million primarily due to increased spending on capital projects in Your Community Vision and Downtown Development and Revitalization Funds offset by increased intergovernmental revenues and higher tax revenues in the areas of property tax, net profit taxes, and regulatory license fees resulting from economic growth and higher profits earned by local businesses. Business-type activities decreased City net position by \$2.8 million.

City of Owensboro - Changes in Net Position

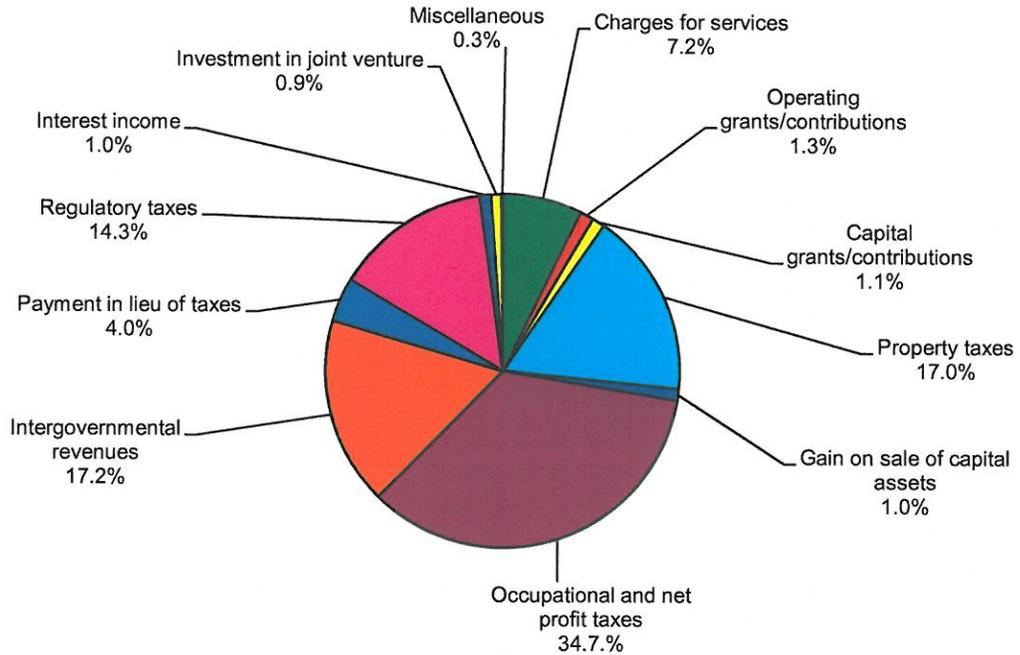
	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program revenues:						
Charges for services	\$4,579,168	\$4,137,350	\$7,463,964	7,406,961	\$12,043,132	\$11,544,311
Operating grants/contrib	1,416,992	742,900	585,334	697,007	2,002,326	1,439,907
Capital grants/contributions	1,070,822	651,624	1,471,164	585,461	2,541,986	1,237,085
General revenues:						0
Property taxes	9,622,714	9,767,158	-	-	9,622,714	9,767,158
Occupational & NP License Fee	20,137,935	19,253,216	-	-	20,137,935	19,253,216
Regulatory taxes	7,992,483	8,234,180	-	-	7,992,483	8,234,180
Payment in lieu of taxes	2,669,050	2,295,286	-	-	2,669,050	2,295,286
Gain on sale of capital assets	326,151	599,960	159,758	150,000	485,909	749,960
Investment earnings	641,337	589,698	208,415	131,809	849,752	721,507
Intergovernmental revenues	8,471,037	9,900,218	128,996	165,624	8,600,033	10,065,842
Investment in joint venture	440,926	530,462	-	-	440,926	530,462
Miscellaneous	598,847	105,942	-	207,888	598,847	313,830
Total revenues	\$57,967,462	\$56,807,994	\$10,017,631	\$9,344,750	\$67,985,093	\$66,152,744

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Expenses:						
General government	\$9,869,881	\$18,605,042	-	-	\$9,869,881	\$18,605,042
Public safety	20,953,730	21,518,684	-	-	20,953,730	21,518,684
Public works	12,359,635	7,883,621	-	-	12,359,635	7,883,621
Community and cultural	9,600,911	9,904,860	-	-	9,600,911	9,904,860
Community/economic devel	3,746,406	2,403,239	-	-	3,746,406	2,403,239
Interest on long-term debt	3,720,799	4,666,115	-	-	3,720,799	4,666,115
Sanitation	-	-	5,523,509	5,820,823	5,523,509	5,820,823
Other enterprise funds	-	-	5,814,218	8,310,156	5,814,218	8,310,156
Total expenses	\$60,251,362	\$64,981,561	\$11,337,727	\$14,130,979	\$ 71,589,089	\$79,112,540
Increase in net position						
before transfers & special items	(\$2,283,900)	(\$7,461,045)	(\$1,320,096)	(\$4,786,229)	(\$3,603,996)	(\$12,247,274)
Prior Period Adjustment	-	(758,268)	-	119,500	-	(638,768)
Transfers	(1,593,579)	(1,878,925)	1,593,579	1,878,925	-	-
Increase in net position	(3,877,479)	(10,098,238)	273,483	(2,787,804)	(3,603,996)	(12,886,042)
Net position						
- beginning of year	131,759,209	127,881,730	15,791,048	16,064,531	147,550,257	143,946,261
Net position - end of year	\$127,881,730	\$117,783,492	\$16,064,531	\$13,276,727	\$143,946,261	\$131,060,219

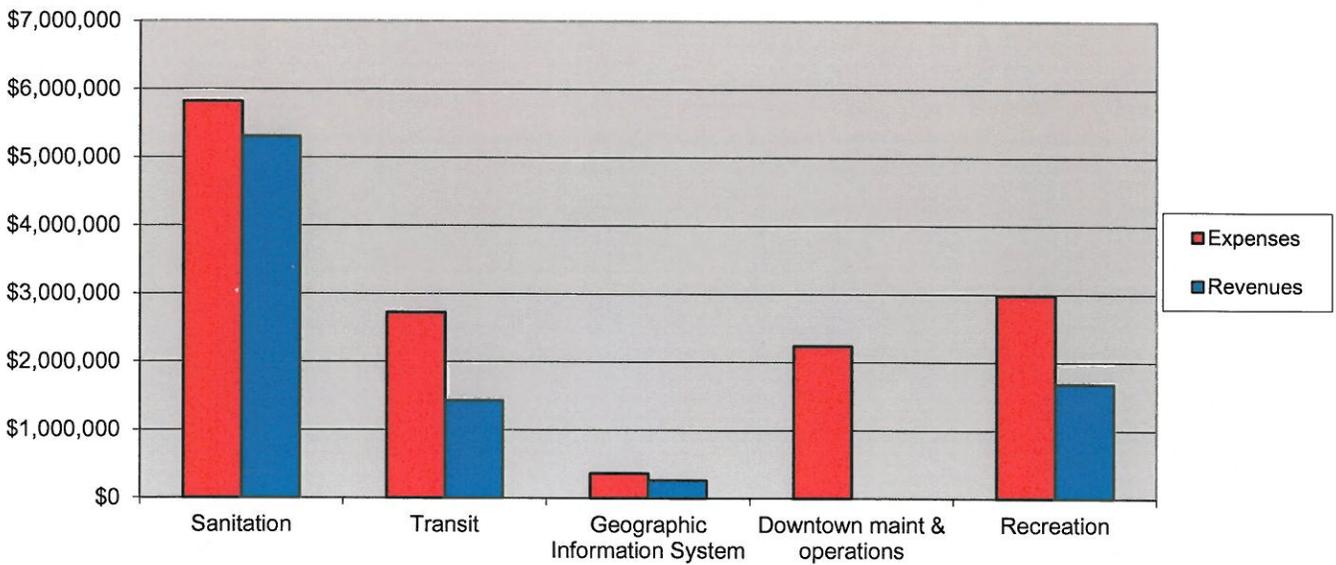
B. Governmental Activities



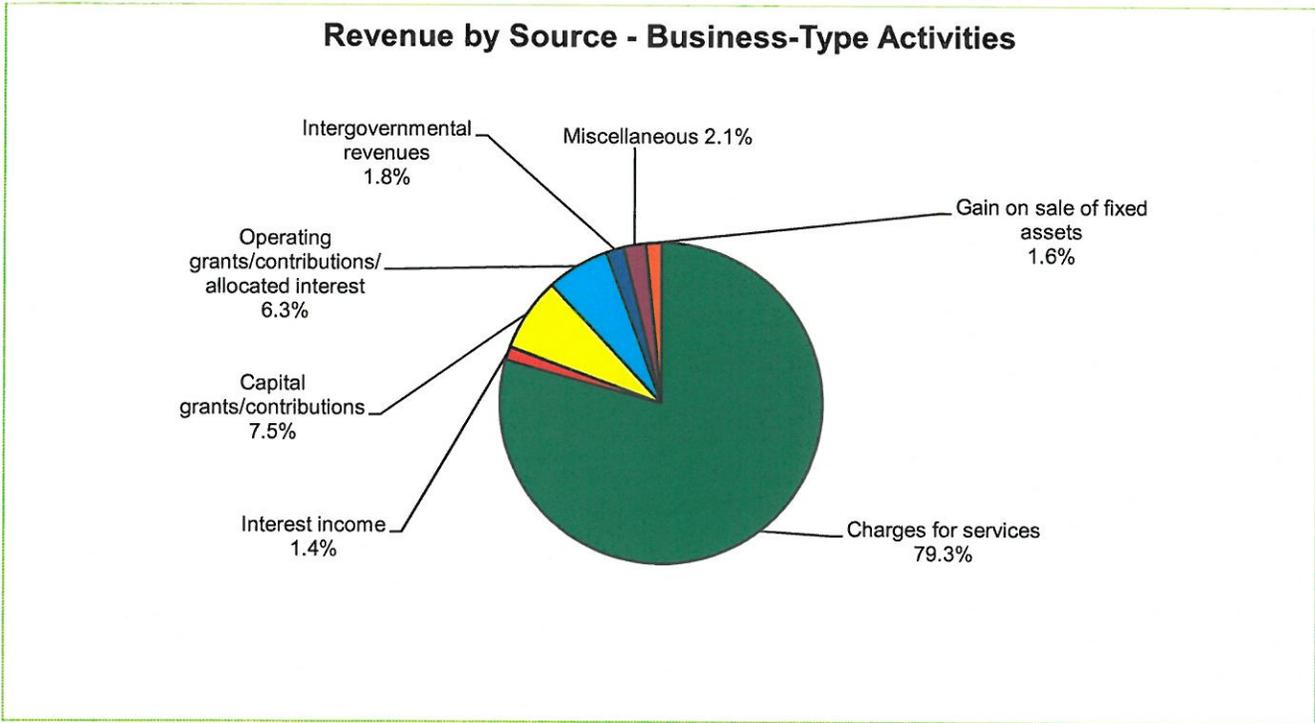
Revenue by Source - Governmental Activities



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 \$32.9 million. Approximately \$17.6 million is in restricted, and \$3.5 million is in committed. Approximately 36%, or \$11.7 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 2013-2014 fiscal year, the General Fund unassigned fund balance was \$11,740,652, while total fund balance was \$12,206,041. 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 29% of total General Fund expenditures of \$41.5 million, while total fund balance represents 30% of total General Fund expenditures. The General Fund balance decreased by \$2,408,927 during the 2013-2014 fiscal year. This decrease is primarily due to increased expenditures for streets, transfers and capital needs of police central dispatch for public safety.

The Your Community Vision Fund balance of \$5,547,328 represents a decrease of \$1,423,138 from prior year. This decrease is primarily due to increased capital outlay. The capital outlay is related to activity for the City's downtown street and infrastructure improvements. The fund balance consists of \$4,269,171 in restricted funds and \$1,278,157 in committed funds.

The Downtown Development and Revitalization Fund balance of \$5,566,125 represents a decrease of \$20,107,839 from prior year. This decrease is primarily due to an increase in capital outlay on downtown projects. The total fund balance of \$5,566,125 is restricted.

The Capital Improvements Fund balance of \$7,345,587 represents a decrease of \$389,875 from prior year. This decrease is primarily due to capital outlay. The total fund balance is restricted.

B. Proprietary Funds

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

Sanitation	\$7,471,307
Downtown Maint & Operations	\$ (357,255)
Non-major Enterprise Funds	\$ 351,045

The net position for the Proprietary Funds decreased \$3.1 million. Sanitation Fund decreased \$0.4 million, Downtown Maintenance & Operations decreased \$2 million, and the Non-major Enterprise Funds decreased \$0.7 million. Other factors concerning the Proprietary Enterprise Funds have been addressed in the discussion of Proprietary Funds on pages 10-11.

V. General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in a \$4,326,284 increase in appropriations and transfers and can be briefly summarized as follows:

• \$ (15,200)	decrease in Administration
• \$ (9,350)	decrease in Community Development
• \$ 911,007	increase in Engineering
• \$ (15,000)	decrease in Finance
• \$ 16,762	increase in Fire
• \$ 12,225	increase in Information Technology
• \$ (58,111)	decrease in Parks
• \$ 185,283	increase in Police
• \$ 170,194	increase in Street
• \$1,913,816	increase in General Government
• \$ 132,500	increase in Community services
• \$1,082,158	increase in transfers

The net budgetary increase due to appropriations and transfers of \$4,326,284 was deducted from the available fund balance.

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

- Engineering and Street are due to carryovers from prior year for street maintenance.
- Police is primarily due to increased capital needs of Police Central Dispatch.
- General Government is primarily due to elimination of budget contingency, increased insurance costs, a utility study, and professional services for the development and/or construction of the convention center and a senior citizen center.
- Transfers are due to capital outlays under economic development and capital improvements.

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, 2014, is \$204.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges, and construction in progress.

The City's multi-year Riverfront Development Project focuses on public and private enhancement along the Owensboro riverfront. The purpose of the Riverfront Development Project is to provide public access to the river while stimulating economic growth in the downtown and riverfront areas.

The \$40 million project, primarily funded by a federal grant, is complete and includes the river wall and significant additional green space along the riverfront.

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

Private investments are also taking shape with a Hampton Inn Hotel which opened in December 2013 and a Holiday Inn Hotel currently under construction and set to open in the spring of 2015. New condominiums, retail stores and restaurants have opened downtown and additional business ventures are in the works. Over \$100 million in private investments have been made in downtown redevelopment projects.

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Land	\$23,486,066	\$23,486,066	\$118,739	118,739	\$23,604,805	\$23,604,805
Land improvements	89,770,981	107,817,353	214,944	249,709	89,985,925	108,067,062
Buildings	21,994,196	20,667,324	424,888	421,717	22,419,084	21,089,041
Vehicles	2,161,918	2,355,374	3,241,548	3,106,829	5,403,466	5,462,203
Machinery and equipment	2,056,089	2,683,522	383,374	389,722	2,439,463	3,073,244
Software	70,299	56,240	0	0	70,299	56,240
Construction in Progress	44,471,619	42,872,568	195,071	0	44,666,690	42,872,568
Total	\$184,011,168	\$199,938,447	\$4,578,564	\$4,286,716	\$188,589,732	\$204,225,163

Additional information on City capital assets can be found on pages 107-109 of this report and in Footnote 5 at pages 49-51.

B. Long-Term Debt

At year end, the City had \$134,896,911 in outstanding bonds and capital leases, compared to \$139,108,981 at June 30, 2013. That is a 3% decrease as shown in the following table:

	Governmental Activities	
	2013	2014
General obligation bonds	\$114,023,667	\$106,160,897
Note Payable #18	265,000	225,000
Advance refunding bonds	5,280,000	8,975,000
Note Payable #26	25,500	21,200
KIA loan payable	19,514,814	19,514,814
Total	\$139,108,981	\$134,896,911

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 \$335,855,683. The City's latest bond rating is A1.

The City issues and incurs debt in order to fund capital improvement projects, purchase major capital equipment facilities, and respond to other special funding needs. The City has a very low amount of general obligation debt, which explains our large legal debt margin. Less than 4% 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 52-62.

C. Types of Municipal Debt

- i. **Advance Refunding Bonds.** The City issued General Obligation Public Projects Refunding Bonds to advance refund the 1993 and 1994 Series Bonds, which reduced debt service payments. During 2003-2004, the City issued General Obligation Refunding Bonds to advance refund the Floating Indebtedness Bond, which reduced debt service payments. In 2012, the City issued General Obligation Refunding Bonds Series 2012A and 2012C to advance refund the 2002A and 2002B Series Bonds to reduce debt service payments and pay down the 2002B Series.
- ii. **Note Payable #26.** This debt was issued in early 2005 to finance the remodeling of the new Owensboro Symphony offices.
- iii. **Note Payable #18.** This debt was issued in May 2001. The funds were used to build a new pro shop at the City golf course and acquire land for the City's newest park.
- iv. **Kentucky Infrastructure Authority Loan Payable.** This debt was issued in October 2007. The proceeds were used to fund a stormwater separation project. The outstanding amount as of June 30, 2014 is \$19,514,814.

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

- A. **Unemployment Rate.** The unemployment rate for the City of Owensboro as of June 2014 was 6.3%. The state and federal unemployment rates were 7.4% and 6.3%, 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 were an important consideration when preparing the 2014-2015 annual operating budget. Less than 4% of the General Fund budget is expended for debt service. This does not now impact 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 2014-2015 City budget was prepared. The beginning general fund balance for fiscal year 2014-2015 is \$12,206,041. The City is in good financial condition at the present time and no tax increase is planned for this fiscal year.

VIII. Requests for Information

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



City of Owensboro, Kentucky
Statement of Net Position
As of June 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Equity in pooled deposits and investments	\$ 41,379,611	\$ 8,638,952	\$ 50,018,563	\$ 1,404,354
Cash and cash equivalents:				
In segregated accounts	21,657	76,317	97,974	29,979,687
With escrow agents	516	-	516	-
Receivables:				
Accounts	1,093,195	223,657	1,316,852	15,094,992
Lease	13,551,200	-	13,551,200	-
Component units	14,569	830,009	844,578	-
Taxes	2,885,313	220,512	3,105,825	-
Intergovernmental	449,249	-	449,249	-
Delinquent taxes receivable, net of allowance for uncollectible of \$140,000	97,655	-	97,655	-
Internal balances	(1,524,914)	1,524,914	-	-
Materials and supplies inventory	236,912	49,622	286,534	3,541,047
Prepaid items	45,235	1,200	46,435	588,255
Other current assets	-	-	-	3,609,472
Restricted assets	-	-	-	117,948,806
Capital assets, net of accumulated depreciation	-	-	-	262,288,086
Land	23,486,066	118,739	23,604,805	-
Construction in progress	42,872,568	-	42,872,568	-
Depreciable capital assets	133,579,813	4,167,977	137,747,790	-
Other noncurrent assets	667,891	-	667,891	9,084,936
Investment in joint venture	15,455,851	-	15,455,851	1,855,777
Total Assets	274,312,387	15,851,899	290,164,286	445,395,412
Deferred Outflows of Resources:				
Accumulated decrease in fair value of hedging derivatives	-	-	-	16,976,917
Unamortized loss on debt refunding	373,589	-	373,589	4,350,647
Net unrealized loss on investments	-	-	-	582,175
Total Deferred Outflows of Resources	373,589	-	373,589	21,909,739
Total Assets and Deferred Outflows of Resources	\$ 274,685,976	\$ 15,851,899	\$ 290,537,875	\$ 467,305,151
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:				
Liabilities:				
Accounts payable	\$ 2,703,105	\$ 347,946	\$ 3,051,051	\$ 15,257,310
Accrued wages	511,714	-	511,714	-
Other accrued liabilities	782,415	180,209	962,624	14,537,975
Accrued interest payable	655,511	-	655,511	3,394,775
Unearned revenue	14,353,174	28,146	14,381,320	141,474
Customers' advances	-	-	-	250,574
Deferred gain	-	-	-	288,004
Long-term liabilities:				
Due within one year	4,580,562	78,398	4,658,960	4,559,959
Due in more than one year	133,316,003	1,940,473	135,256,476	234,150,624
Other non-current liabilities	-	-	-	8,322,692
Total Liabilities	156,902,484	2,575,172	159,477,656	280,903,387
Deferred Inflows of Resources:				
Accumulated increase in fair value of hedging derivatives	-	-	-	8,297,836
Deferred revenue	-	-	-	2,557,170
Deferred energy cost adjustment	-	-	-	3,562,275
Total Deferred Inflows of Resources	-	-	-	14,417,281
Net Position:				
Net investment in capital assets	62,041,882	4,286,716	66,328,598	82,529,301
Restricted for:				
Capital projects	21,134,973	-	21,134,973	8,883,992
Debt service	-	-	-	12,966,633
Other purposes	-	-	-	34,863,023
Unrestricted	34,606,637	8,990,011	43,596,648	32,741,534
Total Net Position	117,783,492	13,276,727	131,060,219	171,984,483
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 274,685,976	\$ 15,851,899	\$ 290,537,875	\$ 467,305,151

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Activities
For the fiscal year ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Primary Government		
				Governmental Activities	Business Type Activities	Total
FUNCTIONS/PROGRAMS:						
PRIMARY GOVERNMENT						
Governmental Activities:						
General government	\$ 18,605,042	\$ 1,693,498	\$ -	\$ (16,911,544)	\$ -	\$ (16,911,544)
Public safety	21,518,684	1,331,134	57,993	(20,129,557)	-	(20,129,557)
Public works	7,453,924	44,339	-	(7,257,961)	-	(7,257,961)
Community and cultural	9,904,860	214,533	151,624	(9,190,327)	-	(9,190,327)
Community and economic development	2,832,936	853,846	500,000	(1,294,183)	-	(1,294,183)
Interest on long-term debt	4,491,867	684,907	-	(4,491,867)	-	(4,491,867)
Bond issue costs	85,073	-	-	(85,073)	-	(85,073)
Amortization	89,175	-	-	(89,175)	-	(89,175)
Total Governmental Activities	64,981,561	4,137,350	742,900	(59,449,687)	-	(59,449,687)
Business Type Activities:						
Sanitation	5,820,823	5,309,154	-	-	\$ (511,669)	\$ (511,669)
Downtown maintenance and operations	2,237,673	-	-	-	(2,237,673)	(2,237,673)
Transit	2,722,617	149,976	697,007	585,461	(1,290,173)	(1,290,173)
Geographic information system	363,632	262,867	-	-	(100,765)	(100,765)
Recreation	2,986,234	1,684,964	-	-	(1,301,270)	(1,301,270)
Total Business Activities	14,130,979	7,406,961	697,007	585,461	(5,441,550)	(5,441,550)
Total Primary Government	\$ 79,112,540	\$ 11,544,311	\$ 1,439,907	\$ (59,449,687)	\$ (5,441,550)	(64,891,237)
COMPONENT UNITS						
Owensboro Municipal Utilities	\$ 139,408,361	\$ 146,337,845	\$ -	\$ 1,100,393	\$ -	\$ 8,029,877
Owensboro Riverport Authority	4,982,088	6,569,250	-	-	-	1,587,162
Total Component Units	\$ 144,390,449	\$ 152,907,095	\$ -	\$ 1,100,393	\$ -	9,617,039
General Revenues:						
Property taxes				\$ 9,767,158	\$ -	\$ 9,767,158
Occupational license taxes				16,058,067	-	16,058,067
Net profit license taxes				3,907,671	-	3,907,671
Regulatory license taxes				8,234,180	-	8,234,180
Intergovernmental, unrestricted				3,353,746	165,624	3,519,370
Investment earnings				589,698	131,809	721,507
Payments in lieu of taxes from component unit				2,295,286	-	2,295,286
Miscellaneous				105,942	207,888	313,830
Gain on sale of capital assets				599,960	150,000	749,960
Dividends from component units				6,546,472	-	6,546,472
Investment in joint venture				530,462	-	530,462
Transfers				(1,878,925)	1,878,925	-
Transfers - dividend payments				-	-	-
Total General Revenues and Transfers				50,109,717	2,534,246	52,643,963
Change in Net Position				(9,339,970)	(2,907,304)	(12,247,274)
Net Position, June 30, 2013				127,881,730	16,064,531	143,946,261
Prior Period Adjustment				(758,268)	119,500	(638,768)
Net Position, June 30, 2014				\$ 117,883,492	\$ 13,276,727	\$ 131,060,219
						\$ 171,984,483

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Balance Sheet
Governmental Funds
As of June 30, 2014

	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	\$ 13,823,330	\$ 5,894,062	\$ 5,728,863	\$ -	\$ 7,418,384	\$ 2,053,190	\$ 34,917,829
Cash and cash equivalents:							
In segregated accounts	21,657	-	-	-	-	-	21,657
With escrow agents	-	-	-	516	-	-	516
Receivables:							
Accounts	613,198	-	-	-	200,000	277,716	1,090,914
Lease	-	-	-	13,551,200	-	-	13,551,200
Component units	14,569	-	-	-	-	-	14,569
Taxes	2,018,039	712,522	-	-	-	154,752	2,885,313
Intergovernmental	34,155	49,805	587	-	151,624	213,078	449,249
Delinquent taxes receivable, net of allowance for uncollectibles of \$140,000	97,655	-	-	-	-	-	97,655
Materials and supplies inventory	24,467	-	-	-	-	-	24,467
Prepaid items	45,235	-	-	-	-	-	45,235
Total Assets	\$ 16,692,305	\$ 6,656,389	\$ 5,729,450	\$ 13,551,716	\$ 7,770,008	\$ 2,698,736	\$ 53,098,604
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 599,443	\$ 286,172	\$ 133,722	\$ -	\$ 424,421	\$ 249,946	\$ 1,693,704
Accrued wages	428,314	5,148	-	-	-	5,209	438,671
Other accrued liabilities	752,812	-	29,603	-	-	-	782,415
Deferred revenue	2,705,695	817,741	-	13,551,200	-	163,851	17,238,487
Total Liabilities	4,486,264	1,109,061	163,325	13,551,200	424,421	419,006	20,153,277
Fund Balances:							
Nonspendable	69,702	-	-	-	-	-	69,702
Restricted	-	4,269,171	5,566,125	516	7,345,587	434,467	17,615,866
Committed	395,687	1,278,157	-	-	-	1,845,263	3,519,107
Unassigned	11,740,652	-	-	-	-	-	11,740,652
Total Fund Balances	12,206,041	5,547,328	5,566,125	516	7,345,587	2,279,730	32,945,327
Total Liabilities and Fund Balances	\$ 16,692,305	\$ 6,656,389	\$ 5,729,450	\$ 13,551,716	\$ 7,770,008	\$ 2,698,736	\$ 53,098,604

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
As of June 30, 2014

Total fund balances - governmental funds \$ 32,945,327

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

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

Cost	\$ 279,674,538	
Accumulated depreciation	<u>(83,248,452)</u>	196,426,086

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.

7,581,512

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.

15,455,851

Certain assets are not available to pay for current period expenditures:

Occupational and net profit taxes	\$ 2,885,313	
Negative net pension obligation	667,891	
BAB interest subsidy receivable	<u>-</u>	3,553,204

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	\$ (134,896,912)	
Accrued interest payable	(655,511)	
Debt issuance discounts	827,414	
Debt issuance premiums	(228,901)	
Deferred refunding charges	373,589	
Compensated absences	<u>(3,598,167)</u>	<u>(138,178,488)</u>

Net position of governmental activities

\$ 117,783,492

City of Owensboro, Kentucky
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2014

	General Fund	Your Community Vision Fund	Downtown Development and Revitalization Fund	Debt Service Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Real and personal property taxes	\$ 9,538,647	\$ -	\$ -	\$ -	\$ -	\$ 228,511	\$ 9,767,158
Occupational license taxes	11,011,085	3,982,912	-	-	-	1,059,906	16,053,903
Net profit license taxes	2,898,101	994,292	-	-	-	15,278	3,907,671
Regulatory license taxes	4,787,427	-	3,224,484	-	-	222,269	8,234,180
Intergovernmental	2,953,466	62,516	-	129,839	151,624	629,232	3,926,677
Investment earnings	279,415	86,851	84,545	3	117,051	21,833	589,698
Fees, licenses, and permits	442,106	53,529	-	-	-	-	495,635
Fines and forfeitures	90,775	-	-	-	-	-	90,775
Rentals	68,378	-	-	-	-	-	68,378
Charges for services	841,742	-	-	-	-	-	841,742
Contributions and donations	6,100	-	-	-	500,000	827,536	1,333,636
Dividends from component units	6,546,472	-	-	-	-	-	6,546,472
Payments in lieu of taxes from component units	2,295,286	-	-	-	-	-	2,295,286
Miscellaneous income	917,761	-	1,502	65,116	189,900	332,496	1,506,775
Total Revenues	42,676,761	5,180,100	3,310,531	194,958	958,575	3,337,061	55,657,986
Expenditures:							
Current:							
General government	9,478,201	-	-	-	184,189	-	9,662,390
Public safety	20,759,598	-	-	-	2,550	301,266	21,063,414
Public works	4,444,218	1,138,366	-	-	-	-	5,582,584
Community and cultural	4,968,033	-	-	-	-	-	4,968,033
Community/economic development	178,562	-	802,250	-	-	1,852,127	2,832,939
Capital outlay	1,638,969	5,315,118	18,423,465	-	1,695,711	4,395,681	31,468,944
Debt service:							
Principal	-	-	-	4,257,000	-	-	4,257,000
Interest	-	-	-	4,517,083	-	-	4,517,083
Issuance costs	-	-	-	85,073	-	-	85,073
Total Expenditures	41,467,581	6,453,484	19,225,715	8,859,156	1,882,450	6,549,074	84,437,460
Excess (Deficiency) of Revenues Over Expenditures	1,209,180	(1,273,384)	(15,915,184)	(8,664,198)	(923,875)	(3,212,013)	(28,779,474)
Other Financing Sources (Uses):							
Sale of capital assets	189,030	-	400,000	-	-	10,929	599,959
Issuance of debt	-	47,043	-	4,465,000	-	-	4,512,043
Repayment to refund bonds	-	-	-	(4,420,000)	-	-	(4,420,000)
Premium on bonds issued	-	-	-	67,854	-	-	67,854
Transfers in	2,193,202	536,682	11,000	8,551,850	545,000	440,000	12,277,734
Transfers out	(6,000,339)	(733,479)	(4,603,655)	-	(11,000)	(1,764,001)	(13,112,474)
Total Other Financing Sources (Uses)	(3,618,107)	(149,754)	(4,192,655)	8,664,704	534,000	(1,313,072)	(74,884)
Net Change in Fund Balances	(2,408,927)	(1,423,138)	(20,107,839)	506	(389,875)	(4,525,085)	(28,854,358)
Fund Balances, Beginning of Year	14,614,968	6,970,466	25,673,964	10	7,735,462	6,804,815	61,799,685
Fund Balances, End of Year	\$ 12,206,041	\$ 5,547,328	\$ 5,566,125	\$ 516	\$ 7,345,587	\$ 2,279,730	\$ 32,945,327

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, 2014

Net change in fund balances - total governmental funds \$ (28,854,358)

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	\$23,648,929	
Depreciation expense	<u>(8,677,965)</u>	14,970,964

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

Occupational and net profit taxes	\$ 4,164	
Decrease in BAB interest subsidy receivable	(21,185)	
Increase in investment in joint venture	<u>530,462</u>	513,441

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	\$ 8,677,070	
Proceeds from debt issuance	(4,465,000)	
Premiums on bonds issued	(67,854)	
Refunding on bonds issued	132,287	
Amortization of bond discounts and premiums	(25,504)	
Amortization of deferred amounts on refunding	<u>(63,672)</u>	4,187,327

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:

Decrease in compensated absences liability	\$ 291,891	
Decrease in negative net pension obligation	(609,792)	
Decrease in accrued interest payable	<u>25,146</u>	(292,755)

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.

135,411

Change in net position of governmental activities \$ (9,339,970)

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Net Position
Proprietary Funds
As of June 30, 2014

	Business-Type Activities Enterprise Funds			Total	Governmental Activities- Internal Service Funds
	Sanitation Fund	Downtown Maintenance and Operations Fund	Nonmajor Enterprise Funds		
ASSETS					
Current assets:					
Equity in pooled deposits and investments	\$ 7,078,445	\$ 1,045,942	\$ 514,565	\$ 8,638,952	\$ 6,461,782
Cash and cash equivalents:					
In segregated accounts	300	68,007	8,010	76,317	-
Receivables:					
Accounts	12,752	85,000	125,905	223,657	2,281
Component units	830,009	-	-	830,009	-
Intergovernmental	-	-	220,512	220,512	-
Materials and supplies inventory	12,992	-	36,630	49,622	212,445
Prepaid expenses	-	-	1,200	1,200	-
Total Current Assets	7,934,498	1,198,949	906,822	10,040,269	6,676,508
Noncurrent Assets:					
Capital assets, net of accumulated depreciation:					
Land	13,000	-	105,739	118,739	-
Depreciable capital assets	2,294,218	296,390	1,577,369	4,167,977	3,512,362
Total Noncurrent Assets	2,307,218	296,390	1,683,108	4,286,716	3,512,362
Total Assets	\$ 10,241,716	\$ 1,495,339	\$ 2,589,930	\$ 14,326,985	\$ 10,188,870
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts payable	\$ 171,735	\$ 2,101	\$ 174,110	\$ 347,946	\$ 996,489
Accrued liabilities	63,223	-	116,986	180,209	85,955
Deferred revenue	-	-	28,146	28,146	-
Long-term liabilities:					
Due within one year	1,602	69,000	7,796	78,398	-
Total Current Liabilities	236,560	71,101	327,038	634,699	1,082,444
Non-current Liabilities:					
Due in more than one year	226,631	1,485,103	228,739	1,940,473	-
Total Non-current Liabilities	226,631	1,485,103	228,739	1,940,473	-
Total Liabilities	463,191	1,556,204	555,777	2,575,172	1,082,444
Net Position:					
Invested in capital assets	2,307,218	296,390	1,683,108	4,286,716	3,512,362
Unrestricted	7,471,307	(357,255)	351,045	7,465,097	5,594,064
Total Net Position	9,778,525	(60,865)	2,034,153	11,751,813	9,106,426
Total Liabilities and Net Position	\$ 10,241,716	\$ 1,495,339	\$ 2,589,930	\$ 14,326,985	\$ 10,188,870
Total Net Position				\$ 11,751,813	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,524,914	
Net Position of Business-type Activities				<u>\$ 13,276,727</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, 2014

	Business-Type Activities		Enterprise Funds	Total	Governmental Activities- Internal Service Funds
	Sanitation Fund	Downtown Maintenance and Operations Fund	Nonmajor Enterprise Funds		
Operating Revenues:					
Charges for services	\$5,273,539	\$ -	\$ 2,090,606	\$ 7,364,145	\$ 12,021,487
Miscellaneous income	35,615	-	7,201	42,816	-
Total Operating Revenues	<u>5,309,154</u>	<u>-</u>	<u>2,097,807</u>	<u>7,406,961</u>	<u>12,021,487</u>
Operating Expenses:					
Salaries, wages, and benefits	1,971,735	-	2,832,280	4,804,015	2,248,157
Maintenance	575,854	-	1,003,608	1,579,462	1,154,705
Utilities	9,342	846	234,480	244,668	29,886
Administrative	-	-	-	-	981,357
Supplies	428,906	-	705,548	1,134,454	803,679
Other	2,153,951	2,204,184	709,133	5,067,268	-
Claims	-	-	-	-	5,032,168
Depreciation	681,035	32,643	587,434	1,301,112	855,267
Total Operating Expenses	<u>5,820,823</u>	<u>2,237,673</u>	<u>6,072,483</u>	<u>14,130,979</u>	<u>11,105,219</u>
Operating Income (Loss)	<u>(511,669)</u>	<u>(2,237,673)</u>	<u>(3,974,676)</u>	<u>(6,724,018)</u>	<u>916,268</u>
Nonoperating Revenues:					
Gain (loss) on sale of capital assets	150,000	-	20	150,020	79,745
Intergovernmental	-	165,624	-	165,624	-
Investment earnings	-	131,294	515	131,809	78,266
Operating grants	-	-	697,007	697,007	-
Total Nonoperating Revenues	<u>150,000</u>	<u>296,918</u>	<u>697,542</u>	<u>1,144,460</u>	<u>158,011</u>
Income (Loss) Before Contributions and Transfers	<u>(361,669)</u>	<u>(1,940,755)</u>	<u>(3,277,134)</u>	<u>(5,579,558)</u>	<u>1,074,279</u>
Capital contributions - grants	-	-	585,461	585,461	-
Transfers in	-	-	1,997,620	1,997,620	35,000
Transfers out	-	(104,202)	(14,493)	(118,695)	(766,000)
Change in Net Position	<u>(361,669)</u>	<u>(2,044,957)</u>	<u>(708,546)</u>	<u>(3,115,172)</u>	<u>343,279</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,500</u>
Net Position, Beginning of Year	<u>10,140,194</u>	<u>1,984,092</u>	<u>2,742,699</u>	<u>14,866,985</u>	<u>8,643,647</u>
Net Position, End of Year	<u>\$9,778,525</u>	<u>\$ (60,865)</u>	<u>\$ 2,034,153</u>	<u>\$11,751,813</u>	<u>\$ 9,106,426</u>
Change in Net Position				\$ (3,115,172)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>207,868</u>	
Change in Net Position of Business-type Activities				<u>\$ (2,907,304)</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, 2014

	Business-Type Activities		Enterprise Funds		Governmental Activities- Internal Service Funds
	Sanitation Fund	Downtown Maintenance and Operations Fund	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 5,119,728	\$ -	\$ 2,080,435	\$ 7,200,163	\$ 12,100,133
Other cash receipts	35,615	(85,000)	-	(49,385)	-
Cash payments to employees for services	(1,941,305)	(67,230)	(2,771,888)	(4,780,423)	(2,242,149)
Cash payments to suppliers	(3,679,954)	(2,202,929)	(2,648,396)	(8,531,279)	(2,884,969)
Cash payments for claims	-	-	-	-	(5,526,350)
Net cash provided by (used in) operating activities	<u>(465,916)</u>	<u>(2,355,159)</u>	<u>(3,339,849)</u>	<u>(6,160,924)</u>	<u>1,446,665</u>
Cash flows from noncapital financing activities:					
Operating grants	-	-	824,988	824,988	-
Intergovernmental contributions	-	165,624	-	165,624	-
Transfers in	-	-	1,997,620	1,997,620	35,000
Transfers out	-	(104,202)	(14,493)	(118,695)	(766,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>61,422</u>	<u>2,808,115</u>	<u>2,869,537</u>	<u>(731,000)</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets	150,000	-	-	150,000	79,745
Capital contributions - grants	-	-	585,461	585,461	-
Payments for capital acquisitions	(521,096)	(329,033)	(159,135)	(1,009,264)	(1,769,325)
Net cash used in capital and related financing activities	<u>(371,096)</u>	<u>(329,033)</u>	<u>426,326</u>	<u>(273,803)</u>	<u>(1,689,580)</u>
Cash flows from investing activities:					
Interest on investments	-	131,294	515	131,809	78,266
Net decrease in equity in pooled cash and deposits and cash equivalents, beginning of year	(837,012)	(2,491,476)	(104,893)	(3,433,381)	(895,649)
Equity in pooled cash and deposits, and cash and cash equivalents, beginning of year	<u>7,915,757</u>	<u>3,605,425</u>	<u>627,468</u>	<u>12,148,650</u>	<u>7,357,431</u>
Equity in pooled cash and deposits, and cash and cash equivalents, end of year	<u>\$ 7,078,745</u>	<u>\$ 1,113,949</u>	<u>\$ 522,575</u>	<u>\$ 8,715,269</u>	<u>\$ 6,461,782</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (511,669)	\$ (2,237,673)	\$ (3,974,676)	\$ (6,724,018)	\$ 916,268
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	681,035	32,643	587,434	1,301,112	855,266
Gain (loss) on sale of capital assets	-	-	20	20	77,244
Changes in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(1,414)	(85,000)	(52,809)	(139,223)	1,402
Component units receivable	(152,397)	-	18,044	(134,353)	-
Materials and supplies inventory	(1,611)	-	(3,524)	(5,135)	(127,420)
Prepaid expenses	-	-	712	712	30,035
Increase (decrease) in liabilities:					
Accounts payable	(510,290)	2,101	30,957	(477,232)	(325,050)
Unearned revenue	-	-	17,373	17,373	-
Accrued liabilities	11,562	-	24,076	35,638	18,920
Compensated absences	18,868	(67,230)	12,544	(35,818)	-
Net cash provided by (used in) operating activities	<u>\$ (465,916)</u>	<u>\$ (2,355,159)</u>	<u>\$ (3,339,849)</u>	<u>\$ (6,160,924)</u>	<u>\$ 1,446,665</u>

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2014

	Pension Trust Funds	Investment Trust Fund	Agency Funds
ASSETS			
Equity in pooled deposits and investments	\$ 3,779,209	\$ 6,576,508	\$ 147,814
Cash and cash equivalents	54,157	-	-
Cash and cash equivalents, restricted	6,250	-	-
Interest receivable	1,210	-	-
Investments, at fair value:			
Corporate stocks	2,582,661	-	-
Investments, at fair value, restricted:			
Mutual funds	534,451	-	-
Total Assets	<u>6,957,938</u>	<u>6,576,508</u>	<u>147,814</u>
LIABILITIES			
Pension payable	92,769	-	-
Other	939	-	147,814
Total Liabilities	<u>93,708</u>	<u>-</u>	<u>147,814</u>
NET POSITION			
Held in trust for pension benefits	6,322,319	-	-
Held in trust for debt service	541,911	-	-
Held in trust for external pool participants	-	6,576,508	-
Total Net Position	<u>\$ 6,864,230</u>	<u>\$ 6,576,508</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, 2014

	Pension Trust Funds	Investment Trust Fund
Additions:		
Purchases of pool units	\$ -	\$24,770,498
Contributions:		
Employer	-	-
Other	2,816	-
Total contributions	2,816	-
Investment earnings:		
Net appreciation (depreciation) in fair value of investments	365,296	(2,824)
Interest	243,957	72,832
Total investment earnings	609,253	70,008
Less investment expense	39,352	-
Net investment earnings	569,901	70,008
Total Additions	572,717	24,840,506
Deductions:		
Benefits	1,358,572	-
Transfer to debt service fund	313,185	-
Redemption of pool units	-	(23,278,454)
Total Deductions	1,671,757	(23,278,454)
Change in Net Position	(1,099,040)	1,562,052
Net Position, Beginning of Year	7,963,270	5,014,456
Net Position, End of Year	\$ 6,864,230	\$ 6,576,508

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Net Position
Component Units
As of June 30, 2014

	Owensboro Municipal Utilities	Owensboro Riverport Authority	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Equity in pooled deposits and investments	\$ -	\$ 1,404,354	\$ 1,404,354
Cash and cash equivalents:			
In segregated accounts	26,934,588	3,045,099	29,979,687
Accounts receivable (less allowance of \$88,260 and \$0 for OMU and ORA, respectively)	14,540,914	554,078	15,094,992
Material and supplies inventory	3,541,047	-	3,541,047
Prepaid items	354,059	234,196	588,255
Other current assets	3,573,864	35,608	3,609,472
Restricted assets	114,091,657	3,857,149	117,948,806
Capital assets, net of accumulated depreciation	235,933,903	26,354,183	262,288,086
Other noncurrent assets	6,287,900	2,797,036	9,084,936
Deferred charges	1,855,777	-	1,855,777
Total Assets	407,113,709	38,281,703	445,395,412
Deferred outflows of resources:			
Accumulated decrease in fair value of hedging derivatives	16,976,917	-	16,976,917
Unamortized loss on debt refunding	4,350,647	-	4,350,647
Net unrealized loss on investments	582,175	-	582,175
Total Deferred Outflows of Resources	21,909,739	-	21,909,739
Total Assets and Deferred Outflows of Resources	\$ 429,023,448	\$ 38,281,703	\$ 467,305,151
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities:			
Accounts payable	\$ 14,329,669	\$ 927,641	\$ 15,257,310
Accrued liabilities	14,365,595	172,380	14,537,975
Accrued interest payable	3,394,775	-	3,394,775
Unearned revenue	-	141,474	141,474
Customers' advances	250,574	-	250,574
Deferred gain	-	288,004	288,004
Non-current liabilities:			
Long-term debt:			
Due within one year	3,230,000	1,329,959	4,559,959
Due in more than one year	227,057,156	7,093,468	234,150,624
Other	8,322,692	-	8,322,692
Total Liabilities	270,950,461	9,952,926	280,903,387
Deferred Inflows of Resources:			
Accumulated increase in fair value of hedging derivatives	8,297,836	-	8,297,836
Deferred revenue	2,557,170	-	2,557,170
Deferred energy cost adjustment	3,562,275	-	3,562,275
Total Deferred Inflows of Resources	14,417,281	-	14,417,281
Net Position:			
Net investment in capital assets	62,091,989	20,437,312	82,529,301
Restricted for:			
Capital projects	5,026,843	3,857,149	8,883,992
Debt service	12,966,633	-	12,966,633
Other purposes	34,863,023	-	34,863,023
Unrestricted	28,707,218	4,034,316	32,741,534
Total Net Position	143,655,706	28,328,777	171,984,483
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 429,023,448	\$ 38,281,703	\$ 467,305,151

See Accompanying Notes to the Basic Financial Statements.

City of Owensboro, Kentucky
Statement of Activities
Component Units

For the fiscal year ended June 30, 2014

	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	\$ 139,408,361	\$ 146,337,845	\$ 1,100,393	\$ 8,029,877	\$ -	\$ 8,029,877
Owensboro Riverport Authority	4,982,088	6,569,250	-	-	1,587,162	1,587,162
Total Component Units	\$ 144,390,449	\$ 152,907,095	\$ 1,100,393	8,029,877	1,587,162	9,617,039
General Revenues:						
Earnings on investments			1,093,912		47,892	1,141,804
Deferred net change in fair value of investments			-		-	-
Miscellaneous			217,345		166,751	384,096
Gain on sale of capital assets			-		52,326	52,326
Total General Revenues			1,311,257		266,969	1,578,226
Transfers out - dividends			(8,577,779)		(230,000)	(8,807,779)
Change in Net Position			763,355		1,624,131	2,387,486
Net Position, Beginning of Year			142,892,351		26,704,646	169,596,997
Net Position, End of Year			\$ 143,655,706		\$ 28,328,777	\$ 171,984,483

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, 2014

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, 2014. 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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Owensboro Riverport Authority and Affiliate

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

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

Related Organization:

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

Government-Wide and Fund Financial Statements

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

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

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

Capital Projects Funds

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

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

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

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

Proprietary Funds

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

Enterprise Funds

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

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

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

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

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a user charge basis. The internal service funds of the City are as follows:

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

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

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

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

Fiduciary Funds

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

City Employees' Pension Fund

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

Police and Firefighters' Retirement Fund

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

Investment Trust Fund

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

Agency Funds

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

Revenues - Exchange and Non-Exchange Transactions

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

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

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

Susceptible
Taxes
Intergovernmental

Non Susceptible
Licenses and permits

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Capital Assets

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

Property Taxes

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

Compensated Absences

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

Interfund Balances

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Accrued Liability and Long-Term Obligations

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

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

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.

Fund Balance Classification

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Balance Classification, 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).

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

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

Interfund Activity

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

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

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, 2014.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 1 each year. Property values are assessed on January 1 of each year. These taxes are levied annually by ordinance, usually in September, and are payable in one installment on, or before, November 1. 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, 2014, was \$.2593 per \$100 on the assessed valuation of \$2,806,107,261. Although this tax margin would indicate significantly higher potential tax revenues, the City is subject to a recall petition if it levies a tax rate that will produce revenue 4% greater, exclusive of revenue from net assessment growth, than would be produced by application of the tax rate that was levied in the preceding year to the preceding year's assessment. The effect of this legislation has been to limit increases in property tax revenues to minimal levels. The City's personal property and vehicle tax rates were \$.2713 and \$.3030 per \$100 of assessed value, respectively.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, 2014, consist of the following major investment classifications:

	Fair Value	Number of Shares	Interest Rates	Maturity Dates
Government obligations	\$ 6,483,723	5,795,000	1.65-4.04%	12/14 - 12/17
Certificates of deposit	10,000,000	10,000,000	2.23-2.47%	10/14 - 10/15
Cash and cash equivalents	45,442,725	45,442,725		
Totals	<u>\$ 61,926,448</u>	<u>61,237,725</u>		

The following condensed statements of net position and changes in net position for the year ended June 30, 2014, are presented for the pool as a whole:

Statement of Net Position

Assets:

Investments at fair value	\$ 6,483,723
Certificates of deposit	10,000,000
Cash and cash equivalents	45,442,725
Total Assets	<u>\$ 61,926,448</u>

Net Position:

Held in trust for external pool participants:	
Component unit	1,404,354
Fiduciary:	
Pension Trust Funds	3,779,209
Agency Funds	147,814
Other external participants	6,576,508
Held in trust for internal pool participants	<u>50,018,563</u>
Total Net Position	<u>\$ 61,926,448</u>

Net position consist of:

Participants' units outstanding (\$1 par)	<u>61,237,725</u>
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City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

Statement of Changes in Net Position

Revenues:	
Interest income	\$ 1,040,456
Net change in fair value	(40,338)
Total Revenues	1,000,118
Share transactions at net position value of \$1 per share:	
Purchase of units	97,508,355
Redemption of units	(136,752,005)
Net decrease in net position and shares resulting from share transactions	(39,243,650)
Total Decrease in Net Position	(38,243,532)
Net Position:	
Beginning of period	100,169,980
End of period	\$ 61,926,448

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. The Metcalfe County Kentucky School District Obligations were rated Aa3 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, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

At June 30, 2014, the reported amount of the City's pooled and non-pooled bank deposits was \$55,896,941. Of the bank balance, \$250,000 was covered by federal depository insurance and \$67,438,137 was the value of collateral held in the pledging bank's trust department in the City's name.

As of June 30, 2014, the City had the following investments in the investment pool.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
Federal Home Loan Mortgage Corporation Obligations	\$ 1,159,926	27
Federal Farm Credit Bank Obligations	3,388,313	29
Metcalfe County Kentucky School District	803,785	23
Tennessee Valley Authority	1,131,699	30
Certificates of Deposit	<u>10,000,000</u>	10
Total investments and weighted average maturity	<u>\$ 16,483,723</u>	24

Primary Government

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits and investments:		
Non-pooled:		
Cash and cash equivalents	<u>\$ 98,490</u>	\$ 98,490
Fiduciary cash equivalents		60,407
Fiduciary investments		3,117,112
		<u>\$ 3,276,009</u>
Pooled:		
Cash and cash equivalents		45,442,725
Certificates of deposit		10,000,000
Government obligations		<u>6,483,723</u>
Total deposits and investments		<u>65,202,457</u>
Less:		
External participants' equity in pool:		
Component unit		\$ (1,404,354)
Other external participants - Investment Trust Fund		(6,576,508)
Fiduciary:		
Cash equivalents		(60,407)
Investments		(3,117,112)
Equity in pool:		
Pension Trust Funds		(3,779,209)
Agency Funds		(147,814)
Total deposits and investments - primary government		<u>\$ 50,117,053</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

Statement of Net Position Accounts:

Equity in pooled deposits and investments	\$ 50,018,563
Cash and cash equivalents:	
In segregated accounts	97,974
With escrow agents	516
	98,490
Total deposits and investments - primary government	\$ 50,117,053

Component Units

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits:		
Cash and cash equivalents	\$ 109,320,755	\$ 109,320,755
Investments:		
Equity in pooled deposits and investments		1,404,354
Government agency obligations		19,417,825
Repurchase agreements		8,900,000
Total investments		29,722,179
Total deposits and investments - component units		\$ 139,042,934

Balance Sheet Accounts:

Equity in pooled deposits and investments	\$ 1,404,354
Cash and cash equivalents	29,979,687
	\$ 31,384,041
Restricted assets:	
Cash and cash equivalents	77,755,555
Investments	29,903,338
Other restricted assets	10,289,913
	117,948,806
Less other restricted assets	(10,289,913)
Total deposits and investments - component units	\$ 139,042,934

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	\$ 516
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City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 4 - RESTRICTED ASSETS, CONTINUED

Component Units

Certain assets of Owensboro Municipal Utilities as of May 31, 2014, which are restricted, consist of the following:

Electric Light and Power System:

Cash and investments	\$ 72,076,592
Investments	27,969,316
Accrued interest receivable	354,914
Fuel inventory, at cost	9,187,736
Other	744,073
	<u>\$ 110,332,631</u>

Water Works System:

Cash and equivalents	\$ 1,821,814
Investments	1,934,022
Accrued interest receivable	3,190
	<u>3,759,026</u>
Total restricted assets - component units	<u>\$ 114,091,657</u>

Certain assets of the Owensboro Riverport Authority as of June 30, 2014, which are restricted, consist of the following:

Owensboro Riverport Authority

Restricted cash - River dock	<u>\$ 3,857,149</u>
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City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 5 - CAPITAL ASSETS

Primary Government

Capital asset activity for the City for the year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 23,486,066	\$ -	\$ -	\$ 23,486,066
Construction in progress	44,471,619	21,325,502	(22,924,553)	42,872,568
Total capital assets, not being depreciated	<u>67,957,685</u>	<u>21,325,502</u>	<u>(22,924,553)</u>	<u>66,358,634</u>
Capital assets, being depreciated:				
Land improvements/infrastructure	135,282,000	24,415,873	-	159,697,873
Buildings	44,590,634	342,711	-	44,933,345
Vehicles	10,223,561	1,022,708	(429,963)	10,816,306
Machinery and equipment	6,338,396	1,286,058	(10,142)	7,614,312
Software	70,299	-	-	70,299
Total capital assets, being depreciated	<u>196,504,890</u>	<u>27,067,350</u>	<u>(440,105)</u>	<u>223,132,135</u>
Less accumulated depreciation for:				
Land improvements/infrastructure	(45,511,019)	(6,369,501)	-	(51,880,520)
Buildings	(22,596,438)	(1,669,583)	-	(24,266,021)
Vehicles	(8,061,643)	(831,604)	432,315	(8,460,932)
Machinery and equipment	(4,282,307)	(648,483)	-	(4,930,790)
Software	-	(14,059)	-	(14,059)
Total accumulated depreciation	<u>(80,451,407)</u>	<u>(9,533,230)</u>	<u>432,315</u>	<u>(89,552,322)</u>
Total capital assets, being depreciated, net	<u>116,053,483</u>	<u>17,534,120</u>	<u>(7,790)</u>	<u>133,579,813</u>
Governmental activities, capital assets, net	<u>\$ 184,011,168</u>	<u>\$ 38,859,622</u>	<u>\$ (22,932,343)</u>	<u>\$ 199,938,447</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 118,739	\$ -	\$ -	\$ 118,739
Construction in progress	195,071	-	(195,071)	-
Total capital assets, not being depreciated	<u>313,810</u>	<u>-</u>	<u>(195,071)</u>	<u>118,739</u>
Capital assets, being depreciated:				
Land improvements	785,567	47,720	-	833,287
Buildings	1,964,829	40,792	-	2,005,621
Vehicles	6,839,134	550,477	(197,082)	7,192,529
Machinery and equipment	864,719	607,576	(51,284)	1,421,011
Total capital assets, being depreciated	<u>10,454,249</u>	<u>1,246,565</u>	<u>(248,366)</u>	<u>11,452,448</u>
Less accumulated depreciation for:				
Land improvements	(570,623)	(12,955)	-	(583,578)
Buildings	(1,539,941)	(43,963)	-	(1,583,904)
Vehicles	(3,597,586)	(642,964)	154,851	(4,085,699)
Machinery and equipment	(481,345)	(601,230)	51,285	(1,031,290)
Total accumulated depreciation	<u>(6,189,495)</u>	<u>(1,301,112)</u>	<u>206,136</u>	<u>(7,284,471)</u>
Total capital assets, being depreciated, net	<u>4,264,754</u>	<u>(54,547)</u>	<u>(42,230)</u>	<u>4,167,977</u>
Business-type activities, capital assets, net	<u>\$ 4,578,564</u>	<u>\$ (54,547)</u>	<u>\$ (237,301)</u>	<u>\$ 4,286,716</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 5 - CAPITAL ASSETS, CONTINUED

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

Governmental activities:	
General government	\$ 2,316,836
Public safety	455,270
Public works	1,824,296
Community and cultural	4,936,828
Total depreciation expense, governmental activities	<u>\$ 9,533,230</u>
Business-type activities:	
Sanitation	\$ 681,035
Transit	533,987
Downtown maintenance and operations	32,643
Recreation	39,475
Geographic information system	13,972
Total depreciation expense, business-type activities	<u>\$ 1,301,112</u>

Component Units

Capital asset activity for Owensboro Municipal Utilities for the year ended May 31, 2014, was as follows:

	<u>Balance</u> <u>May 31, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>May 31, 2014</u>
Electric Light and Power System:				
Capital assets, not being depreciated:				
Construction in progress	<u>\$ 6,751,027</u>	<u>\$ 1,259,141</u>	<u>\$ -</u>	<u>\$ 8,010,168</u>
Capital assets, being depreciated:				
Utility plant	412,040,237	29,444,542	(1,754,600)	439,730,179
Less accumulated depreciation	<u>(244,152,224)</u>	<u>(13,719,456)</u>	<u>1,240,903</u>	<u>(256,630,777)</u>
Total capital assets, being depreciated, net	<u>167,888,013</u>	<u>15,725,086</u>	<u>(513,697)</u>	<u>183,099,402</u>
Electric Light and Power System capital assets, net	<u>\$ 174,639,040</u>	<u>\$ 16,984,227</u>	<u>\$ (513,697)</u>	<u>\$ 191,109,570</u>
Water Works System:				
Capital assets, not being depreciated:				
Construction in progress	<u>2,178,773</u>	<u>-</u>	<u>(942,367)</u>	<u>1,236,406</u>
Capital assets, being depreciated:				
Utility plant	74,243,961	3,348,903	(941,724)	76,651,140
Less accumulated depreciation	<u>(31,701,196)</u>	<u>(2,420,756)</u>	<u>1,058,739</u>	<u>(33,063,213)</u>
Total capital assets, being depreciated, net	<u>42,542,765</u>	<u>928,147</u>	<u>117,015</u>	<u>43,587,927</u>
Water Works System capital assets, net	<u>\$ 44,721,538</u>	<u>\$ 928,147</u>	<u>\$ (825,352)</u>	<u>\$ 44,824,333</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 5 - CAPITAL ASSETS, CONTINUED

Capital asset activity for Owensboro Riverport Authority for the year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets, not being depreciated:				
Land and land improvements	\$ 4,630,759	\$ -	\$ (600,514)	\$ 4,030,245
Construction in progress	-	4,701,623	(13,738)	4,687,885
Total capital assets, not being depreciated	<u>4,630,759</u>	<u>4,701,623</u>	<u>(614,252)</u>	<u>8,718,130</u>
Capital assets, being depreciated:				
Port facilities	22,774,847	84,250	(8,346)	22,850,751
Machinery and equipment	6,814,185	229,941	(156,970)	6,887,156
Office furniture and equipment	986,414	18,651	(34,662)	970,403
Property on operating leases	3,798,631	8,346	(8,000)	3,798,977
Total capital assets, being depreciated	<u>34,374,077</u>	<u>341,188</u>	<u>(207,978)</u>	<u>34,507,287</u>
Less accumulated depreciation	(15,846,488)	(1,267,313)	242,567	(16,871,234)
Total capital assets, being depreciated, net	<u>18,527,589</u>	<u>(926,125)</u>	<u>34,589</u>	<u>17,636,053</u>
Owensboro Riverport Authority capital assets, net	<u>\$ 23,158,348</u>	<u>\$ 3,775,498</u>	<u>\$ (579,663)</u>	<u>\$ 26,354,183</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES

Primary Government

Long-term liability activity for the City for the year ended June 30, 2014, was as follows:

	June 30, 2013	Additions	Reductions	June 30, 2014	One Year
<u>Governmental activities:</u>					
<u>Bonds and loans payable:</u>					
General obligation bonds:					
Series 2003A	\$ 1,155,000	\$ -	\$ (270,000)	\$ 885,000	\$ 280,000
Series 2006	2,995,000	-	(185,000)	2,810,000	190,000
Series 2006 Refunding	585,000	-	(285,000)	300,000	300,000
Series 2008	2,205,000	-	(110,000)	2,095,000	115,000
Series 2009 BABs	4,595,000	-	(4,595,000)	-	-
Series 2010	5,035,000	-	(195,000)	4,840,000	200,000
Series 2011	19,680,000	-	(410,000)	19,270,000	420,000
Series 2011	2,720,000	-	(115,000)	2,605,000	115,000
Series 2012A Refunding	1,915,000	-	(200,000)	1,715,000	200,000
Series 2012B	39,530,000	-	(885,000)	38,645,000	905,000
Series 2012C Refunding	2,780,000	-	(285,000)	2,495,000	285,000
Series 2013A	20,530,000	-	(460,000)	20,070,000	445,000
Series 2013B	9,228,667	-	(382,770)	8,845,897	391,000
Series 2013C	6,350,000	-	(255,000)	6,095,000	260,000
Series 2014	-	4,465,000	-	4,465,000	220,000
<u>Notes payable:</u>					
KIA A07-04	19,514,814	-	-	19,514,814	-
Notes payable #18	265,000	-	(40,000)	225,000	40,000
Notes payable #26	25,500	-	(4,300)	21,200	4,300
	<u>\$ 139,108,981</u>	<u>\$ 4,465,000</u>	<u>\$ (8,677,070)</u>	<u>\$ 134,896,911</u>	<u>\$ 4,370,300</u>
<u>Less deferred amounts:</u>					
For issuance premiums	\$ 165,798	\$ 67,854	\$ (4,751)	\$ 228,901	\$ -
For issuance discounts	(857,669)	-	30,255	(827,414)	-
Total bonds and loans payable	138,417,110	4,532,854	(8,651,566)	134,298,398	4,370,300
Compensated absences	3,890,058	1,124,731	(1,416,622)	3,598,167	210,262
Total governmental	<u>\$ 142,307,168</u>	<u>\$ 5,657,585</u>	<u>\$ (10,068,188)</u>	<u>\$ 137,896,565</u>	<u>\$ 4,580,562</u>
<u>Business-type activities:</u>					
<u>Bonds payable:</u>					
General obligation bonds:					
Series 2013B	\$ 1,621,333	\$ -	\$ (67,230)	\$ 1,554,103	\$ 69,000
Compensated absences	433,356	236,535	(205,123)	464,768	9,398
Total business-type	<u>\$ 2,054,689</u>	<u>\$ 236,535</u>	<u>\$ (272,353)</u>	<u>\$ 2,018,871</u>	<u>\$ 78,398</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, 2014, consisted of the following:

Series 2003A General Obligation Bonds: 2.00% - 4.375% with principal due annually and interest due semi-annually through June 2017	\$ 885,000
Series 2006 General Obligation Bonds: 3.75% with principal due annually and interest due semi-annually through March 2026	2,810,000
Series 2006 Refunding General Obligation Bonds: 3.50% - 3.85% with principal due annually and interest due semi-annually through June 2015	300,000
Series 2008 General Obligation Bonds: 2.20% - 3.50% with principal due annually and interest due semi-annually through July 2028	2,095,000
Series 2009 General Obligation Build America Bonds (BABs): 4.75% - 5.50% with principal due annually and interest due semi-annually through October 2029	-
Series 2010 General Obligation Bonds: 2.00% - 5.875% with principal due annually and interest due semi-annually through December 2030	4,840,000
Series 2011 General Obligation Bonds: 3.00% - 5.00% with principal due annually and interest due semi-annually through April 2041	19,270,000
Series 2011 General Obligation Bonds: .08% - 5.00% with principal due annually and interest due semi-annually through June 2031	2,605,000
Series 2012A General Obligation Refunding Bonds: 1.00% - 2.75% with principal due annually and interest due semi-annually through February 2022	1,715,000
Series 2012B General Obligation Bonds: 2.00% - 4.00% with principal due annually and interest due semi-annually through June 2042	38,645,000
Series 2012C General Obligation Refunding Bonds: 2.00% - 2.50% with principal due annually and interest due semi-annually through September 2021	2,495,000

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Series 2013A General Obligation Bonds: 2.00% - 5.00% with principal due annually and interest due semi-annually through May 2043	\$ 20,070,000
Series 2013B General Obligation Bonds: 1.55% -3.125% with principal due annually and interest due semi-annually through May 2033	10,400,000
Series 2013C General Obligation Bonds: 2.00% -3.75% with principal due annually and interest due semi-annually through May 2033	6,095,000
Series 2014 General Obligation Refunding Bonds: 2.00% - 3.25% with principal due annually and interest due semi-annually through October 2029	4,465,000
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	19,514,814
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	225,000
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>21,200</u>
	<u>\$ 136,451,014</u>
Debt is recorded in the following activities:	
Governmental	\$ 134,896,911
Business-type	<u>1,554,103</u>
	<u>\$ 136,451,014</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, 2014

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 General Obligation Bonds were used to fund past service cost for the County Employees Retirement System and (2) proceeds from the Series 2006 General Obligation Bonds were used to reduce the unfunded accrued actuarial liability in the Police and Firefighters' Retirement Fund. General Obligation Bonds are direct obligations and are secured by the full faith and credit of the government. Certain of the issues are subject to optional redemption prior to maturity.

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

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

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

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 5,278,822	\$ 4,182,000	\$ 9,460,822
2016	5,077,238	4,121,306	9,198,544
2017	5,205,739	4,002,683	9,208,422
2018	5,014,324	3,894,723	8,909,047
2019	5,112,696	3,796,583	8,909,279
2020-2024	26,171,632	16,998,699	43,170,331
2025-2029	27,336,846	12,983,055	40,319,901
2030-2034	25,643,834	8,619,051	34,262,885
2035-2039	19,084,883	4,833,175	23,918,058
2040-2044	12,525,000	1,034,075	13,559,075
	<u>\$ 136,451,014</u>	<u>\$ 64,465,350</u>	<u>\$ 200,916,364</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
Series of 1991-B	\$ 86,985,787	\$ 3,341,820	\$ (42,597,295)	\$ 47,730,312	\$ -
Series of 2002-A	20,830,000	-	(2,455,000)	18,375,000	2,610,000
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	-
	158,245,787	89,316,820	(45,052,295)	202,510,312	2,610,000
Add unamortized debt premium (discount)	502,335	3,698,189	(316,069)	3,884,455	-
Total long-term debt	<u>\$ 158,748,122</u>	<u>\$ 93,015,009</u>	<u>\$ (45,368,364)</u>	<u>\$ 206,394,767</u>	<u>\$ 2,610,000</u>

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

Series of 1991-B:	
Deferred interest bonds including interest compounded semi-annually at 6.70% to 6.95%, principal and interest due from 2013 to 2020 (original principal of outstanding bonds at May 31, 2014, was \$10,269,998)	\$ 47,730,312
Series of 2002-A:	
6.34%, due 2020, subject to annual pro rata sinking fund redemption from 2014 to 2020	18,375,000
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	77,100,000
Total long-term debt	\$ 202,510,312
Less current maturities	(2,610,000)
Add unamortized debt premium (discount)	3,884,455
Long-term portion	<u>\$ 203,784,767</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

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>
2015	\$ 2,610,000	\$ 7,564,456	\$ 10,174,456
2016	2,780,000	7,398,982	10,178,982
2017	18,680,000	7,222,730	25,902,730
2018	18,865,000	7,035,383	25,900,383
2019	19,065,000	6,836,307	25,901,307
2020-2024	98,730,000	26,959,435	125,689,435
2025-2029	56,950,000	4,584,779	61,534,779
	<u>\$ 217,680,000</u>	<u>\$ 67,602,072</u>	<u>\$ 285,282,072</u>

The scheduled principal maturities include \$15,169,688 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 Station No. 2 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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

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.

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 2014 was \$532,827. Remaining interest subsidies scheduled through maturity of the bonds, before budget sequestration reductions, are as follows:

<u>Year Ending May 31:</u>	
2015	\$ 578,846
2016	578,846
2017	578,846
2018	578,846
2019	578,846
2020-2024	2,378,085
2025-2029	151,455
	<u>\$ 5,423,770</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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

On June 25, 2013, the City issued \$8,875,000 of Electric Light and Power System Revenue Bonds, Taxable Bonds, Taxable 2013-A Series, and \$77,100,000 of Electric Light Power System Revenue Bonds, Tax-Exempt 2013-B Series, each dated June 25, 2013. The 2013 Bonds were issued to fund various capital improvement expenditures for the Electric System and to refund certain 1991-B series bonds. The in-substance defeasance of the 1991-B Bonds was accomplished by placing \$40,325,905 in proceeds from the 2013-B Bonds and \$6,552,083 in funds from the 1991-B Bond Sinking Fund in an irrevocable escrow fund to be used solely for satisfying scheduled debt service payments of the 1991-B Bonds. Accordingly, the 1991-B Bonds in the amount of \$42,597,295, net of unamortized discount and issuance costs of \$211,974, were extinguished, resulting in the accounting recognition of a loss from defeasance of \$4,492,667, reported in the accompanying financial statements as a deferred outflow. The City advance refunded the 1991-B bonds to extend the repayment period of the bond and reduce its near term annual debt payments. The advance refunding resulted in an economic loss (difference between the present value of the debt service payment on the old and new debt) of \$2,993,589.

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

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

Owensboro Municipal Utilities Water Works System

Long-term debt activity for the year ended May 31, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
Series of 1999	\$ 2,080,000	\$ -	\$ (380,000)	\$ 1,700,000	\$ 395,000
Series of 2003	2,950,000	-	(215,000)	2,735,000	225,000
Series of 2009	19,160,000	-	-	19,160,000	-
	24,190,000	-	(595,000)	23,595,000	620,000
Add unamortized debt premium	312,022	-	(14,633)	297,389	-
Total bonds payable	<u>\$ 24,502,022</u>	<u>\$ -</u>	<u>\$ (609,633)</u>	<u>\$ 23,892,389</u>	<u>\$ 620,000</u>

Long-term debt at May 31, 2014, consists of the following Water Revenue Bonds:

Series of 1999:	
4.30% to 4.75% due serially September 15, 2014 to 2017	\$ 1,700,000
Series of 2003:	
3.00% to 4.25%, due serially September 15, 2014 to 2023	2,735,000
Series of 2009:	
5.00% to 5.25%, due serially September 15, 2018 to 2035	19,160,000
Total long-term debt	\$ 23,595,000
Less current maturities	(620,000)
Add unamortized debt premium	297,389
	<u>\$ 23,272,389</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

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>
2015	\$ 620,000	\$ 1,152,091	\$ 1,772,091
2016	650,000	1,123,619	1,773,619
2017	680,000	1,093,831	1,773,831
2018	710,000	1,062,694	1,772,694
2019	740,000	1,029,019	1,769,019
2020-2024	4,305,000	4,561,000	8,866,000
2025-2029	5,485,000	3,375,375	8,860,375
2030-2034	7,040,000	1,814,012	8,854,012
2035-2039	3,365,000	178,894	3,543,894
	<u>\$ 23,595,000</u>	<u>\$ 15,390,535</u>	<u>\$ 38,985,535</u>

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

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

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

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

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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.

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

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

Owensboro Riverport Authority

Long-term debt and lease obligations activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Maturities
Variable rate lease obligation payable in monthly installments, until October 2016, effective rate was .17% at June 30, 2013	\$ 1,855,184	\$ -	\$ (626,727)	\$ 1,228,457	\$ 638,301
Tank farm lease obligation for advanced lease payments, annually ranging from \$202,125 to \$228,375, until July 1, 2025, including interest at 1.6%	2,457,832	-	(178,181)	2,279,651	186,309
Land lease obligation for monthly advanced lease payments until February 2015, adjusted annually for CPI \$13,571.91 as of August 1, 2013	226,208	-	(165,401)	60,807	60,807
River dock lease obligation paying monthly base rental payments of \$47,705 until February 14, 2024 bearing an interest rate of 2.75%	-	5,000,000	(145,488)	4,854,512	444,542
	<u>\$ 4,539,224</u>	<u>\$ 5,000,000</u>	<u>\$ (1,115,797)</u>	<u>\$ 8,423,427</u>	<u>\$ 1,329,959</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

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

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

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

Scheduled aggregate maturities of lease obligations are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>
2015	\$ 1,329,959
2016	1,241,647
2017	667,357
2018	683,630
2019	700,319
Thereafter	3,800,515
	<u><u>\$ 8,423,427</u></u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 7 - 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.

Significant Plan Accounting Policies:

Basis of Accounting: The financial statements of the CEPF and PFRF are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 7 - RETIREMENT PLANS, CONTINUED

Funding Policy and Annual Pension Cost: The Board of Trustees of each plan establishes and may amend the contribution requirements of plan members and the City. The City's annual pension cost for the current year and related information for each plan is as follows:

	CEPF	PFRF
Contribution rates:		
City	-	-
Plan members	-	-
Annual required contribution	\$ -	\$ 508,246
Interest on net pension obligation	\$ (588)	\$ (63,395)
Adjustment to annual required contribution	\$ (1,331)	\$ (164,198)
Annual pension costs	\$ 743	\$ 609,049
Contributions made	\$ -	
Actuarial valuation date	June 30, 2014	June 30, 2014
Change in net pension obligation	\$ 743	\$ 609,049
Net pension obligation (negative)	\$ (9,050)	\$ (658,841)
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar - closed	Level dollar - closed
Remaining amortization period	20 years	20 years
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return	6%	5%
Inflation rate	None	None
Projected salary increases	None	None
Cost of living adjustment	None	None

Methods Used to Value Investments: Plan investments are reported at fair value. Investments at June 30, 2014, consist of investments in mutual funds.

		<u>Three-Year Trend Information</u>			
<u>Fiscal Year End June 30,</u>		<u>Annual Pension Cost</u>	<u>Percentage of APC</u>		<u>(Negative) Net</u>
		<u>(APC)</u>	<u>Contributed</u>		<u>Pension Obligation</u>
CEPF:	2014	\$ 743	\$ -	-	\$ (9,050)
	2013	\$ 274	\$ -	-	\$ (9,793)
	2012	\$ 252	\$ -	-	\$ (10,067)
PFRF:	2014	\$ 609,049	\$ -	-	\$ (658,841)
	2013	\$ 364,277	\$ -	-	\$ (1,267,890)
	2012	\$ 257,625	\$ -	-	\$ (1,632,167)

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 7 - RETIREMENT PLANS, CONTINUED

<u>Schedules of Funding Progress</u> (Required supplementary information)							
Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability - Entry Age	Funded (Unfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Funded (Unfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll
CEPF:							
2014	June 30, 2014	\$ 3,651,086	\$ 2,620,236	\$ 1,030,850	139.3%	\$ -	N/A
2013	June 30, 2013	\$ 3,621,184	\$ 3,070,128	\$ 551,056	117.9%	\$ -	N/A
2012	June 30, 2011	\$ 3,752,348	\$ 3,237,338	\$ 515,010	115.9%	\$ -	N/A
PFRF:							
2014	June 30, 2014	\$ 2,671,494	\$ 7,419,570	\$ (4,748,076)	36.0%	\$ -	N/A
2013	June 30, 2013	\$ 3,552,174	\$ 7,672,930	\$ (4,120,756)	46.3%	\$ -	N/A
2012	June 30, 2011	\$ 4,462,918	\$ 7,784,406	\$ (3,321,488)	57.3%	\$ -	N/A

Net Pension Liability:

The net pension liability, the plans' liability determined in accordance with GASB No. 67, less fiduciary net position is as follows:

	<u>CEPF</u>	<u>PFRF</u>
Total pension liability	\$ 2,620,236	\$ 7,419,570
Plan fiduciary net position	<u>3,651,716</u>	<u>3,212,515</u>
Net pension obligation (asset)	<u>\$ (1,031,480)</u>	<u>\$ 4,207,055</u>
Plan fiduciary net position as a percentage of total pension liability	139%	43%
Covered payroll	N/A	N/A
Liability as a percentage of covered payroll	N/A	N/A

Actuarial Assumptions:

The total pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the PR-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 7 - RETIREMENT PLANS, CONTINUED

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience used in the June 30, 2013, study.

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) and was developed based on the nature of investments in the Plan's mutual funds. Best estimates of arithmetic real rates of returns was 6.00%.

Discount rate: The discount rate used to measure the total pension liability (asset) was 6% for the CEPF and 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 plans 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.

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 lower or one percentage higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City of Owensboro's net pension asset	\$ (871,002)	\$ (1,031,480)	\$ (1,174,449)
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
City of Owensboro Police and Firefighters' net pension liability	\$ 4,701,225	\$ 4,207,055	\$ 3,769,085

County Employees' Retirement System (CERS)

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). The CERS is a multiple-employer, cost-sharing, defined-benefit pension plan administered by the Board of Trustees of Kentucky Retirement Systems. 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. KRS 61.645 assigns the authority to establish and amend benefit provisions to the Kentucky Retirement System Board of Trustees. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601, or by calling 1(502) 564-4646.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 7 - RETIREMENT PLANS, CONTINUED

Funding Policy: Plan members participating in CERS on or before August 31, 2008, are required to contribute 5% or 8% of their annual creditable compensation for non-hazardous and hazardous, respectively. For plan members who began participating in CERS on or after September 1, 2008, these contribution rates are 6% and 9%, respectively. The City is required to contribute at an actuarially determined rate. The current rate is 18.89% of annual covered payroll for non-hazardous employees and 35.70% for hazardous employees. The contribution requirements of plan members, the City, and component units are established and may be amended by the Kentucky Retirement System Board of Trustees. Contributions to CERS for the years ended June 30, 2014, 2013, and 2012, were equal to the required contributions for each year and are as follows:

	2014	2013	2012
City of Owensboro	\$ 5,365,202	\$ 5,594,161	\$ 5,012,225
Component Units:			
Owensboro Municipal Utilities:			
Electric Light and Power System	\$ 2,752,000	\$ 2,744,000	\$ 2,547,000
Water Works System	\$ 552,000	\$ 552,000	\$ 498,000
Owensboro Riverport Authority	\$ 265,406	\$ 277,242	\$ 263,357

NOTE 8 - 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.

Owensboro Independent School District

Under the terms of an agreement dated July 20, 2004, the City entered into a twenty-year lease agreement with the Owensboro Independent School District relating to the assignment of Shifley Park, together with all the equipment, fixtures, and improvement thereon, for athletic and other recreational events. The agreement provided for a one-time payment of \$210,000, to be recognized as rental income over the twenty-year lease term. In September of 2008, that lease agreement was amended to reflect an extended total lease term of twenty-four years. This lease agreement was terminated before the end of the June 30, 2014 fiscal year.

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.

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

NOTE 8 - LEASES, CONTINUED

Owensboro-Daviess Co. Tennis Association, Inc.

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

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

<u>Year ending June 30:</u>	<u>Amount</u>
2015	\$ 36,351
2016	72,703
2017	72,703
2018	72,703
2019	72,703
2020-2024	<u>363,514</u>
	<u><u>\$ 690,677</u></u>

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

Land	\$ 2,148,342
Buildings	<u>14,676,733</u>
Less accumulated depreciation	<u>(10,583,885)</u>
	<u><u>\$ 6,241,190</u></u>

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, 2014, the City's future annual minimum lease payments are estimated to be as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2015	\$ 222,120
2016	222,120
2017	222,120
2018	222,120
2019	222,120
2020-2024	<u>1,110,600</u>
	<u><u>\$ 2,221,200</u></u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 8 - LEASES, CONTINUED

Because sublease agreements are generally for a period of one year, future annual minimum sublease payments to be received do not extend beyond fiscal year 2015. The City's rental expense and sub-lease income for the year ended June 30, 2014, total \$218,924 and \$50,487, 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, 2014, are as follows:

Bulk storage warehouse		\$ 460,879
Tank farm		3,337,752
		3,798,631
Less accumulated depreciation		(851,859)
		\$ 2,946,772

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

<u>Year ending June 30:</u>		<u>Amount</u>
2015		\$ 1,365,730
2016		1,325,942
2017		1,279,353
2018		1,174,118
2019		1,139,040
Thereafter		7,108,780
		\$ 13,392,963

NOTE 9 - 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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 9 - PROJECT FINANCING, CONTINUED

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:

<u>Year ending June 30:</u>	<u>Amount</u>
2015	\$ 1,082,582
2016	1,085,301
2017	1,081,261
2018	1,085,610
2019	1,083,259
2020-2024	5,404,028
2025-2029	5,421,119
2030-2034	<u>3,031,214</u>
Net minimum lease amounts	19,274,374
Less amount representing interest	<u>(5,723,174)</u>
Present value of minimum lease payments	<u>\$ 13,551,200</u>

NOTE 10 - 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.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 11 - 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 2014 totaled \$3,598,167 for governmental activities and \$464,768 for business-type activities.

NOTE 12 - INTERFUND BALANCES

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

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Fiduciary Funds:		
Agency Fund:		
School District Tax Fund	\$ 34,155	\$ -
Major Governmental Funds:		
General Fund	-	34,155
Nonmajor Governmental Funds:		
Community Development Fund	-	-
Enterprise Funds:		
Transit Fund	-	-
	<u>\$ 34,155</u>	<u>\$ 34,155</u>

Receivable and payable balances involving component units at June 30, 2014, were as follows:

<u>Primary Government</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 14,569	\$ -
Sanitation Fund	830,009	-
	<u>844,578</u>	<u>-</u>
<u>Component Units</u>		
Owensboro Municipal Utilities	-	844,578
Owensboro Riverport Authority	-	-
	<u>\$ -</u>	<u>\$ 844,578</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, 2014

NOTE 13 - TRANSFERS

Transfer out	Transfer in:										Total		
	Major Governmental Funds					Nonmajor Governmental Funds			Internal Service Funds			Enterprise Funds	
	General Fund	Debt Service Fund	Downtown Development & Revitalization	Your Community Vision	Capital Improvements Fund	Economic Development Fund	Facilities Maintenance Fund	Transit Fund	Geographic Information System Fund	Recreation Fund			
Major Governmental Funds:													
General Fund	\$ 1,427,202	\$ 1,555,517	\$ -	\$ -	\$ 545,000	\$ 440,000	\$ 35,000	\$ 850,472	\$ 107,398	\$ 1,039,750	\$ 6,000,339		
Your Community Vision Fund	-	733,479	-	-	-	-	-	-	-	-	733,479		
Downtown Development and Revitalization Fund	-	4,603,655	-	-	-	-	-	-	-	-	4,603,655		
											<u>11,337,473</u>		
Nonmajor Governmental Funds:													
Economic Development Fund	-	1,227,319	-	-	-	-	-	-	-	-	1,227,319		
Riverfront Development	-	-	-	536,682	-	-	-	-	-	-	536,682		
Capital Improvements	-	-	11,000	-	-	-	-	-	-	-	11,000		
											<u>1,775,001</u>		
Internal Service Funds:													
Facilities Maintenance Fund	666,000	-	-	-	-	-	-	-	-	-	666,000		
Garage Service Fund	100,000	-	-	-	-	-	-	-	-	-	100,000		
											<u>766,000</u>		
Enterprise Funds:													
Downtown Maintenance and Operations Fund	-	104,202	-	-	-	-	-	-	-	-	104,202		
Recreation Fund	-	14,493	-	-	-	-	-	-	-	-	14,493		
											<u>118,695</u>		
Fiduciary Funds:													
Police and Firefighters' Retirement Fund	-	313,185	-	-	-	-	-	-	-	-	313,185		
	\$ 2,193,202	\$ 8,551,850	\$ 11,000	\$ 536,682	\$ 545,000	\$ 440,000	\$ 35,000	\$ 850,472	\$ 107,398	\$ 1,039,750	\$ 14,310,354		

NOTE 1:

Transfers are used to:

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

NOTE 2:

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 14 - FUND BALANCE CLASSIFICATIONS

The composition of the fund balance classifications at June 30, 2014 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	\$ 69,702	-	\$ -	-	\$ -	-	\$ -	\$ 69,702
	69,702	-	-	-	-	-	-	69,702
Restricted for:								
Debt service	-	1,719,408	4,603,864	516	-	-	-	6,323,788
Downtown development	-	-	962,261	-	-	-	-	962,261
Police services	-	-	-	-	-	431,755	-	431,755
Capital projects	-	2,549,763	-	-	7,345,587	-	-	9,895,350
Parks and wellness	-	-	-	-	-	2,712	-	2,712
	-	4,269,171	5,566,125	516	7,345,587	434,467	-	17,615,866
Committed:								
Public safety	395,687	-	-	-	-	-	-	395,687
Parks	-	-	-	-	-	53,456	-	53,456
Stormwater maintenance and capital project	-	1,278,157	-	-	-	-	-	1,278,157
Economic development	-	-	-	-	-	1,791,807	-	1,791,807
	395,687	1,278,157	-	-	-	1,845,263	-	3,519,107
Assigned								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Unassigned								
	11,740,652	-	-	-	-	-	-	11,740,652
Total fund balances	\$ 12,206,041	\$ 5,547,328	\$ 5,566,125	\$ 516	\$ 7,345,587	\$ 2,279,730	\$ -	\$ 32,945,327

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 15 - 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 \$793,342 reported in the Insurance Fund at June 30, 2014, 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>
2014	\$ 908,107	\$ 4,124,061	\$ (4,238,826)	\$ 793,342
2013	\$ 737,549	\$ 4,138,982	\$ (3,968,424)	\$ 908,107
2012	\$ 709,705	\$ 3,783,647	\$ (3,755,803)	\$ 737,549

Component Units

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

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 16 - TRANSFERS - COMPONENT UNITS

Transfers made to the City from component units for the year ended June 30, 2014 were:

	Riverport	OMU	Total
Dividends	\$ 230,000	\$ 6,316,472	\$ 6,546,472
In Lieu of Tax	-	2,274,439	2,274,439
	\$ 230,000	\$ 8,590,911	\$ 8,820,911

Owensboro Municipal Utilities

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

The Ordinance calls for the transfer to the City of a sum equal to the dollar value of services purchased by the City from the Electric Light and Power System in the fiscal year, not to exceed \$700,000 for the fiscal year ended June 30, 1985, and thereafter increasing at a compound rate of 5% per annum. Transfers to the City under this ordinance and agreement were \$8,414,463 for the year ended May 31, 2014.

The Water Works System transfers to the General Fund each year a sum equal to the dollar value of service purchased by the City from the Water Works System. Transfers to the General Fund under this ordinance were \$163,316 for the year ended May 31, 2014.

Owensboro Riverport Authority

The Authority made transfers to the General Fund in the amount of \$230,000 for 2014.

NOTE 17 - 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 18 - CONDUIT DEBT OBLIGATIONS

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

At June 30, 2014, two of these bond issues were outstanding with principal balances totaling \$5,660,959.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 19 - 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, 2014.

The City's equity interest in the Owensboro-Daviess County Regional Airport at June 30, 2014, was \$15,455,851 and is reported as an investment in joint venture in the statement of net position. Because the City's participation in the joint venture is for investment purposes, the increase in this investment of \$530,462 for the year ended June 30, 2014, 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 20 - DEFICIT FUND EQUITY

The Downtown Maintenance and Operations Fund had a deficit net position of \$(60,865) as of June 30, 2014. 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 the required funds from the General Fund.

NOTE 21 - COMMITMENTS AND CONTINGENCIES

Primary Government

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

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

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

NOTE 21 - COMMITMENTS AND CONTINGENCIES, CONTINUED

Other significant commitments at June 30, 2014, include encumbrances outstanding as follows:

Major Governmental Funds:	
General Fund	\$ 233,549
Nonmajor Governmental Funds	<u>11,672,560</u>
	<u>\$ 11,906,109</u>

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

Components Units

The OMU Electric Light and Power System has entered into contracts to purchase fuel and related products for electric generation. Although contracts have termination provisions, minimum future payments on these contracts for the year ending May 31, 2014, are estimated to be as follows:

<u>Year ending May 31</u>	
2015	\$ 55,376,986
2016	50,350,821
2017	41,244,125
2018	25,240,042
2019	<u>2,276,042</u>
	<u>\$ 174,488,016</u>

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

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

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 22 - IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

In fiscal year 2014, the City implemented GASB Statement No. 65. Under GASB No. 65, debt issuance costs are recognized as an expense in the period incurred instead of being amortized over their estimated useful lives. A total prior period adjustment of \$758,268 was recorded related to the prior treatment of bond issuance costs.

In fiscal year 2014, the City also adopted GASB No. 67, "*Financial Reporting For Pension Plans an Amendment of GASB No. 25.*" This standard revised the manner of determining total pension liability as well as net pension liability for the City's two pension plans. Additional required supplemental information related to the plans for the previous ten year period was also required.

NOTE 23 - PRIOR PERIOD ADJUSTMENT - FLEET & FACILITIES FUND

In fiscal year 2014, Management recorded a prior period adjustment of \$119,500 in the fleet and facilities internal service fund. The City purchased a capital asset in fiscal year 2013, however did not record the fixed asset in the prior period which has resulted in a prior period adjustment to correct the error.

NOTE 24 - SUBSEQUENT EVENTS

Management evaluated subsequent events as of December 12, 2014, the date these financial statements were available to be issued.

Ordinance 38-2014 was introduced and publicly read regarding the issuance of taxable general obligation bonds, series 2014 in an aggregate principal amount not to exceed \$25,000,000 for the purpose of financing an economic development project to be owned and operated by the Owensboro Riverport Authority.



City of Owensboro, Kentucky
City Employees' Pension Fund
Schedule of Changes in Plan Net Position Liability and Related Ratios
Fiduciary Funds
June 30, 2014

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability:										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	170,343	179,398	207,542	216,969	228,921	241,522	254,722	265,061	287,260	296,409
Changes of benefit terms	40,594	50,384	111,930	65,044	96,686	125,700	306,404	-	157,758	130,472
Differences between expected and actual experience	(234,237)	47,885	(9,134)	47,701	(2,400)	(47,594)	(221,299)	175,000	(219,502)	(10,592)
Changes of assumptions	-	11,819	176,745	12,058	-	13,225	-	(51,980)	-	-
Benefit payments	(426,592)	(456,696)	(468,273)	(486,114)	(503,195)	(524,313)	(533,240)	(538,784)	(547,196)	(546,731)
Net Change in Total Pension Liability	(449,892)	(167,210)	18,810	(144,342)	(179,988)	(191,460)	(193,413)	(150,703)	(321,680)	(130,442)
Total Pension Liability (Asset) - Beginning	3,070,128	3,237,338	3,218,528	3,362,870	3,542,858	3,734,318	3,927,731	4,078,434	4,400,114	4,530,556
Total Pension Liability (Asset) - Ending	2,620,236	3,070,128	3,237,338	3,218,528	3,362,870	3,542,858	3,734,318	3,927,731	4,078,434	4,400,114

Plan Fiduciary Net Position:

Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	-	-	-	-	-	-	-	-	-	-
Contributions - other	-	-	-	-	-	-	14,815	-	-	-
Net investment income	484,603	348,673	127,620	671,641	526,473	(570,867)	(132,995)	737,311	360,845	454,231
Benefit payments including refunds	(426,592)	(456,696)	(468,273)	(486,114)	(503,195)	(524,313)	(533,240)	(538,784)	(547,196)	(546,731)
Administrative expenses	(31,801)	(18,820)	(6,356)	(2,256)	(8,096)	(4,431)	(7,572)	(6,702)	(4,060)	(6,422)
Other - debt service	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	26,210	(126,843)	(347,009)	183,271	15,182	(1,099,611)	(658,992)	191,825	(190,411)	(98,922)
Plan Fiduciary Net Position - Beginning	3,625,505	3,752,348	4,099,360	3,916,089	3,900,907	5,000,518	5,659,510	5,467,685	5,658,096	5,757,018
Plan Fiduciary Net Position - Ending	\$ 3,651,715	\$ 3,625,505	\$ 3,752,351	\$ 4,099,360	\$ 3,916,089	\$ 3,900,907	\$ 5,000,518	\$ 5,659,510	\$ 5,467,685	\$ 5,658,096

City's Net Pension Obligation (Asset) \$ (1,031,479) \$ (555,377) \$ (515,013) \$ (880,832) \$ (553,219) \$ (358,049) \$ (1,266,200) \$ (1,731,779) \$ (1,389,251) \$ (1,257,982)

Plan Fiduciary Position as a Percentage of the Total Pension Liability 139% 118% 116% 127% 116% 110% 134% 144% 134% 144% 129%

City of Owensboro, Kentucky
Police and Firefighters' Retirement Fund
Schedule of Changes in Plan Net Position Liability and Related Ratios
Fiduciary Funds
June 30, 2014

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability:										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	358,405	363,697	439,515	472,613	509,922	482,694	591,450	636,816	674,533	709,529
Changes of benefit terms	376,244	417,334	12,474	12,350	120,498	273,049	47,914	16,072	14,408	11,567
Differences between expected and actual experience	(56,029)	20,013	(34,352)	(89,483)	(222,252)	188,098	54,942	(95,403)	(81,187)	(36,746)
Changes of assumptions	-	29,895	478,606	28,017	-	587,359	-	(91,247)	-	-
Benefit payments	(931,980)	(942,415)	(953,648)	(1,000,509)	(1,064,830)	(1,092,243)	(1,106,312)	(1,123,799)	(1,173,478)	(1,197,070)
Net Change in Total Pension Liability	(253,360)	(111,476)	(57,405)	(577,012)	(656,662)	438,957	(412,006)	(657,561)	(565,724)	(512,720)
Total Pension Liability - Beginning	7,672,930	7,784,406	7,841,811	8,418,823	9,075,485	8,636,528	9,048,534	9,706,095	10,271,819	10,784,539
Total Pension Liability - Ending	\$ 7,419,570	\$ 7,672,930	\$ 7,784,406	\$ 7,841,811	\$ 8,418,823	\$ 9,075,485	\$ 8,636,528	\$ 9,048,534	\$ 9,706,095	\$ 10,271,819

Plan Fiduciary Net Position:

Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ 4,003,748	\$ -
Contributions - member	-	-	-	-	-	-	-	-	-	-
Contributions - other	-	6,120	5,366	3,312	3,522	9,633	25,327	103,170	25,144	-
Net investment income	124,641	135,600	112,411	437,924	565,537	(478,198)	44,746	1,419,707	443,927	663,242
Benefit payments including refunds	(931,980)	(942,415)	(953,648)	(1,000,509)	(1,064,830)	(1,092,243)	(1,106,312)	(1,123,799)	(1,173,478)	(1,197,070)
Administrative expenses	(320,720)	(6,308)	(8,396)	(4,100)	(10,010)	(6,270)	(9,178)	(9,411)	(6,002)	(7,891)
Other - debt service	2,809	(313,920)	(312,726)	(311,456)	(309,157)	(310,759)	(311,356)	(312,079)	(312,339)	(307,891)
Net Change in Plan Fiduciary Net Position	(1,125,250)	(1,120,923)	(1,156,993)	(874,829)	(814,938)	(1,677,837)	(1,356,773)	77,588	2,981,000	(849,610)
Plan Fiduciary Net Position - Beginning	4,337,765	5,458,688	6,615,681	7,490,510	8,305,448	9,983,285	11,340,058	11,262,470	8,281,470	9,131,080
Plan Fiduciary Net Position - Ending	\$ 3,212,515	\$ 4,337,765	\$ 5,458,688	\$ 6,615,681	\$ 7,490,510	\$ 8,305,448	\$ 9,983,285	\$ 11,340,058	\$ 11,262,470	\$ 8,281,470

City's Net Pension Obligation (Asset) \$ 4,207,055 \$ 3,335,165 \$ 2,325,718 \$ 1,226,130 \$ 928,313 \$ 770,037 \$ (1,346,757) \$ (2,291,524) \$ (1,556,375) \$ 1,990,349

Plan Fiduciary Position as a Percentage of the Total Pension Liability 43% 57% 70% 84% 89% 92% 116% 125% 116% 81%

City of Owensboro, Kentucky
 Schedule of Investment Returns
 Fiduciary Funds
 June 30, 2014

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<u>City Employees' Pension Fund:</u>										
Annual money-weighted rate of return, net of investment expense	12.49%	9.82%	2.96%	17.10%	14.32%	-10.54%	0.24%	15.90%	8.46%	9.11%
<u>Police and Firefighters' Retirement Fund:</u>										
Annual money-weighted rate of return, net of investment expense	0.89%	2.54%	0.62%	6.07%	7.13%	-4.31%	1.58%	14.22%	19.98%	8.84%

**City of Owensboro, Kentucky
Schedules of Funding Progress
Fiduciary Funds
June 30, 2014**

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Entry Age (AAL) (b)		Funded (Unfunded) AAL [F(U)AAL] (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	F(U)AAL as a Percentage of Covered Payroll [(a-b)/c]
City Employees' Pension Fund								
June 30, 2014	June 30, 2014	\$ 3,651,086	\$	2,620,236	\$ 1,030,850	139.3%	-	N/A
June 30, 2013	June 30, 2013	\$ 3,621,184	\$	3,070,128	\$ 551,056	117.9%	-	N/A
June 30, 2012	June 30, 2011	\$ 3,752,348	\$	3,237,338	\$ 515,010	115.9%	-	N/A
June 30, 2011	June 30, 2011	\$ 4,099,357	\$	3,218,528	\$ 880,829	127.4%	-	N/A
June 30, 2010	June 30, 2009	\$ 3,916,086	\$	3,362,870	\$ 553,216	116.5%	-	N/A
June 30, 2009	June 30, 2009	\$ 3,900,904	\$	3,542,858	\$ 358,046	110.1%	-	N/A
Police and Firefighters' Retirement Fund								
June 30, 2014	June 30, 2014	\$ 2,671,494	\$	7,419,570	\$ (4,748,076)	36.0%	-	N/A
June 30, 2013	June 30, 2013	\$ 3,552,174	\$	7,672,930	\$ (4,120,756)	46.3%	-	N/A
June 30, 2012	June 30, 2011	\$ 4,462,918	\$	7,784,406	\$ (3,321,488)	57.3%	-	N/A
June 30, 2011	June 30, 2011	\$ 5,334,191	\$	7,841,811	\$ (2,507,620)	68.0%	-	N/A
June 30, 2010	June 30, 2009	\$ 6,107,711	\$	8,418,823	\$ (2,311,112)	72.5%	-	N/A
June 30, 2009	June 30, 2009	\$ 6,796,171	\$	9,075,485	\$ (2,279,314)	74.9%	-	N/A

**City of Owensboro, Kentucky
Schedules of Employer Contributions
Fiduciary Funds
June 30, 2014**

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
City Employees' Pension Fund			
June 30, 2014	\$ -	\$ -	-
June 30, 2013	\$ -	\$ -	-
June 30, 2012	\$ -	\$ -	-
June 30, 2011	\$ -	\$ -	-
June 30, 2010	\$ -	\$ -	-
June 30, 2009	\$ -	\$ -	-
Police and Firefighters' Retirement Fund			
June 30, 2014	\$ 508,246	\$ -	-
June 30, 2013	\$ 314,916	\$ -	-
June 30, 2012	\$ 206,252	\$ -	-
June 30, 2011	\$ 206,252	\$ -	-
June 30, 2010	\$ 187,474	\$ -	-
June 30, 2009	\$ 187,474	\$ 200,000	107%

**City of Owensboro, Kentucky
Budgetary Comparison Schedule
General Fund
For the fiscal year ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Real and personal property	\$ 9,657,567	\$ 9,657,567	\$ 9,538,647	\$ (118,920)
Licenses, permits, and other taxes:				
Occupational taxes:				
Employees' withholding	11,922,731	11,922,731	11,011,085	(911,646)
Net profits	2,259,912	2,259,912	2,898,101	638,189
Regulatory:				
Insurance license taxes	3,887,000	3,887,000	3,815,183	(71,817)
Alcoholic beverage license fee	82,750	82,750	101,075	18,325
Franchise fee	762,894	762,894	871,169	108,275
Other	393,000	393,000	442,106	49,106
Total licenses and permits	<u>19,308,287</u>	<u>19,308,287</u>	<u>19,138,719</u>	<u>(169,568)</u>
Intergovernmental revenues:				
Data processing fees	193,902	193,902	195,551	1,649
Federal grants	115,325	115,325	117,331	2,006
State grants - KLEFPF incentive	740,500	740,500	799,692	59,192
City's portion of state gasoline tax	1,300,000	1,300,000	1,371,043	71,043
LGEA mineral severance tax	90,000	90,000	72,647	(17,353)
County contribution	582,942	582,942	582,942	-
Total intergovernmental revenues	<u>3,022,669</u>	<u>3,022,669</u>	<u>3,139,206</u>	<u>116,537</u>
Charges for services:				
Tax collection	244,751	244,751	243,004	(1,747)
Management fee	598,000	598,000	598,738	738
Total charges for services	<u>842,751</u>	<u>842,751</u>	<u>841,742</u>	<u>(1,009)</u>
Other revenues:				
Fines and forfeitures	114,600	114,600	90,775	(23,825)
Investment income	200,000	200,000	279,415	79,415
Dividends from component units	6,533,340	6,533,340	6,546,472	13,132
Payments in lieu of taxes	3,131,270	3,131,270	2,295,286	(835,984)
Rentals	70,000	70,000	68,378	(1,622)
Miscellaneous	761,322	761,322	763,963	2,641
Total other revenues	<u>10,810,532</u>	<u>10,810,532</u>	<u>10,044,289</u>	<u>(766,243)</u>
Total Revenues	<u>43,641,806</u>	<u>43,641,806</u>	<u>42,702,603</u>	<u>(939,203)</u>

City of Owensboro, Kentucky
Budgetary Comparison Schedule, Concluded
General Fund
For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Administration	1,851,948	1,836,748	1,804,765	31,983
Community development	193,389	184,039	179,530	4,509
Engineering	2,391,358	3,302,365	2,503,844	798,521
Finance	1,571,656	1,556,656	1,530,342	26,314
Fire	9,113,407	9,130,169	8,909,052	221,117
Information technology	1,979,232	1,991,457	1,922,475	68,982
Parks	3,487,656	3,429,545	3,363,718	65,827
Parking garage	58,908	58,908	52,183	6,725
Personnel	543,497	543,497	527,098	16,399
Police	13,207,235	13,392,518	12,833,496	559,022
Street	1,995,683	2,165,877	2,129,683	36,194
General government	2,891,577	4,805,393	3,951,855	853,538
Community services	1,638,442	1,770,942	1,760,942	10,000
Total Expenditures	40,923,988	44,168,114	41,468,983	2,699,131
Excess (Deficiency) of Revenues Over Expenditures	2,717,818	(526,308)	1,233,620	1,759,928
Other Financing Sources (Uses):				
Sale of capital assets	-	162,000	164,590	2,590
Transfers in	2,193,202	2,193,202	2,193,202	-
Transfers out	(4,911,020)	(5,993,178)	(6,000,339)	(7,161)
Total Other Financing Sources (Uses)	(2,717,818)	(3,637,976)	(3,642,547)	(4,571)
Net Change in Fund Balances	-	(4,164,284)	(2,408,927)	1,755,357
Fund Balances, Beginning of Year	14,614,968	14,614,968	14,614,968	-
Fund Balances, End of Year	\$ 14,614,968	\$ 10,450,684	\$ 12,206,041	\$ 1,755,357

**City of Owensboro, Kentucky
Budgetary Comparison Schedule
Your Community Vision Special Revenue Fund
For the fiscal year ended June 30, 2014**

	<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	\$ 3,832,479	\$ 3,832,479	\$ 3,982,912	\$ 150,433
Net profit license taxes	701,989	701,989	994,292	292,303
Intergovernmental	53,302	53,302	62,516	9,214
Investment earnings	95,000	95,000	86,851	(8,149)
Fees, licenses, and permits	22,440	22,440	53,529	31,089
Total Revenues	<u>4,705,210</u>	<u>4,705,210</u>	<u>5,180,100</u>	<u>474,890</u>
Expenditures:				
Public works	1,342,199	1,753,428	1,138,366	615,062
Capital outlay	4,363,637	12,898,929	5,315,118	7,583,811
Total Expenditures	<u>5,705,836</u>	<u>14,652,357</u>	<u>6,453,484</u>	<u>8,198,873</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,000,626)</u>	<u>(9,947,147)</u>	<u>(1,273,384)</u>	<u>8,673,763</u>
Other Financing Sources (Uses):				
Issuance of debt	-	3,400,045	47,043	(3,353,002)
Transfers in	-	536,682	536,682	-
Transfers out	(1,767,827)	(733,479)	(733,479)	-
Total Other Financing Sources (Uses)	<u>(1,767,827)</u>	<u>3,203,248</u>	<u>(149,754)</u>	<u>(3,353,002)</u>
Net Change in Fund Balances	(2,768,453)	(6,743,899)	(1,423,138)	5,320,761
Fund Balances, Beginning of Year	<u>6,970,466</u>	<u>6,970,466</u>	<u>6,970,466</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 4,202,013</u>	<u>\$ 226,567</u>	<u>\$ 5,547,328</u>	<u>\$ 5,320,761</u>

**City of Owensboro, Kentucky
Budgetary Comparison Schedule
Downtown Development and Revitalization Fund
For the fiscal year ended June 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Regulatory license taxes	\$ 3,175,601	\$ 3,175,601	\$ 3,224,484	\$ 48,883
Interest	150,000	150,000	84,545	(65,455)
Miscellaneous	-	-	1,502	1,502
Total Revenues	<u>3,325,601</u>	<u>3,325,601</u>	<u>3,310,531</u>	<u>(15,070)</u>
Expenditures:				
Community/economic development	-	847,106	802,250	44,856
Capital outlay	-	18,804,408	18,423,465	380,943
Total Expenditures	<u>-</u>	<u>19,651,514</u>	<u>19,225,715</u>	<u>425,799</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,325,601</u>	<u>(16,325,913)</u>	<u>(15,915,184)</u>	<u>410,729</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	400,000	400,000
Transfers in	-	-	11,000	11,000
Transfers out	(4,543,127)	(4,604,127)	(4,603,655)	472
Total Other Financing Sources (Uses)	<u>(4,543,127)</u>	<u>(4,604,127)</u>	<u>(4,192,655)</u>	<u>411,472</u>
Net Change in Fund Balances	(1,217,526)	(20,930,040)	(20,107,839)	822,201
Fund Balances, Beginning of Year	<u>25,673,964</u>	<u>25,673,964</u>	<u>25,673,964</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 24,456,438</u>	<u>\$ 4,743,924</u>	<u>\$ 5,566,125</u>	<u>\$ 822,201</u>

City of Owensboro, Kentucky
Notes to Required Supplementary Information (RSI)
on Budgetary Accounting and Control
For the fiscal year ended June 30, 2014

Stewardship, compliance, and accountability:

Budgets and budgetary accounting:

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

City of Owensboro, Kentucky
Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2014

	Special Revenue				Capital Projects			Total Nonmajor Governmental Funds
	Community Development Fund	Greenbelt Fund	Drug and Property Recovery Fund	Economic Development Fund	Total Special Revenue Funds	Riverfront Development Fund	Wellness Fund	
ASSETS								
Equity in pooled deposits and investments	\$ (83,793)	\$ 54,456	\$ 420,505	\$ 1,659,310	\$ 2,050,478	\$ -	\$ 2,712	\$ 2,053,190
Accounts receivable	-	-	18,714	259,002	277,716	-	-	277,716
Taxes receivable	-	-	-	154,752	154,752	-	-	154,752
Intergovernmental receivable	213,078	-	-	-	213,078	-	-	213,078
Total Assets	\$ 129,285	\$ 54,456	\$ 439,219	\$ 2,073,064	\$ 2,696,024	\$ -	\$ 2,712	\$ 2,698,736
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	128,672	1,000	2,255	118,019	249,946	-	-	249,946
Accrued wages	-	-	5,209	-	5,209	-	-	5,209
Deferred revenue	613	-	-	163,238	163,851	-	-	163,851
Total Liabilities	129,285	1,000	7,464	281,257	419,006	-	-	419,006
Fund Balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	431,755	-	431,755	-	2,712	434,467
Committed	-	53,456	-	1,791,807	1,845,263	-	-	1,845,263
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balance	-	53,456	431,755	1,791,807	2,277,018	-	2,712	2,279,730
Total Liabilities and Fund Balances	\$ 129,285	\$ 54,456	\$ 439,219	\$ 2,073,064	\$ 2,696,024	\$ -	\$ 2,712	\$ 2,698,736

City of Owensboro, Kentucky
Combining Statement of Revenue, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2014

	Special Revenue				Capital Projects			Total Nonmajor Governmental Funds
	Community Development Fund	Greenbelt Fund	Drug and Property Recovery Fund	Economic Development Fund	Total Special Revenue Funds	Riverfront Development Fund	Wellness Fund	
Revenues:								
Real and personal property taxes	\$ -	\$ -	\$ -	\$ 228,511	\$ 228,511	\$ -	\$ -	\$ 228,511
Occupational licenses taxes	-	-	-	1,059,906	1,059,906	-	-	1,059,906
Net profit license taxes	-	-	-	15,278	15,278	-	-	15,278
Regulatory license taxes	-	-	-	222,269	222,269	-	-	222,269
Intergovernmental	582,907	-	46,325	-	629,232	-	-	629,232
Investment earnings	-	853	6,035	14,939	21,827	-	6	21,833
Contributions and donations	6,020	-	10,474	811,042	827,536	-	-	827,536
Other	36,784	-	295,712	-	332,496	-	-	332,496
Total Revenues	625,711	853	358,546	2,351,945	3,337,055	-	6	3,337,061
Expenditures:								
Current:								
Public safety	-	-	301,266	-	301,266	-	-	301,266
Public works	-	-	-	-	-	-	-	-
Community/economic development	620,621	1,000	-	1,230,506	1,852,127	-	-	1,852,127
Capital outlay	-	-	-	4,395,681	4,395,681	-	-	4,395,681
Total Expenditures	620,621	1,000	301,266	5,626,187	6,549,074	-	-	6,549,074
Excess (Deficiency) of Revenues Over Expenditures	5,090	(147)	57,280	(3,274,242)	(3,212,019)	-	6	(3,212,013)
Other Financing Sources (Uses):								
Sale of capital assets	(5,090)	-	16,019	-	10,929	-	-	10,929
Transfers in	-	-	-	440,000	440,000	-	-	440,000
Transfers out	-	-	-	(1,227,319)	(1,227,319)	(536,682)	-	(1,764,001)
Total Other Financing Sources (Uses)	(5,090)	-	16,019	(787,319)	(776,390)	(536,682)	-	(1,313,072)
Net Change in Fund Balances	-	(147)	73,299	(4,061,561)	(3,988,409)	(536,682)	6	(4,525,085)
Fund Balances, Beginning of Year	-	53,603	358,456	5,853,368	6,265,427	536,682	2,706	6,804,815
Fund Balances, End of Year	\$ -	\$ 53,456	\$ 431,755	\$ 1,791,807	\$ 2,277,018	\$ -	\$ 2,712	\$ 2,279,730

**City of Owensboro, Kentucky
 Budgetary Comparison Schedule
 Community Development-Special Revenue Funds
 For the fiscal year ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 600,000	\$ 1,307,152	\$ 582,907	\$ (724,245)
Rentals	8,000	8,000	6,020	(1,980)
Miscellaneous	-	-	36,784	36,784
Total Revenues	<u>608,000</u>	<u>1,315,152</u>	<u>625,711</u>	<u>(689,441)</u>
Expenditures:				
Community/economic development	608,000	1,315,152	620,621	694,531
Total Expenditures	<u>608,000</u>	<u>1,315,152</u>	<u>620,621</u>	<u>694,531</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>-</u>	<u>-</u>	<u>5,090</u>	<u>5,090</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	(5,090)	(5,090)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(5,090)</u>	<u>(5,090)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Owensboro, Kentucky
 Budgetary Comparison Schedule
 Greenbelt Special Revenue Fund
 For the fiscal year ended June 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest	-	-	853	853
Total Revenues	<u>-</u>	<u>-</u>	<u>853</u>	<u>853</u>
Expenditures:				
Community/economic development	-	8,000	1,000	7,000
Total Expenditures	<u>-</u>	<u>8,000</u>	<u>1,000</u>	<u>7,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(8,000)</u>	<u>(147)</u>	<u>7,853</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(8,000)	(147)	7,853
Fund Balances, Beginning of Year	<u>53,603</u>	<u>53,603</u>	<u>53,603</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 53,603</u>	<u>\$ 45,603</u>	<u>\$ 53,456</u>	<u>\$ 7,853</u>

**City of Owensboro, Kentucky
Budgetary Comparison Schedule
Drug Property Recovery Special Revenue Fund
For the fiscal year ended June 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ -	\$ 18,000	\$ 46,325	\$ 28,325
Interest	4,550	4,550	6,035	1,485
Donations	19,460	19,460	10,474	(8,986)
Restitution and other income	59,500	73,500	295,712	222,212
Total Revenues	<u>83,510</u>	<u>115,510</u>	<u>358,546</u>	<u>243,036</u>
Expenditures:				
Public safety	130,600	174,247	301,266	(127,019)
Capital outlay	-	12,035	-	12,035
Total Expenditures	<u>130,600</u>	<u>186,282</u>	<u>301,266</u>	<u>(114,984)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(47,090)</u>	<u>(70,772)</u>	<u>57,280</u>	<u>128,052</u>
Other Financing Sources (Uses):				
Sale of capital assets	3,500	3,500	16,019	12,519
Transfers out	(25,000)	(25,000)	-	25,000
Total Other Financing Sources (Uses)	<u>(21,500)</u>	<u>(21,500)</u>	<u>16,019</u>	<u>37,519</u>
Net Change in Fund Balances	<u>(68,590)</u>	<u>(92,272)</u>	<u>73,299</u>	<u>165,571</u>
Fund Balances, Beginning of Year	<u>358,456</u>	<u>358,456</u>	<u>358,456</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 289,866</u>	<u>\$ 266,184</u>	<u>\$ 431,755</u>	<u>\$ 165,571</u>

Excess of Expenditures Over Appropriations

During the year ended June 30, 2014, for the Drug Property Recovery Special Revenue Fund, public safety actual expenditures exceeded the final budget by \$127,019.

Management Response

Revenue collected in the Drug Property Recovery Special Revenue Fund is primarily based upon restitution collections and varies from year to year. The City is tasked with using the fund for public safety and therefore in 2013-14 budgeted expenditures based upon need, not strictly by revenue collected, allowing the fund balance to be spent.

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Economic Development Special Revenue Fund
For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
Revenues:				
Real and personal property taxes	\$ 199,739	\$ 199,739	\$ 228,511	\$ 28,772
Occupational license taxes	2,031,825	2,031,825	1,059,906	(971,919)
Net profit license taxes	33,209	33,209	15,278	(17,931)
Regulatory licenses taxes	138,000	138,000	222,269	84,269
Investment earnings	8,000	8,000	14,939	6,939
Rentals	58,137	58,137	811,042	752,905
Total Revenues	<u>2,468,910</u>	<u>2,468,910</u>	<u>2,351,945</u>	<u>(116,965)</u>
Expenditures:				
Community/economic development	1,132,935	1,632,935	1,230,504	402,431
Capital outlay	-	5,261,949	4,395,683	866,266
Total Expenditures	<u>1,132,935</u>	<u>6,894,884</u>	<u>5,626,187</u>	<u>1,268,697</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,335,975</u>	<u>(4,425,974)</u>	<u>(3,274,242)</u>	<u>1,151,732</u>
Other Financing Sources (Uses):				
Transfers in	-	440,000	440,000	-
Transfers out	(1,349,713)	(1,349,713)	(1,227,319)	122,394
Total Other Financing Sources (Uses)	<u>(1,349,713)</u>	<u>(909,713)</u>	<u>(787,319)</u>	<u>122,394</u>
Net Change in Fund Balances	(13,738)	(5,335,687)	(4,061,561)	1,274,126
Fund Balances, Beginning of Year	<u>5,853,368</u>	<u>5,853,368</u>	<u>5,853,368</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,839,630</u>	<u>\$ 517,681</u>	<u>\$ 1,791,807</u>	<u>\$ 1,274,126</u>

City of Owensboro, Kentucky
Combining Statement of Net Position
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2014

	Enterprise Funds			Total Nonmajor Enterprise Funds
	Transit Fund	Geographic Information System Fund	Recreation Fund	
ASSETS				
Current Assets:				
Equity in pooled deposits and investments	\$ 239,294	\$ 48,157	\$ 227,114	\$ 514,565
Cash and cash equivalents	-	-	8,010	8,010
Accounts receivable	257	38,254	87,394	125,905
Intergovernmental receivable	220,512	-	-	220,512
Materials and supplies inventory	-	-	36,630	36,630
Prepaid expenses	-	-	1,200	1,200
Total Current Assets	\$ 460,063	\$ 86,411	\$ 360,348	\$ 906,822
Noncurrent Assets:				
Capital assets, net of accumulated depreciation:				
Land	-	-	105,739	105,739
Construction in progress	-	-	-	-
Depreciable capital assets	1,335,571	63,686	178,112	1,577,369
Total Noncurrent Assets	1,335,571	63,686	283,851	1,683,108
Total Assets	\$1,795,634	\$ 150,097	\$ 644,199	\$2,589,930
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts payable	\$ 61,664	\$ 1,085	\$ 111,361	\$ 174,110
Accrued liabilities	48,294	11,619	57,073	116,986
Deferred revenue	-	-	28,146	28,146
Long-term liabilities:				
Due within one year	5,269	-	2,527	7,796
Total Current Liabilities	115,227	12,704	199,107	327,038
Non-current Liabilities:				
Due in more than one year	54,742	51,516	122,481	228,739
Total Non-current Liabilities	54,742	51,516	122,481	228,739
Total Liabilities	169,969	64,220	321,588	555,777
Net Position:				
Invested in capital assets	1,335,571	63,686	283,851	1,683,108
Unrestricted	290,094	22,191	38,760	351,045
Total Net Position	1,625,665	85,877	322,611	2,034,153
Total Liabilities and Net Position	\$1,795,634	\$ 150,097	\$ 644,199	\$2,589,930

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, 2014

	Enterprise Funds			Total Nonmajor Enterprise Funds
	Transit Fund	Geographic Information System Fund	Recreation Fund	
Operating Revenues:				
Charges for services	\$ 149,976	\$ 262,867	\$1,677,763	\$2,090,606
Miscellaneous income	-	-	7,201	7,201
Total Operating Revenues	<u>149,976</u>	<u>262,867</u>	<u>1,684,964</u>	<u>2,097,807</u>
Operating Expenses:				
Salaries, wage, and benefits	1,212,482	326,173	1,293,625	2,832,280
Maintenance	274,631	2,375	726,602	1,003,608
Utilities	26,689	3,758	204,033	234,480
Supplies	334,758	100	370,690	705,548
Other	340,070	17,254	351,809	709,133
Depreciation	533,987	13,972	39,475	587,434
Total Operating Expenses	<u>2,722,617</u>	<u>363,632</u>	<u>2,986,234</u>	<u>6,072,483</u>
Operating Income (Loss)	<u>(2,572,641)</u>	<u>(100,765)</u>	<u>(1,301,270)</u>	<u>(3,974,676)</u>
Nonoperating Revenues:				
Gain (loss) on sale of capital assets	-	-	20	20
Investment earnings	-	515	-	515
Operating grants	697,007	-	-	697,007
Total Nonoperating Revenues	<u>697,007</u>	<u>515</u>	<u>20</u>	<u>697,542</u>
Income (Loss) Before Contributions and Transfers	<u>(1,875,634)</u>	<u>(100,250)</u>	<u>(1,301,250)</u>	<u>(3,277,134)</u>
Capital contributions - grants	585,461	-	-	585,461
Transfers in	850,472	107,398	1,039,750	1,997,620
Transfers out	-	-	(14,493)	(14,493)
Change in Net Position	<u>(439,701)</u>	<u>7,148</u>	<u>(275,993)</u>	<u>(708,546)</u>
Net Position, Beginning of Year	<u>2,065,366</u>	<u>78,729</u>	<u>598,604</u>	<u>2,742,699</u>
Net Position, End of Year	<u>\$1,625,665</u>	<u>\$ 85,877</u>	<u>\$ 322,611</u>	<u>\$2,034,153</u>

City of Owensboro, Kentucky
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2014

	Enterprise Funds			Total Nonmajor Enterprise Funds
	Transit Fund	Geographic Information System Fund	Recreation Fund	
Cash flows from operating activities:				
Cash received from customers	\$ 149,769	\$ 278,175	\$ 1,652,491	\$ 2,080,435
Cash payments to employees for services	(1,178,800)	(324,625)	(1,268,463)	(2,771,888)
Cash payments to suppliers	(976,148)	(24,363)	(1,647,885)	(2,648,396)
Cash payments for interfund services used	-	-	-	-
Net cash used in operating activities	<u>(2,005,179)</u>	<u>(70,813)</u>	<u>(1,263,857)</u>	<u>(3,339,849)</u>
Cash flows from noncapital financing activities:				
Operating grants	824,988	-	-	824,988
Transfers in	850,472	107,398	1,039,750	1,997,620
Transfers out	-	-	(14,493)	(14,493)
Net cash provided by noncapital financing activities	<u>1,675,460</u>	<u>107,398</u>	<u>1,025,257</u>	<u>2,808,115</u>
Cash flows from capital and related financing activities:				
Capital contributions - grants	585,461	-	-	585,461
Payments for capital acquisitions	(16,548)	(34,505)	(108,082)	(159,135)
Net cash provided (used) in capital and related financing activities	<u>568,913</u>	<u>(34,505)</u>	<u>(108,082)</u>	<u>426,326</u>
Cash flows from investing activities:				
Interest on investments	-	515	-	515
Net increase in cash and cash equivalents	239,194	2,595	(346,682)	(104,893)
Cash and cash equivalents, beginning of year	100	45,562	581,806	627,468
Cash and cash equivalents, end of year	<u>\$ 239,294</u>	<u>\$ 48,157</u>	<u>\$ 235,124</u>	<u>\$ 522,575</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (2,572,641)	\$ (100,765)	\$ (1,301,270)	\$ (3,974,676)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	533,987	13,972	39,475	587,434
Gain on disposal of capital assets	-	-	20	20
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(207)	(2,736)	(49,866)	(52,809)
Component units receivable	-	18,044	-	18,044
Materials and supplies inventory	-	-	(3,524)	(3,524)
Prepaid expenses	-	712	-	712
Increase (decrease) in liabilities:				
Accounts payable	23,003	(819)	8,773	30,957
Accrued liabilities	15,569	1,548	6,959	24,076
Unearned revenue	-	-	17,373	17,373
Compensated absences	(4,890)	(769)	18,203	12,544
Net cash used in operating activities	<u>\$ (2,005,179)</u>	<u>\$ (70,813)</u>	<u>\$ (1,263,857)</u>	<u>\$ (3,339,849)</u>



City of Owensboro, Kentucky
Combining Statement of Net Position
Internal Service Funds
For the fiscal year ended June 30, 2014

	Governmental Activities Internal Service Funds				Total Internal Service Funds
	Facilities Maintenance Fund	Insurance Fund	Garage Service Fund	Fleet and Facilities Fund	
ASSETS					
Current Assets:					
Equity in pooled deposits and investments	\$ 827,018	\$ 1,418,544	384,104	\$ 3,832,116	\$ 6,461,782
Accounts receivable	2,281	-	-	-	2,281
Materials and supplies inventory	-	-	212,445	-	212,445
Total Current Assets	829,299	1,418,544	596,549	3,832,116	6,676,508
Noncurrent assets:					
Capital assets, net of accumulated depreciation:					
Depreciable capital assets	157,744	-	-	3,354,618	3,512,362
Total Noncurrent Assets	157,744	-	-	3,354,618	3,512,362
Total Assets	\$ 987,043	\$ 1,418,544	\$ 596,549	\$ 7,186,734	\$ 10,188,870
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts payable	\$ 117,896	\$ 793,342	20,108	\$ 65,143	\$ 996,489
Accrued liabilities	54,916	-	18,127	12,912	85,955
Total Current Liabilities	172,812	793,342	38,235	78,055	1,082,444
Non-current Liabilities:					
Due in more than one year	-	-	-	-	-
Total Non-current Liabilities	-	-	-	-	-
Total Liabilities	172,812	793,342	38,235	78,055	1,082,444
Net Position:					
Invested in capital assets	157,744	-	-	3,354,618	3,512,362
Unrestricted	656,487	625,202	558,314	3,754,061	5,594,064
Total Net Position	814,231	625,202	558,314	7,108,679	9,106,426
Total Liabilities and Net Position	\$ 987,043	\$ 1,418,544	\$ 596,549	\$ 7,186,734	\$ 10,188,870

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, 2014

	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	\$ 3,475,796	\$ 5,452,668	\$ 1,265,837	\$ 1,827,186	\$ 12,021,487
Miscellaneous income	-	-	-	-	-
Total Operating Revenues	<u>3,475,796</u>	<u>5,452,668</u>	<u>1,265,837</u>	<u>1,827,186</u>	<u>12,021,487</u>
Operating Expenses:					
Salaries, wages, and benefits	1,732,272	-	515,885	-	2,248,157
Maintenance	1,028,966	-	37,761	87,978	1,154,705
Utilities	17,901	-	11,985	-	29,886
Administrative	565,421	409,452	6,484	-	981,357
Supplies	253,984	-	549,695	-	803,679
Claims	-	5,032,168	-	-	5,032,168
Depreciation	8,850	-	-	846,417	855,267
Total Operating Expenses	<u>3,607,394</u>	<u>5,441,620</u>	<u>1,121,810</u>	<u>934,395</u>	<u>11,105,219</u>
Operating Income (Loss)	<u>(131,598)</u>	<u>11,048</u>	<u>144,027</u>	<u>892,791</u>	<u>916,268</u>
Nonoperating Revenues:					
Gain (loss) on sale of capital assets	2,501	-	-	77,244	79,745
Investment earnings	-	23,137	-	55,129	78,266
Total Nonoperating Revenues	<u>2,501</u>	<u>23,137</u>	<u>-</u>	<u>132,373</u>	<u>158,011</u>
Income (Loss) Before Contributions and Transfers	<u>(129,097)</u>	<u>34,185</u>	<u>144,027</u>	<u>1,025,164</u>	<u>1,074,279</u>
Transfers in	35,000	-	-	-	35,000
Transfers out	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(666,000)</u>	<u>(766,000)</u>
Change in Net Position	<u>(94,097)</u>	<u>34,185</u>	<u>44,027</u>	<u>359,164</u>	<u>343,279</u>
Prior Period Adjustment	-	-	-	119,500	119,500
Net Position, Beginning of Year	<u>908,328</u>	<u>591,017</u>	<u>514,287</u>	<u>6,630,015</u>	<u>8,643,647</u>
Net Position, End of Year	<u>\$ 814,231</u>	<u>\$ 625,202</u>	<u>\$ 558,314</u>	<u>\$ 7,108,679</u>	<u>\$ 9,106,426</u>

City of Owensboro, Kentucky
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2014

	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	\$ 3,477,198	\$ 5,452,668	\$ 1,265,837	\$ 1,904,430	\$ 12,100,133
Cash payments to employees for services	(1,728,578)	-	(513,571)	-	(2,242,149)
Cash payments to suppliers	(1,914,619)	-	(773,871)	(196,479)	(2,884,969)
Cash payments for claims	-	(5,526,350)	-	-	(5,526,350)
Net cash provided (used) in operating activities	<u>(165,999)</u>	<u>(73,682)</u>	<u>(21,605)</u>	<u>1,707,951</u>	<u>1,446,665</u>
Cash flows from noncapital financing activities:					
Transfers in	35,000	-	-	-	35,000
Transfers out	-	-	(100,000)	(666,000)	(766,000)
Net cash provided (used) by noncapital financing activities	<u>35,000</u>	<u>-</u>	<u>(100,000)</u>	<u>(666,000)</u>	<u>(731,000)</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets	2,501	-	-	77,244	79,745
Payments for capital acquisitions	(34,812)	-	-	(1,734,513)	(1,769,325)
Net cash used in capital and related financing activities	<u>(32,311)</u>	<u>-</u>	<u>-</u>	<u>(1,657,269)</u>	<u>(1,689,580)</u>
Cash flows from investing activities:					
Interest on investments	-	23,137	-	55,129	78,266
Net decrease in cash and cash equivalents	<u>(163,310)</u>	<u>(50,545)</u>	<u>(121,605)</u>	<u>(560,189)</u>	<u>(895,649)</u>
Cash and cash equivalents, beginning of year	990,328	1,469,089	505,709	4,392,305	7,357,431
Cash and cash equivalents, end of year	<u>\$ 827,018</u>	<u>\$ 1,418,544</u>	<u>\$ 384,104</u>	<u>\$ 3,832,116</u>	<u>\$ 6,461,782</u>
Reconciliation of operating loss to net cash used in operating activities:					
Operating loss	\$ (131,598)	\$ 11,048	\$ 144,027	\$ 892,791	\$ 916,268
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation	8,850	-	-	846,416	855,266
Gain (loss) on sale of capital assets	-	-	-	77,244	77,244
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	1,402	-	-	-	1,402
Materials and supplies inventory	-	-	(127,420)	-	(127,420)
Prepaid expenses	-	30,035	-	-	30,035
Increase (decrease) in liabilities:					
Accounts payable	(48,347)	(114,765)	(40,526)	(121,412)	(325,050)
Accrued liabilities	3,694	-	2,314	12,912	18,920
Net cash provided (used) in operating activities	<u>\$ (165,999)</u>	<u>\$ (73,682)</u>	<u>\$ (21,605)</u>	<u>\$ 1,707,951</u>	<u>\$ 1,446,665</u>



City of Owensboro, Kentucky
Combining Statement of Fiduciary Net Position
Pension Trust Funds
For the fiscal year ended June 30, 2014

	City Employees' Pension Fund	Police and Firefighters' Retirement Fund	Total Pension Trust Funds
ASSETS			
Equity in pooled deposits and investments	\$ 1,030,875	\$ 2,748,334	\$ 3,779,209
Cash and cash equivalents	54,157	-	54,157
Cash and cash equivalents, restricted	-	6,250	6,250
Interest receivable	-	1,210	1,210
Investments, at fair value	2,582,661	-	2,582,661
Investments, at fair value, restricted	-	534,451	534,451
Total Assets	3,667,693	3,290,245	6,957,938
LIABILITIES			
Pension payable	15,481	77,288	92,769
Other	497	442	939
Total Liabilities	15,978	77,730	93,708
NET POSITION			
Held in trust for pension benefits	3,651,715	2,670,604	6,322,319
Held in trust for debt service	-	541,911	541,911
Total Net Position	\$ 3,651,715	\$ 3,212,515	\$ 6,864,230

City of Owensboro, Kentucky
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the fiscal year ended June 30, 2014

	<u>City Employees' Pension Fund</u>	<u>Police and Firefighters' Retirement Fund</u>	<u>Total Pension Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ -	\$ -	\$ -
Other	-	2,816	2,816
Total contributions	<u>-</u>	<u>2,816</u>	<u>2,816</u>
Investment earnings:			
Net appreciation (depreciation) in fair value of investments	429,017	(63,721)	365,296
Interest	55,586	188,371	243,957
Total investment earnings	<u>484,603</u>	<u>124,650</u>	<u>609,253</u>
Less investment expense	<u>31,801</u>	<u>7,551</u>	<u>39,352</u>
Net investment earnings	<u>452,802</u>	<u>117,099</u>	<u>569,901</u>
Total Additions	<u>452,802</u>	<u>119,915</u>	<u>572,717</u>
Deductions:			
Benefits	426,592	931,980	1,358,572
Transfer to debt service fund	-	313,185	313,185
Total Deductions	<u>426,592</u>	<u>1,245,165</u>	<u>1,671,757</u>
Change in Net Position	26,210	(1,125,250)	(1,099,040)
Net Position, Beginning of Year	<u>3,625,505</u>	<u>4,337,765</u>	<u>7,963,270</u>
Net Position, End of Year	<u>\$ 3,651,715</u>	<u>\$ 3,212,515</u>	<u>\$ 6,864,230</u>

City of Owensboro, Kentucky
Combining Statement of Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2014

	County Occupational Tax Fund	School District Tax Fund	Total Agency Funds
ASSETS			
Equity in pooled deposits and investments	\$ 147,814	\$ -	\$ 147,814
Intergovernmental receivable	-	-	-
Total Assets	<u>\$ 147,814</u>	<u>\$ -</u>	<u>\$ 147,814</u>
LIABILITIES			
Other	147,814	-	147,814
Total Liabilities	<u>\$ 147,814</u>	<u>\$ -</u>	<u>\$ 147,814</u>

City of Owensboro, Kentucky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
County Occupational Tax Fund				
Assets:				
Equity in pooled deposits and investments	\$ 113,581	\$ 2,122,329	\$ (2,088,096)	\$ 147,814
Liabilities:				
Other	\$ 113,581	\$ 2,122,329	\$ (2,088,096)	\$ 147,814
School District Tax Fund				
Assets:				
Intergovernmental receivable	\$ 38,612	\$ 9,831,938	\$ (9,870,550)	\$ -
Liabilities:				
Other	\$ 38,612	\$ 9,831,938	\$ (9,870,550)	\$ -
Total Agency Funds				
Assets:				
Equity in pooled deposits and investments	113,581	2,122,329	(2,088,096)	147,814
Intergovernmental receivable	38,612	9,831,938	(9,870,550)	-
Total assets	\$ 152,193	\$ 11,954,267	\$ (11,958,646)	\$ 147,814
Liabilities:				
Other	\$ 152,193	\$ 11,954,267	\$ (11,958,646)	\$ 147,814

City of Owensboro, Kentucky
Combining Statement of Net Position
Component Unit
Owensboro Municipal Utilities
For the fiscal year ended June 30, 2014

	Electric Light and Power System	Water Works Systems	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Equity in pooled deposits and investments	\$ -	\$ -	\$ -
Cash and cash equivalents:			
In segregated accounts	24,977,368	1,957,220	26,934,588
Accounts receivable (less allowance of \$47,903 and \$8,684 for Electric and Water, respectively)	12,218,433	2,322,481	14,540,914
Material and supplies inventory	3,541,047	-	3,541,047
Prepaid items	354,059	-	354,059
Other current assets	3,573,864	-	3,573,864
Restricted assets	110,332,631	3,759,026	114,091,657
Capital assets, net of accumulated depreciation	191,109,570	44,824,333	235,933,903
Other noncurrent assets	5,465,527	822,373	6,287,900
Deferred charges	1,855,777	-	1,855,777
Total Assets	353,428,276	53,685,433	407,113,709
Deferred Outflows of Resources:			
Accumulated decrease in fair value of hedging derivatives	16,976,917	-	16,976,917
Unamortized loss on debt refunding	3,966,288	384,359	4,350,647
Net unrealized loss on investments	497,337	84,838	582,175
Total Deferred Outflows of Resources	21,440,542	469,197	21,909,739
Total Assets and Deferred Outflows of Resources	\$ 374,868,818	\$ 54,154,630	\$ 429,023,448
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities:			
Accounts payable	\$ 13,539,921	\$ 789,748	\$ 14,329,669
Accrued liabilities	14,365,595	-	14,365,595
Accrued interest payable	3,151,857	242,918	3,394,775
Customers' advances	-	250,574	250,574
Non-current liabilities:			
Long-term debt:			
Due within one year	2,610,000	620,000	3,230,000
Due in more than one year	203,784,767	23,272,389	227,057,156
Other	8,267,252	55,440	8,322,692
Total Liabilities	245,719,392	25,231,069	270,950,461
Deferred Inflows of Resources:			
Accumulated increase in fair value of hedging derivatives	8,297,836	-	8,297,836
Deferred revenue	2,292,598	264,572	2,557,170
Deferred energy cost adjustment	3,562,275	-	3,562,275
Total Deferred Inflows of Resources	14,152,709	264,572	14,417,281
Net Position:			
Net investment in capital assets	37,246,490	24,845,499	62,091,989
Restricted for:			
Capital projects	4,933,791	93,052	5,026,843
Debt service	12,448,714	517,919	12,966,633
Other purposes	34,863,023	-	34,863,023
Unrestricted	25,504,699	3,202,519	28,707,218
Total Net Position	114,996,717	28,658,989	143,655,706
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 374,868,818	\$ 54,154,630	\$ 429,023,448

City of Owensboro, Kentucky
Combining Statement of Activities
Component Unit
Owensboro Municipal Utilities
For the fiscal year ended June 30, 2014

	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	\$ 129,194,079	\$ 136,868,449	\$ 532,827	\$ 8,207,197	\$ -	\$ 8,207,197
Water Works System	10,214,282	9,469,396	567,566	-	(177,320)	(177,320)
Total Component Unit	\$ 139,408,361	\$ 146,337,845	\$ 1,100,393	8,207,197	(177,320)	8,029,877
General Revenues:						
Earnings on investments				1,052,320	41,592	1,093,912
Deferred net change in fair value of investments				-	-	-
Miscellaneous				217,345	-	217,345
Total General Revenues				<u>1,269,665</u>	<u>41,592</u>	<u>1,311,257</u>
Transfers Out - Dividends				<u>(8,414,463)</u>	<u>(163,316)</u>	<u>(8,577,779)</u>
Change in Net Position				1,062,399	(299,044)	763,355
Net Position, Beginning of Year				113,934,318	28,958,033	142,892,351
Net Position, End of Year				<u>\$ 114,996,717</u>	<u>\$ 28,658,989</u>	<u>\$ 143,655,706</u>

City of Owensboro, Kentucky
Capital Assets Used in Operation of Governmental Funds
Schedule by Source
For the fiscal year ended June 30, 2014

Governmental funds capital assets:

Land	\$ 23,486,066
Construction in progress	42,872,568
Land improvements/infrastructure	159,447,173
Buildings	44,398,648
Vehicles	2,503,118
Equipment	6,896,666
Software	70,299
	<u>\$ 279,674,538</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 275,512,457
Community Development Fund	3,607,699
City of Owensboro Municipal Improvement Corporation	554,382
	<u>\$ 279,674,538</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, 2014

Function and Activity	Land	Construction in Progress	Land Improvements	Buildings	Vehicles	Equipment	Software	Total
General Government:								
City manager, commissioners and legal	\$ 201,993	\$ -	\$ -	1,716,417	\$ -	138,911	\$ -	2,057,321
Finance	-	-	-	-	-	39,374	-	39,374
Personnel	-	-	-	-	-	13,545	-	13,545
Information services	-	-	-	82,124	-	428,624	-	510,748
Unallocated	3,662,589	-	6,125,079	24,622,158	21,388	2,044,384	70,299	36,545,897
Total General Government	3,864,582	-	6,125,079	26,420,699	21,388	2,664,838	70,299	39,166,885
Public Safety:								
Police	767,183	-	-	3,469,976	137,688	2,276,384	-	6,651,231
Fire	353,862	-	-	2,093,300	1,246,095	153,431	-	3,846,688
Total Public Safety	1,121,045	-	-	5,563,276	1,383,783	2,429,815	-	10,497,919
Public Works:								
Engineering	-	-	-	-	-	47,054	-	47,054
Streets	4,305,872	-	43,515,180	1,003,460	9,703	167,835	-	49,002,050
Garage	22,500	-	-	173,527	-	96,580	-	292,607
Stormwater	-	-	-	-	76,877	82,290	-	159,167
Total Public Works	4,328,372	-	43,515,180	1,176,987	86,580	393,759	-	49,500,878
Community and Cultural:								
Parks	3,240,261	-	3,180,135	9,229,973	-	182,181	-	15,832,550
Other agencies	1,431,095	-	1,570,727	1,160,259	-	-	-	4,162,081
Downtown Revitalization	7,542,467	-	32,798,532	-	-	463,217	-	40,804,216
Your Community Vision	1,958,244	-	72,257,519	847,455	1,011,367	762,856	-	76,837,441
Total Community and Cultural	14,172,067	-	109,806,913	11,237,687	1,011,367	1,408,254	-	137,636,288
Construction in progress	-	42,872,568	-	-	-	-	-	42,872,568
Total Governmental Funds Capital Assets	\$ 23,486,066	42,872,568	\$ 159,447,172	\$ 44,398,649	\$ 2,503,118	\$ 6,896,666	\$ 70,299	\$ 279,674,538

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, 2014

Function and Activity	Governmental Funds Capital Assets June 30, 2013	Additions	Deductions	Governmental Funds Capital Assets June 30, 2014
General government:				
City manager, commissioners and legal	\$ 2,057,321	\$ -	\$ -	\$ 2,057,321
Finance	31,375	7,999	-	39,374
Personnel	13,545	-	-	13,545
Information services	473,739	47,151	(10,142)	510,748
Unallocated	36,330,897	215,000	-	36,545,897
Total general government	<u>38,906,877</u>	<u>270,150</u>	<u>(10,142)</u>	<u>39,166,885</u>
Public safety:				
Police	6,604,598	46,633	-	6,651,231
Fire	3,976,346	-	(129,658)	3,846,688
Total public safety	<u>10,580,944</u>	<u>46,633</u>	<u>(129,658)</u>	<u>10,497,919</u>
Public works:				
Engineering	47,054	-	-	47,054
Streets	48,413,493	588,557	-	49,002,050
Garage	292,607	-	-	292,607
Stormwater	159,167	-	-	159,167
Total public works	<u>48,912,321</u>	<u>588,557</u>	<u>-</u>	<u>49,500,878</u>
Community and cultural:				
Parks	15,052,659	779,891	-	15,832,550
Community services	-	-	-	-
Other agencies	4,162,081	-	-	4,162,081
Downtown Revitalization	17,534,489	23,269,727	-	40,804,216
Your Community Vision	76,675,073	202,472	(40,104)	76,837,441
Total community and cultural	<u>113,424,302</u>	<u>24,252,090</u>	<u>(40,104)</u>	<u>137,636,288</u>
		25,157,430		
Community / economic development	-	-	-	-
Construction in Progress	<u>44,381,070</u>	<u>21,325,502</u>	<u>(22,834,004)</u>	<u>42,872,568</u>
Total governmental funds capital assets	<u>\$ 256,205,514</u>	<u>\$ 46,482,932</u>	<u>\$ (23,013,908)</u>	<u>\$ 279,674,538</u>

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





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.



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 recognitions include being named Kentucky's representative on the "America's Best Place to Raise Your Kids" 2009 list in BusinessWeek magazine and #93 on the Top 100 list of "America's Best Places to Live" in July 2010 by Money magazine.

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, 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. A recently improved section of U.S. Highway 231 in southern Indiana completes 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 2014, area employment over the prior twelve months averaged 46,824, a decrease of only 45 from the prior year. The June 2014 unemployment rate was 6.3%, significantly lower than the State rate of 7.4% and equal to the U.S. rate. The number of Owensboro Municipal Utilities active water and electric meters has been steady for several years, but much of the recent construction in the city has been in areas served by Kenergy and the local water districts. The rate of construction of new single-family housing dropped in the prior year. The value of new non-residential projects has returned to a more normal range from the recent all-time high in the local area due to work on several major projects, including the recently concluded construction of a new \$385 million hospital and a new convention center.

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

In August 2012, the City completed construction of a \$40 million Riverfront Development project which was funded mostly through a federal grant. The project included a river wall, a signature fountain, children's playground and spray park, and significant additional green space for Smothers Park. The City is currently in the later stages of a \$99 million downtown redevelopment and revitalization project. The City has partnered with Daviess County Fiscal Court in the development and financing of this project, with the City sponsoring \$79 million of the project and the County sponsoring the remaining \$20 million. A



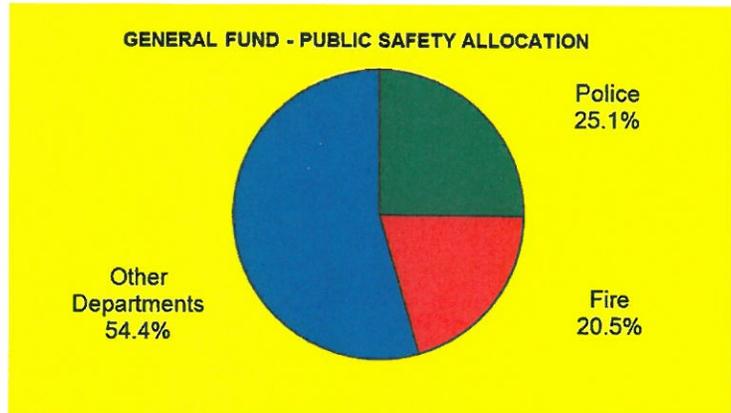
\$48 million convention and events center overlooking the Ohio River opened in January 2014. It will be flanked by two new privately developed hotel projects with 270 total rooms at a total cost of over \$35 million. Other new construction in the area includes a corporate headquarters and multiple residential buildings on available riverfront property, with additional property available for future development.

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 3.29 minutes for OPD and 4.21 minutes for OFD, in accordance with the National Fire Protection and United States Insurance Service Offices recommendations. Recent consolidation to our combined City-County 911 Dispatch Center helps ensure efficient and effective Public Safety dispatch services throughout the county. 45.6% of General Fund expenditures are budgeted for public safety.



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

Education

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

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

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

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

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



Medical Facilities

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

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

Among many services and accomplishments, OH also leads two key initiatives for cancer research in the Owensboro region. OH is accredited as a Comprehensive Cancer Center, the highest endorsement awarded to any community hospital from the Commission on Cancer of the American College of Surgeons. This endorsement shows that OH provides the highest level of care in the diagnosis and treatment of cancer.

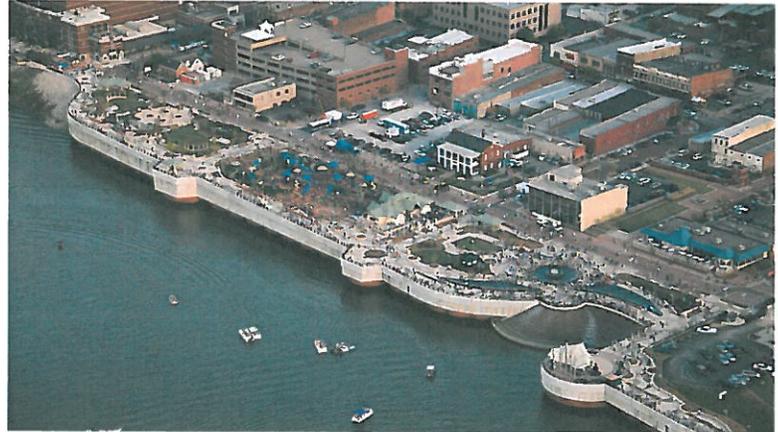
Recreation and Culture

The new, high-tech library serves the community well with a collection of 197,000 books, 28,000 audio and DVD items, a digital collection of over 55,000 items, and access to 31 online databases. Owensboro Area Museum maintains community interest in the natural sciences and area history. Art lovers benefit from the Owensboro Museum of Fine Art, which now features an Atrium Sculpture Court, a restored Civil War-era mansion, a priceless collection of German stained glass windows, and the Kentucky Spirit Galleries. These institutions are recognized as among the finest in western Kentucky. Owensboro offers wide ranges of recreational and cultural activities to its citizens, who enjoy everything from fishing on nearby lakes to live performances of the Owensboro Symphony Orchestra, one of the finest in the state. Municipal parks provide areas for picnicking, golf, hiking, tennis, softball, football and just plain relaxing. State-maintained Carpenter and Kingfisher lakes offer a fine arena for the fisherman. Other water sports may be enjoyed on the Ohio River. Whether walking, running or biking for fun or exercise, the City's Greenbelt offers a safe route for its residents.

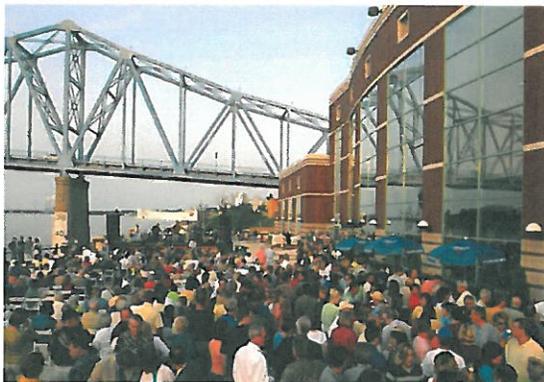


The City maintains two swimming pools and the Kendall Perkins SprayPark, a shallow water play area specially built for small children. Legion Park's sprayground is an enhancement to a beautiful park located in the center of Owensboro that already features basketball courts, a walking trail, playground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

As was mentioned prior, Smothers Park was greatly expanded and enhanced with additional green space, a signature fountain, and a large children's playground/ sprayground complex as part of a recent Riverfront Development Project. This is connected to the new riverfront convention center area by the Mitch McConnell Plaza and Walkway, also a recent addition. Owensboro is indebted to Senator McConnell for his loyalty and dedication to the City and its ambitious riverfront projects. The City has dedicated the plaza and walkway in his honor.

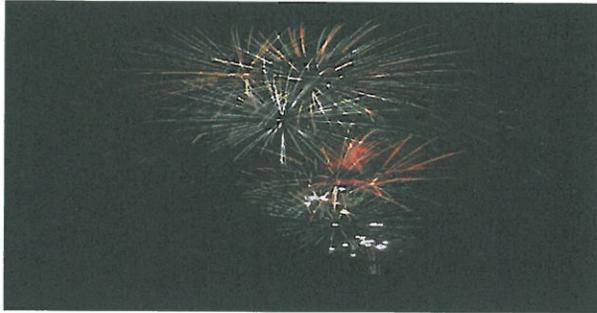


The RiverPark Center, a 100,000 square foot performing arts and civic center, boasts a 1,500 seat multi-purpose auditorium, an experimental theatre, a riverfront plaza, an open-air courtyard, and meeting/reception rooms. Each year the RiverPark Center hosts over 800 performance and civic events. The International Bluegrass Music Museum currently occupies a portion of this facility, but plans and fundraising are in progress to relocate it to its own dedicated building along the riverfront. The RiverPark Center has hosted the International Mystery Writers' Festival since 2008 and attendees have included 2-time Oscar winner Gene Hackman, actor Josh Hucherson, writer Stuart Kaminsky, and Mary Higgins Clark, the "Queen of Suspense." Features of this festival are both full and "Live Radio Theatre" productions. 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 four city blocks. The festival, created by Downtown Owensboro, Inc., began in 1996 with 10 weekly Friday evening concerts. It has grown to a summer-long signature event for the tri-state area hosting more than 50,000 visitors and generally runs from May to September. The festival includes live bands, interactive events for families, entertainment and crafts each Friday after 5:00 p.m. until 10:00 p.m.

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



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

The annual Owensboro Dragon Boat Festival premiered in 2011 with 12 teams and had 26 teams participate in August 2013. This festival takes place at English Park, taking advantage of its excellent boat ramp and boarding dock facilities. Paddling teams of 20 people race the boats in multiple heats along a 100-meter course down the Ohio River. Other festivals range from Bluegrass and Dulcimer Music Festivals in the spring to Pumpkin, Farm, and Apple Festivals each fall.



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

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

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

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



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

Girls 14 & under Class A Fast Pitch National Championship-144 teams, and 2008 ASA Girls 16 & Under Class A Fast Pitch National Championship-144 teams.

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

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

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

Owensboro's 2010 purchase of Ben Hawes Park from the State of Kentucky has allowed for further enhancement of recreational facilities in the area, among them miles of recently renovated mountain biking/hiking trails and a new Soap Box Derby track. The Owensboro Lions Club brought the Soap Box Derby back to Owensboro in 2001 after a 36-year absence. After hosting the event on a city street course since 2001, construction was recently completed on a new dedicated course in Ben Hawes Park. This is the result of a combined commitment of the Owensboro Lions Club, its sponsors, and the governments of the City of Owensboro and Daviess County. This Soap Box Derby track hosts several events each year.



2013 marked the 14-year anniversary of Corporate Challenge. Patterned after the Olympic Games, amateur athletes competed in events such as archery, basketball, bike racing, bowling, golf, horseshoes, kickball, a 5K run and a walk race, softball, table tennis, spades, tennis, trivia, sporting clays, and volleyball. The goal of Corporate Challenge is to encourage physical fitness, enhance employer/employee relations, boost morale, develop teamwork, foster company pride, and promote company recognition within the community. Last year over 2,000 citizens from 19 companies competed in the games. Corporate Challenge has created a lifetime of health and friendships for many of the participants.

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.

Contents

Pages

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.

119-124

Revenue Capacity

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

125-128

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.

129-132

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.

133-134

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.

135-137

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 34,377,954	\$ 33,144,429	\$ 42,842,237	\$ 45,664,473	\$ 54,604,577	\$ 63,729,670	\$ 59,036,560	\$ 68,207,310	\$ 51,139,210	\$ 66,328,598
Restricted	6,204,137	6,321,540	7,638,119	15,587,202	31,047,376	31,138,063	39,466,683	37,494,110	48,046,513	21,134,973
Unrestricted	8,830,893	11,296,760	14,063,081	17,570,869	14,239,334	22,461,039	23,652,240	26,057,789	28,696,007	43,596,648
Total governmental activities net position	\$ 49,412,984	\$ 50,762,729	\$ 64,543,437	\$ 78,822,544	\$ 99,891,287	\$ 117,328,772	\$ 122,155,503	\$ 131,759,209	\$ 127,881,730	\$ 131,060,219
Business-Type activities										
Net investment in capital assets	\$ 1,909,075	\$ 2,059,230	\$ 1,959,205	\$ 2,233,411	\$ 3,002,194	\$ 4,090,975	\$ 3,790,528	\$ 3,991,570	\$ 4,578,564	\$ 4,286,716
Unrestricted	6,263,893	7,449,411	9,234,571	10,482,524	11,283,831	11,425,367	12,129,144	11,799,478	11,485,967	8,990,011
Total business-type activities net position	\$ 8,172,968	\$ 9,508,641	\$ 11,193,776	\$ 12,725,935	\$ 14,286,025	\$ 15,516,342	\$ 15,919,672	\$ 15,791,048	\$ 16,064,531	\$ 13,276,727
Primary government										
Net investment in capital assets	\$ 36,287,029	\$ 35,203,659	\$ 44,801,442	\$ 47,897,884	\$ 57,606,771	\$ 67,820,645	\$ 62,827,108	\$ 72,198,880	\$ 55,717,774	\$ 70,615,314
Restricted	6,204,137	6,321,540	7,638,119	15,587,202	31,047,376	31,138,063	39,466,683	37,494,110	48,046,513	21,134,973
Unrestricted	15,094,786	18,746,171	23,297,652	28,063,393	25,523,165	33,886,406	35,781,384	37,857,267	40,181,974	52,586,659
Total primary government net position	\$ 57,585,952	\$ 60,271,370	\$ 75,737,213	\$ 91,548,479	\$ 114,177,312	\$ 132,845,114	\$ 138,075,175	\$ 147,550,257	\$ 143,946,261	\$ 144,336,946

Schedule 2

CITY OF OWENSBORO
CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 7,204,175	\$ 8,644,720	\$ 8,793,519	\$ 9,680,973	\$ 8,772,143	\$ 10,693,412	\$ 8,501,561	\$ 9,900,004	\$ 9,869,881	\$ 18,605,042
Public safety	15,651,627	19,513,418	17,055,086	18,129,214	18,614,163	18,445,524	20,216,734	20,290,474	20,953,730	21,518,684
Public works	10,304,723	9,278,026	6,395,367	5,559,089	9,615,871	7,181,580	9,303,683	6,925,625	12,369,635	7,863,621
Community and cultural	4,373,153	4,457,954	4,886,150	5,662,963	6,749,708	6,677,344	8,180,079	9,028,838	9,600,911	9,904,860
Community/economic development	1,394,189	1,113,760	703,557	898,056	1,258,411	2,512,015	3,174,407	5,802,913	3,746,406	2,403,239
Interest on long-term debt	933,123	926,657	1,015,349	1,028,005	1,297,750	2,060,977	2,310,662	2,936,429	3,720,799	4,666,115
Total governmental activities expenses	39,760,990	43,934,535	38,849,028	40,957,300	46,308,046	47,570,852	51,687,126	54,884,283	60,251,362	64,981,561
Business-Type activities:										
Sanitation	3,862,662	4,013,954	4,047,686	4,255,487	4,412,040	4,578,085	4,882,331	5,195,084	5,523,509	5,820,823
Transit	1,293,099	1,367,534	1,477,294	1,537,889	1,606,014	1,741,449	2,025,221	2,023,807	2,141,269	2,722,617
Geographic information system	-	-	-	291,095	295,960	375,634	316,945	321,526	336,049	363,632
Downtown maintenance and operations	58,022	74,906	68,660	81,852	114,675	84,383	-	107,081	612,494	2,237,673
Recreation	1,328,329	1,344,738	1,373,102	1,404,093	1,363,000	1,808,163	2,255,163	2,693,529	2,724,406	2,986,234
Total business-type activities expenses	6,542,112	6,801,132	6,966,742	7,570,416	7,791,669	8,587,714	9,480,660	10,341,027	11,337,727	14,130,979
Total primary government expenses	\$ 46,303,102	\$ 50,735,667	\$ 45,815,770	\$ 48,527,716	\$ 54,099,715	\$ 56,158,566	\$ 61,167,786	\$ 65,225,310	\$ 71,589,089	\$ 79,112,540
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,043,874	\$ 2,325,733	\$ 2,337,646	\$ 2,477,103	\$ 2,305,783	\$ 2,228,883	\$ 2,199,982	\$ 1,943,070	\$ 1,690,180	\$ 1,693,498
Public safety	748,939	778,650	875,431	952,424	1,133,134	960,415	803,850	790,746	823,146	1,331,134
Public works	231,022	215,894	216,483	17,901	21,907	22,789	18,624	67,627	1,367,196	44,339
Community and cultural	-	13,001	-	-	-	-	-	-	-	214,533
Community/economic development	421,745	301,812	300,944	215,492	190,156	255,973	341,856	879,586	698,646	853,846
Operating grants and contributions	2,979,952	5,152,432	3,470,861	4,066,154	2,904,106	3,379,634	3,971,261	3,894,683	1,416,992	742,900
Capital grants and contributions	3,564,624	3,142,387	4,533,823	7,478,058	20,161,264	15,445,926	6,634,939	4,836,952	1,070,822	651,624
Total governmental activities program revenues	9,990,156	11,929,909	11,735,188	15,207,132	26,716,350	22,293,620	13,970,512	12,412,664	7,066,982	5,531,874
Business-type activities:										
Charges for services:										
Sanitation	4,950,909	5,030,171	5,100,056	5,157,748	5,204,380	5,194,660	5,211,205	5,260,990	5,299,182	5,309,154
Transit	142,173	148,421	139,101	128,819	132,286	130,316	126,704	139,100	128,560	149,976
Geographic information system	-	-	-	282,612	243,914	262,419	213,647	245,370	249,710	262,867
Downtown maintenance and operations	54,175	56,556	53,825	54,109	57,071	56,126	-	-	-	-
Recreation	1,007,638	1,051,924	979,206	979,530	971,359	1,228,306	1,517,155	1,780,625	1,786,512	1,684,964
Operating grants and contributions	553,152	652,332	407,877	441,882	464,303	445,741	475,124	517,384	585,334	697,007
Capital grants and contributions	40,957	-	420,237	466,485	646,534	1,484,000	469,719	410,061	1,471,164	585,461
Total business-type activities program revenues	6,749,004	6,839,404	7,100,302	7,491,145	7,719,847	8,801,568	8,013,554	8,353,530	9,520,462	8,689,429
Total primary government program revenues	\$ 16,739,160	\$ 18,869,313	\$ 18,835,490	\$ 22,698,277	\$ 34,436,197	\$ 31,095,188	\$ 21,984,066	\$ 20,766,194	\$ 16,587,444	\$ 14,221,303

CITY OF OWENSBORO
CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense)/revenue	\$ (29,770,834)	\$ (32,004,626)	\$ (27,113,840)	\$ (25,750,168)	\$ (19,591,696)	\$ (25,277,232)	\$ (37,716,614)	\$ (42,471,619)	\$ (53,184,380)	\$ (59,449,687)
Governmental activities	206,892	138,272	133,560	(79,271)	(71,842)	213,854	(1,467,106)	(1,987,497)	(1,817,265)	(5,441,550)
Business-type activities	\$ (29,563,942)	\$ (31,866,354)	\$ (26,980,280)	\$ (25,829,439)	\$ (19,663,538)	\$ (25,063,378)	\$ (39,183,720)	\$ (44,459,116)	\$ (55,001,645)	\$ (64,891,237)
Total primary government net expense										
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes										
Property taxes	\$ 7,492,747	\$ 7,758,532	\$ 8,129,079	\$ 8,490,108	\$ 8,874,418	\$ 9,276,874	\$ 9,178,018	\$ 9,410,510	\$ 9,622,714	\$ 9,767,158
Occupational license taxes	12,575,637	12,282,123	13,202,290	13,765,193	13,726,575	13,836,363	14,828,760	15,303,516	16,281,800	16,058,067
Net profit license taxes	2,123,377	2,143,424	2,728,192	3,280,491	3,419,223	3,256,271	3,176,505	3,027,503	3,856,135	3,907,671
Regulatory taxes	4,505,405	4,722,033	4,815,086	5,040,813	4,824,993	5,867,123	7,276,039	7,533,345	7,992,483	8,234,180
Payments in lieu of taxes from component unit	1,627,979	1,480,187	1,399,301	1,756,428	2,012,646	2,015,823	1,990,074	2,363,275	2,669,050	2,295,286
Investment earnings	394,007	373,234	885,309	827,636	1,311,412	1,010,136	615,382	1,114,934	641,337	589,698
Unrestricted grants and contributions	838,338	1,076,654	443,285	441,347	954,986	756,238	443,319	1,442,692	2,078,625	3,353,746
Gain on sale of assets	-	121,727	584	296,830	161,646	143,517	263,620	152,660	326,151	599,960
Investment in joint venture	929,339	464,514	1,909,755	1,378,941	60,737	755,383	(108,088)	919,245	440,926	530,462
Miscellaneous	779,527	357,791	465,070	217,782	643,290	317,574	276,035	244,222	588,847	105,942
Dividends from component unit	4,005,576	5,095,855	5,324,818	5,693,000	5,758,800	6,076,605	6,215,425	6,379,600	6,392,412	6,546,472
Special Item-Property acquired under lease restructure	-	-	-	-	-	-	-	5,917,293	-	-
Transfers	(864,800)	(888,986)	(1,024,655)	(1,159,294)	(1,088,287)	(697,180)	(1,611,744)	(1,733,470)	(1,593,579)	(1,878,925)
Total governmental activities	34,397,132	34,993,088	38,278,114	40,029,275	40,660,439	42,714,717	42,543,345	52,075,325	49,306,901	50,109,717
Business-type activities:										
Investment earnings	159,369	166,231	410,982	383,904	454,797	238,370	143,280	125,403	208,415	131,809
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	128,996	165,624
Gain on sale of assets	-	142,184	115,938	68,232	88,848	180,913	115,412	-	159,758	150,000
Miscellaneous	-	-	-	-	-	-	-	-	-	207,888
Transfers	864,800	888,986	1,024,655	1,159,294	1,088,287	597,180	1,611,744	1,733,470	1,593,579	1,878,925
Total business-type activities	1,024,169	1,197,401	1,551,575	1,611,430	1,631,932	1,016,463	1,870,436	1,858,873	2,090,748	2,534,246
Total primary government	\$ 35,421,301	\$ 36,190,489	\$ 39,829,689	\$ 41,640,705	\$ 42,292,371	\$ 43,731,180	\$ 44,413,781	\$ 53,934,198	\$ 51,397,649	\$ 52,643,963
Change in Net Position										
Governmental activities	\$ 4,626,298	\$ 2,988,462	\$ 11,164,274	\$ 14,279,107	\$ 21,068,743	\$ 17,437,485	\$ 4,826,731	\$ 9,603,706	\$ (3,877,479)	\$ (9,339,970)
Business-type activities	1,231,061	1,335,673	1,685,135	1,532,159	1,560,090	1,230,317	403,330	(128,624)	273,483	(2,907,304)
Total primary government	\$ 5,857,359	\$ 4,324,135	\$ 12,849,409	\$ 15,811,266	\$ 22,628,833	\$ 18,667,802	\$ 5,230,061	\$ 9,475,082	\$ (3,603,996)	\$ (12,247,274)

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
					SERVICES - GENERAL GOVERNMENT	FINES AND FORFEITS	INTEREST		
2005	42,198,008	7,492,747	18,668,701	13,435,874	599,425	120,197	325,533	1,555,531	
2006	46,212,243	7,758,532	19,924,204	15,769,971	654,748	161,279	303,186	1,640,323	
2007	47,597,695	8,129,079	21,032,128	15,418,252	697,149	157,286	728,907	1,434,894	
2008	53,515,825	8,490,108	22,575,081	19,616,625	744,040	234,062	716,395	1,139,514	
2009	67,217,494	8,874,418	22,437,240	32,091,906	740,105	149,672	1,156,431	1,767,722	
2010	63,550,508	9,276,874	23,473,559	27,600,534	815,486	132,250	909,938	1,341,867	
2011	56,698,024	9,178,019	25,671,513	18,853,864	810,145	111,517	547,605	1,525,361	
2012	57,993,479	9,410,510	26,214,178	17,919,577	812,117	114,465	1,014,245	2,508,387	
2013	55,798,233	9,622,714	28,349,336	12,952,702	2,174,734	107,143	569,148	2,022,456	
2014	55,657,986	9,767,158	28,691,389	12,768,435	841,742	90,775	589,698	2,908,789	

This table includes all governmental funds.

Schedule 4

CITY OF OWENSBORO
FUND BALANCES OF GOVERNMENTAL FUNDS

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Nonspendable	\$ 87	\$ 153	\$ 267	\$ 175	\$ 290	\$ 17	\$ 18	\$ 17	\$ 23	\$ 69
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	213	44	47	437	396
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	1,855	3,591	5,662	7,473	7,545	9,451	10,888	12,328	14,155	11,741
Total General Fund	\$ 1,942	\$ 3,744	\$ 5,929	\$ 7,648	\$ 7,835	\$ 9,681	\$ 10,950	\$ 12,392	\$ 14,615	\$ 12,206
All other governmental units										
Nonspendable	\$ 3,958	\$ 3,256	\$ 6,154	\$ 13,216	\$ 28,496	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	21,988	25,331	17,993	31,407	17,616
Committed	-	-	-	-	-	8,636	13,500	18,715	15,778	3,123
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	1,931	2,835	1,129	1,972	2,117	-	-	-	-	-
Total all other government funds	\$ 5,889	\$ 6,091	\$ 7,283	\$ 15,188	\$ 30,613	\$ 30,624	\$ 38,831	\$ 36,708	\$ 47,185	\$ 20,739

Schedule 5

CITY OF OWENSBORO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Real and personal property taxes	\$ 7,492,747	\$ 7,758,532	\$ 8,129,079	\$ 8,490,108	\$ 8,874,418	\$ 9,276,874	\$ 9,178,019	\$ 9,410,510	\$ 9,622,714	\$ 9,767,158
Occupational licenses	11,542,558	12,236,772	12,911,250	13,686,643	13,645,423	13,782,813	14,702,852	15,206,272	16,068,006	16,053,903
Net profit license fees	2,101,988	2,435,859	2,781,868	3,277,814	3,400,218	3,252,516	3,168,582	2,977,184	3,860,563	3,907,671
Regulatory licenses	4,505,405	4,722,033	4,815,086	5,040,813	5,867,123	5,867,123	7,276,039	7,533,345	7,992,483	8,234,180
Intergovernmental	7,802,319	9,193,929	8,694,133	12,167,197	24,320,460	19,508,106	10,648,365	9,176,702	3,891,240	3,926,677
Interest	325,533	303,186	728,907	716,395	1,156,431	909,938	547,605	1,014,245	569,148	589,698
Fees, licenses and permits	518,750	529,540	523,924	569,811	566,606	571,107	524,040	497,377	428,284	495,635
Fines and forfeitures	120,197	161,279	157,286	234,062	149,672	132,250	111,517	114,465	107,143	90,775
Rentals	617,021	741,230	720,896	651,199	566,512	566,385	690,104	1,610,887	770,939	68,378
Charges for services	599,425	654,748	697,149	744,040	740,105	815,486	810,145	812,117	2,174,734	841,742
Contributions and donations	263,200	22,227	20,197	17,648	8,879	16,386	13,841	9,880	46,174	1,333,636
Dividends from component units	4,005,576	5,095,855	5,324,818	5,693,000	5,758,800	6,076,605	6,215,425	6,379,600	6,392,412	6,546,472
Payments in lieu of taxes from component unit	1,627,979	1,480,187	1,399,301	1,756,428	2,012,646	2,015,823	1,990,074	2,363,275	2,669,050	2,295,286
Miscellaneous income	675,310	876,866	693,801	470,667	1,192,331	759,096	821,416	887,620	1,205,343	1,506,775
Total Revenues	42,198,008	46,212,243	47,597,695	53,515,825	67,217,494	63,550,508	56,688,024	57,993,479	55,798,233	55,657,986
Expenditures										
Current:										
General government	6,183,140	7,373,975	7,680,375	8,484,458	8,309,429	9,374,755	7,493,690	7,889,242	8,273,338	9,662,392
Public safety	15,566,845	20,447,217	16,697,923	17,796,001	18,553,309	18,034,183	19,280,032	19,419,896	20,313,577	21,063,414
Public works	6,998,503	5,078,227	4,534,225	5,913,174	7,055,774	4,736,354	5,277,177	5,109,226	5,993,091	6,012,281
Community and cultural	4,100,447	3,962,926	3,963,882	4,669,820	5,227,916	3,436,163	4,339,919	4,349,945	4,996,919	4,968,033
Community/economic development	1,394,189	1,113,760	1,013,498	898,056	1,258,411	2,512,015	3,174,407	5,802,913	3,746,406	2,403,240
Capital outlay	8,692,798	7,278,471	7,086,041	10,859,962	34,254,857	29,444,904	31,409,589	31,436,203	28,556,718	31,468,944
Debt service:										
Principal	1,489,027	1,662,807	1,841,400	2,714,000	1,933,300	1,318,300	8,618,300	22,238,300	3,104,301	4,257,000
Interest	883,816	810,979	920,447	928,832	1,054,240	1,912,906	1,946,891	2,867,038	3,308,443	4,517,083
Issuance costs	10,500	147,933	-	55,778	103,773	44,306	184,781	257,979	206,631	85,073
Total Expenditures	45,319,265	47,876,288	43,737,791	52,320,081	77,751,009	70,813,886	81,724,786	99,370,742	78,499,424	84,437,460
Excess (deficiency) of revenues over expenditures	(3,121,257)	(1,664,045)	3,859,904	1,195,744	(10,533,515)	(7,263,378)	(25,026,762)	(41,377,263)	(22,701,191)	(28,779,474)
Other financing sources (uses):										
Sale of capital assets	138,367	190,561	16,292	992,048	191,943	192,076	274,378	148,935	375,934	599,959
Issuance of debt	357,000	4,100,000	-	8,104,292	27,035,051	9,242,705	35,852,052	43,451,028	36,028,353	4,512,043
Refunding bond issue	-	2,550,000	-	-	-	-	-	5,195,000	-	-
Payment to bond refunding escrow	-	(2,881,398)	-	(35,475)	(154,000)	(25,350)	(460,796)	(6,507,708)	-	(4,420,000)
Discount on bonds issued	-	-	-	-	-	-	-	(204,326)	-	-
Premiums on bonds issued	-	-	-	-	-	-	-	34,319	135,476	67,854
Transfers in	2,681,286	2,453,572	5,582,783	3,680,791	3,425,235	3,717,098	12,100,265	26,098,166	8,141,279	12,277,734
Transfers out	(2,570,185)	(2,745,219)	(6,081,359)	(4,313,729)	(4,352,763)	(4,005,121)	(13,264,553)	(27,518,910)	(9,100,688)	(13,112,474)
Total Other Financing Sources (Uses)	606,468	3,667,516	(482,284)	8,427,927	26,145,466	9,121,408	34,501,346	40,696,504	35,401,131	(74,884)
Net change in fund balances	\$(2,514,789)	\$ 2,003,471	\$ 3,377,620	\$ 9,623,671	\$ 15,611,951	\$ 1,858,030	\$ 9,474,584	\$ (680,759)	\$ 12,699,940	\$ (28,854,558)
Debt service as a percentage of non-capital expenditures	5.6%	6.1%	7.1%	8.1%	4.6%	8.6%	19.9%	35.8%	13.6%	16.0%

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			
2005	\$ 2,028,537,916	\$ 232,560,600	\$ 127,509,107	\$ 1,492,852,832	0.5677	\$ 4,120,446,343	94.2%
2006	2,149,205,217	253,083,835	96,027,468	1,284,683,290	0.5652	3,887,975,139	97.3%
2007	2,240,389,072	307,709,918	70,915,621	1,313,720,034	0.5352	4,256,206,326	92.4%
2008	2,366,775,100	314,983,944	61,281,884	1,406,922,969	0.5344	4,491,302,919	92.4%
2009	2,508,651,235	312,311,411	69,204,784	1,498,007,365	0.5520	4,718,467,522	93.0%
2010	2,602,525,073	326,108,291	73,128,586	1,626,947,361	0.5520	4,811,548,140	96.2%
2011	2,622,683,843	303,510,001	70,560,952	1,674,615,507	0.5520	4,810,885,997	97.1%
2012	2,654,566,364	304,153,090	76,148,350	1,692,285,825	0.5498	4,883,423,170	96.8%
2013	2,705,000,357	323,853,657	77,914,987	1,967,329,756	0.5306	5,146,144,784	98.6%
2014	2,776,010,494	320,779,194	70,832,445	1,972,795,991	0.5306	5,304,869,065	96.9%

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

PERSONAL PROPERTY:

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

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, 2014			June 30, 2005		
		ASSESSED VALUATION ¹	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION OF \$3,177,981,001	ASSESSED VALUATION ¹	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION OF \$2,388,607,623
Wal-Mart Real Estate	Retail	\$ 50,898,750	1	1.60%	\$ 19,383,046	5	0.81%
Atmos Energy	Gas Company	31,496,888	2	0.99%	20,939,320	4	0.88%
Toyotetsu Mid America	Manufacturer	30,368,179	3	0.96%	25,580,165	3	1.07%
Towne Square Mall, LLC	Mall Development	29,000,000	4	0.91%	26,021,000	2	1.09%
Unifirst Corporation	Manufacturer	21,811,399	5	0.69%	19,080,453	6	0.80%
Ragu/Unilever	Manufacturer	19,111,206	6	0.60%			
Owensboro Towne Center	Mall Development	17,296,264	7	0.54%			
Owensboro Grain	Manufacturer	14,997,414	8	0.47%	13,979,108	10	0.59%
Lowe's	Retail	14,855,268	9	0.47%	15,609,850	8	0.65%
Field Packing Company	Manufacturer	14,608,887	10	0.46%			
Bellsouth/AT&T	Telecommunications	-			31,057,831	1	1.30%
Boardwalk Pipelines	Gas Company	-			17,874,632	7	0.75%
US Bank	Bank	-			14,898,917	9	0.62%
		<u>\$ 244,444,255</u>		<u>7.69%</u>	<u>\$ 204,424,322</u>		<u>8.56%</u>

¹Source: Daviess County Property Valuation Office

Schedule 9

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

FISCAL YEAR	TOTAL TAX LEVY FOR FISCAL YEAR		ADJUSTMENTS TO LEVY	FINAL ADJUSTED LEVY		COLLECTED WITHIN FISCAL YEAR OF LEVY		COLLECTIONS SUBSEQUENT YEARS		TOTAL COLLECTIONS TO DATE	
	FISCAL YEAR	AMOUNT		LEVY	AMOUNT	% OF LEVY	AMOUNT	% OF LEVY	YEARS	AMOUNT	% OF LEVY
2005	7,135,269	383,194	7,518,463	7,396,847	98.4%	113,435	7,510,282	99.9%			
2006	7,236,158	570,768	7,806,926	7,641,239	97.9%	162,463	7,803,702	99.9%			
2007	7,677,452	505,746	8,183,198	8,045,021	98.3%	133,812	8,178,833	99.9%			
2008	8,027,057	521,819	8,548,876	8,419,367	98.5%	125,513	8,544,880	100.0%			
2009	8,328,260	575,934	8,904,194	8,792,417	98.7%	107,288	8,899,705	99.9%			
2010	8,703,133	592,104	9,295,237	9,157,345	98.5%	130,582	9,287,927	99.9%			
2011	8,618,306	593,216	9,211,522	9,037,488	98.1%	156,285	9,193,773	99.8%			
2012	8,829,884	618,711	9,448,595	9,310,565	98.5%	122,430	9,432,995	99.8%			
2013	8,920,645	702,069	9,622,714	9,556,475	99.3%	42,314	9,598,789	99.8%			
2014	9,132,573	634,584	9,767,157	9,544,981	97.7%	-	9,544,981	97.7%			

Schedule 10

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

FISCAL YEAR	GENERAL OBLIGATION BONDS		LEASE REVENUE BONDS	LOAN PAYABLE	TOTAL PRIMARY GOV'T	PERCENTAGE OF PERSONAL INCOME ¹		PER CAPITA ¹
	BONDS	BONDS	BONDS			INCOME ¹	INCOME ¹	
2005	\$ 15,043		3,440	958	19,441	1.36%	354	
2006	20,076		640	906	21,622	1.45%	390	
2007	18,411		585	870	19,866	1.28%	358	
2008	23,779		525	1,009	25,313	1.56%	457	
2009	44,560		465	5,344	50,369	2.99%	907	
2010	48,480		405	9,517	58,402	3.21%	1,048	
2011	68,418		345	16,544	85,307	4.54%	1,490	
2012	85,239		305	19,595	105,139	5.50%	1,825	
2013	120,233		290	19,515	140,038	6.58%	2,411	
2014	116,092		246	19,515	135,853	5.98%	2,326	

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

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

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 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
2005	54,900	\$ 3,957,232,476	\$ 19,441,119	\$ 7,091,534	\$ 12,349,585	0.31	\$ 224.95
2006	55,459	3,775,221,904	21,622,467	4,056,698	17,565,769	0.47	316.73
2007	55,525	4,125,580,686	19,866,474	3,778,268	16,088,206	0.39	289.75
2008	55,398	4,357,075,303	25,312,611	3,666,530	21,646,081	0.50	390.74
2009	55,516	4,560,266,982	50,368,627	7,745,551	42,623,076	0.93	767.76
2010	55,745	4,695,545,521	58,401,792	11,657,226	46,744,566	1.00	838.54
2011	57,265	4,816,042,695	85,307,327	18,413,249	66,894,078	1.39	1,168.15
2012	57,605	4,844,050,228	105,139,073	21,203,247	83,935,826	1.73	1,457.09
2013	58,083	5,073,222,677	140,038,443	20,580,070	119,458,373	2.35	2,056.68
2014	58,416	5,304,869,065	135,852,501	20,302,925	115,549,576	2.18	1,978.05

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 - Research Division

³These amounts include the general obligation bonds that are being repaid from the Police & Firefighters' Retirement Fund Externally Restricted Assets shown on the Combining Statement of Fiduciary Net Position, the Lease Revenue Bonds and the Loan Payable.

Schedule 12

CITY OF OWENSBORO
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 June 30, 2014

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Owensboro
Direct			
City of Owensboro			
General Obligation Bonds	\$ 116,091,487	100.0%	\$ 116,091,487
Revolving Loan	19,514,814	100.0%	19,514,814
Loan Payable #26	21,200	100.0%	21,200
Loan Payable #18	225,000	100.0%	225,000
	<u>135,852,501</u>		<u>135,852,501</u>
	Total Direct		
Overlapping			
Owensboro Independent Schools	20,690,394	100.0%	20,690,394
Daviess County	29,226,720	57.7%	19,109,896
Daviess County Schools	64,660,000	42.4%	27,415,840
	<u>114,577,114</u>		<u>67,216,130</u>
	Total Overlapping Debt		
	<u>\$ 250,429,615</u>		<u>\$ 203,068,631</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 263,731,552	\$ 263,731,552	\$ 276,122,241	\$ 289,737,193	\$ 304,779,543	\$ 317,339,605	\$ 317,118,600	\$ 321,289,180	\$ 328,717,300	\$ 335,855,683
Total net debt applicable to limit	17,640,212	17,640,212	15,987,234	21,719,010	43,052,036	47,100,283	67,363,992	84,245,408	117,532,066	116,149,298
Legal debt margin	\$ 246,091,340	\$ 246,091,340	\$ 260,135,007	\$ 268,018,183	\$ 261,727,507	\$ 270,239,322	\$ 249,754,608	\$ 237,043,772	\$ 211,185,234	\$ 219,706,385
Total net debt applicable to the limit as a percentage of debt limit	6.69%	6.69%	5.79%	7.50%	14.13%	14.84%	21.24%	26.22%	35.75%	34.58%

Legal Debt Margin Calculation for Fiscal Year 2014

Net assessed value	\$ 3,167,864,829
Add back: exempt real property	190,692,000
Total assessed value	\$ 3,358,556,829
Debt limit - 10% of total assessed value ¹	\$ 335,855,683
Amount of debt applicable to debt limit:	
Total general bonded debt	\$ 136,451,014
Less: Revenue Bonds	(246,200)
Loan Payable	(19,514,814)
Amount set aside for repayment of general obligation bonds	(540,702)
Total debt applicable to limitation	\$ 116,149,298
Legal debt margin	\$ 219,706,385

¹Section 158 of the Commonwealth of Kentucky Constitution states:

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

Schedule 14

CITY OF OWENSBORO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

FISCAL YEAR	POPULATION ¹	PERSONAL INCOME (IN THOUSANDS)	PER CAPITA INCOME ⁴	SCHOOL ENROLLMENT ²	UNEMPLOYMENT RATE ³
2005	54,900	\$ 1,426,577	\$ 25,985	3,978	6.1%
2006	55,459	1,488,298	26,836	3,942	5.9%
2007	55,525	1,546,038	27,844	3,934	5.0%
2008	55,398	1,619,062	29,226	3,934	4.9%
2009	55,516	1,686,632	30,381	4,031	10.6%
2010	55,745	1,821,970	32,684	4,053	8.9%
2011	57,265	1,879,266	32,817	4,254	8.4%
2012	57,605	1,910,182	33,160	4,473	7.1%
2013	58,083	2,128,219	36,641	4,584	7.6%
2014	58,416	2,272,266	38,898	4,659	6.3%

Sources:

- ¹United States Census Estimates
- ²Owensboro Board of Education; represents elementary and secondary public schools
- ³Kentucky Department for Employment Services
- ⁴U.S. Department of Commerce, Bureau of Economic Analysis

Schedule 15

City of Owensboro
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	2014			2005		
	<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 Medical Health System	3,300	1	13.88%	2,400	1	10.74%
US Bank Home Mortgage	1,261	2	5.30%	656	6	2.94%
Owensboro Public Schools	778	3	3.27%	825	2	3.69%
Wal-Mart	541	4	2.28%	662	4	2.96%
Owensboro Community & Technical Colleges	494	5	2.08%	661	5	2.96%
Specialty Foods (Field Packing Company)	490	6	2.06%	516	8	2.31%
City of Owensboro	481	7	2.02%			
Commonwealth of Kentucky	471	8	1.98%	471	9	2.11%
Unilever Foods North America	400	9	1.68%	420	10	1.88%
Toyotetsu Mid-America	390	10	1.64%	522	7	2.34%
Unifirst	390	10	1.64%			
Texas Gas				683	3	3.06%
Total	8,996		37.84%	7,816		34.98%

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
General government	74	80	71	73	66	49	56	53	50	49
Public safety	257	245	240	237	230	237	233	229	235	235
Public works	71	72	66	70	64	64	57	61	64	65
Community and cultural	5	5	5	4	2	3	5	4	4	3
Total Governmental Activities	407	402	382	384	362	353	351	347	353	352
Business-type activities:										
Sanitation	32	28	27	27	27	27	26	27	29	27
Other enterprise funds	101	95	95	93	69	79	54	44	31	35
Total business-type activities	133	123	122	120	96	106	80	71	60	62
Total primary government	540	525	504	504	458	459	431	418	413	414

Source: Government Budget

Schedule 17

City of Owensboro
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	5,052	5,423	4,312	4,531	4,391	4,272	4,235	4,297	3,988	4,137
Parking violations	9,235	11,820	12,331	10,306	8,965	4,636	5,661	4,705	5,150	2,948
Traffic violations and courtesy notices	29,315	23,655	20,600	11,453	14,563	10,870	10,986	8,336	9,824	11,300
Fire										
Number of calls answered	1,442	1,575	2,375	2,051	2,163	2,540	4,285	6,297	6,631	7,050
Inspections	3,417	3,601	3,650	3,408	3,445	1,899	1,878	1,795	2,071	1,827
Highways and streets										
Street resurfacing (miles)	4.3	3.8	4.6	4.6	5.9	3.4	3.5	3.7	1.0	6.3
Potholes repaired	700	788	833	1,793	1,197	1,161	1,429	1,198	1,047	2,710
Sanitation										
Refuse collected (tons/day)	181.9	180.8	183.9	183.0	220.1	176.6	177.3	174.9	177.4	175.2
Recyclables collected (tons/year)	414.9	387.5	317.0	309.3	399.2	455.2	442.9	446.0	508.2	516.4
Culture and recreation										
Participants in programs	96,064	91,071	105,407	107,692	103,964	106,000	161,390	183,850	196,719	197,396
Number of programs	253	323	373	344	311	290	353	309	305	309
Water ¹										
New connections	226	198	193	236	145	150	128	100	110	99
Water main breaks and service leaks repaired	529	443	454	523	470	378	438	336	349	321
Average daily consumption (thousands of gallons)	11,735	11,915	11,520	11,516	11,418	11,336	11,234	12,164	12,035	11,837
Riverport										
Terminal operations (thousands of tons)	1183.7	1063.2	846.2	753.0	761.5	856.7	822.0	861.3	758.9	846.8
Electric ¹										
New connections (net)	576	207	216	-9	-51	16	64	54	373	-92

Sources: Various government departments and component units.

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

* Citation officer position vacant for extended time

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

Schedule 18

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	61	78	83	77	74	85	80	79	80	80
Fire stations	5	5	5	5	5	5	5	5	5	5
Sanitation										
Collection trucks (yard waste equipment not included before 2014)	15	15	15	15	17	17	17	17	17	24
Highways and streets										
Streets (miles)	234.2	237.0	239.3	242.4	243.1	243.7	248.0	248.0	245.2	245.5
Streetlights	10,797	10,876	11,002	11,077	11,025	11,068	11,167	11,233	11,361	9,332 *
Traffic signals	110	111	112	112	112	113	114	114	119	121
Culture and recreation										
Parks acreage	378	378	378	378	372	967	975.1	963.1	963.1	963.1 *
Parks	20	20	19	19	19	25	25	24	24	24 *
Ball diamonds	16	16	16	16	15	15	15	15	15	15
Basketball courts	9	9	9	9	9	11	11	11	11	11
Golf Courses	1	1	1	1	1	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	25	25	25	22	22	22	22	22	22
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)	281	285	289	289	290	291	292	326	325	323 *
Fire hydrants	2,318	2,355	2,382	2,389	2,403	2,415	2,426	2,428	2,430	2,441
Maximum daily capacity (thousands of gallons)	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Sewer										
Sanitary sewers (miles)	272.87	276.84	277.40	277.80	293.88	299.14	300.80	302.30	303.60	302.20
Storm sewers (miles)	38.45	39.06	41.69	44.54	46.71	46.71	48.73	50.10	50.80	51.38
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	15	15	15	16	16
Miles of service lines	301	304	309	309	309	313	314	315	697	700

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.

* Water main mileage change 2012 due to more accurate GPS measuring being used.