

City of Bowling Green, Kentucky

POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year ended June 30, 2013



TABLE OF CONTENTS

The 2013 Board of Commissioners

Introduction..... Page 2

- Elected Officials
- City Manager’s Message
- About the Popular Annual Financial Report

About the City of Bowling Green.....Page 3

Government-wide Financial Highlights.....Page 4

General Fund Financial Highlights.....Page 5

FY2014 Initiatives..... Page 6

Facts & Statistics.....Page 6



From bottom left: Mayor Bruce Wilkerson, Commissioner Melinda Hill, Commissioner Rick Williams. From top left: Commissioner Joe Denning and Commissioner Bill Waltrip.

About the Popular Annual Financial Report

The Popular Annual Financial Report (PAFR) is intended to brief the residents of the City of Bowling Green on the financial standing of their City Government. The information in this report was drawn from the 2013 Comprehensive Annual Financial Report (CAFR). The CAFR conforms to the generally accepted accounting principles (GAAP) and includes audited financial statements. *Component unit information is not disclosed.* For more detailed information and copies of the CAFR and PAFR, visit the City’s website at www.bgky.org.

A Message from the City Manager



Dear City Residents,

We are pleased to present the City of Bowling Green’s third *Popular Annual Financial Report (PAFR)* for the 2013 Fiscal Year.

This report is intended to present a condensed overview of the City’s financial position, financial practices and details outlining how City revenues were generated and spent. Financial information in this report is derived from the independently audited financial statements that are a part of the City of Bowling Green’s 2013 Comprehensive Annual Financial Report (CAFR).

We are proud to report that the City has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association the past seven years and the Award for Outstanding Achievement in Popular Annual Financing Reporting for the prior two years.

A special thank you goes out to the dedicated men and women of the City’s Finance Department whose hard work and diligence made this possible.

As you review this *Popular Annual Financial Report*, please feel free to share any questions, concerns or recommendations you may have with us.

Respectfully,

Kevin D. DeFebbo
City Manager

“As a city government, we continue to strive to provide the best possible municipal services at the lowest appropriate cost, to work with others to help the community thrive economically and to seek to do what is necessary to invest in a better Bowling Green.”

- Kevin DeFebbo



About Bowling Green

Bowling Green, the “Park City” of Kentucky, was established in 1798, and is located in the south-central part of the state. The City occupies an area of 38.5 square miles, has a population estimated at 60,600 and serves as the retail, educational, medical, commercial and social hub for south-central Kentucky and northern Tennessee. The labor market, employable workers aged 18 years and older, is measured at 456,000 for the area encompassing a 60 minute drive. An additional 25,500 workers will be of age within two years.

The City operates under the City Manager form of government. The City Manager, who is appointed by the Board of Commissioners (Board), is responsible for enforcing City ordinances and policy as well as carrying out day-to-day operations. The Board consists of a Mayor who is elected for a term of four years and four City Commissioners, who serve two years each, that are voted into office in non-partisan elections. The Board is responsible for passing ordinances, adopting the budget, appointing committees and ratifying personnel

appointments/promotions as recommended by the City Manager.

The City provides Police and Fire services, Neighborhood & Community Services and a number of Parks and Recreation offerings to the citizens of Bowling Green.

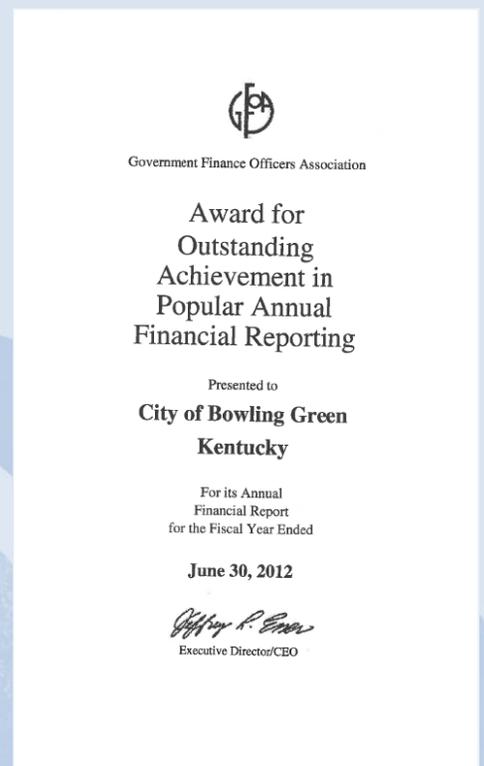
Awards

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Financial Reporting to the City of Bowling Green for the Popular Annual Financial Report for the fiscal year ended June 30, 2012. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing the City’s conformance with the highest standards for preparation of state and local government popular reports. This was the second consecutive year the City has received the award.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

The City also received the GFOA Certificate of Achievement for Excellence in Financial Reporting Award for FY2012, the seventh consecutive year, and the Distinguished Budget Presentation Award for budget year beginning July 1, 2013, the second consecutive year.



GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS

The information below provides a short-term view of government operations, illustrates how services are financed and how the balances remaining at year end are available for future spending. *Component unit financial information is not disclosed.*

Summary Statement of Net Position

<i>Governmental Activities (in thousands)</i>	2013	2012	2011
Assets	\$ 288,333	\$ 285,860	\$ 277,671
Liabilities	118,195	127,382	133,752
Net Position			
Investment in Net Assets	138,028	135,365	124,379
Restricted for Debt Service	-	11	-
Restricted for Capital Projects	7,219	6,053	5,437
Restricted for Community Development	1,649	1,445	1,449
Restricted for Perpetual Care	887	825	793
Unrestricted	22,355	14,779	11,861
Total Net Position	\$ 170,138	\$ 158,478	\$ 143,919
<i>Business-Type Activities (in thousands)</i>			
Assets	\$ 20,801	\$ 20,527	\$ 20,453
Liabilities	7,003	7,974	8,742
Net Position			
Investment in Net Assets	6,832	6,697	6,602
Unrestricted	6,966	5,856	5,109
Total Net Position	\$ 13,798	\$ 12,553	\$ 11,711

ACCOUNTING DEFINITIONS

Enterprise Funds—City golf courses, aquatics center and convention center funded by fees charged to users.

Fund Balance—The difference between assets and liabilities of a fund.

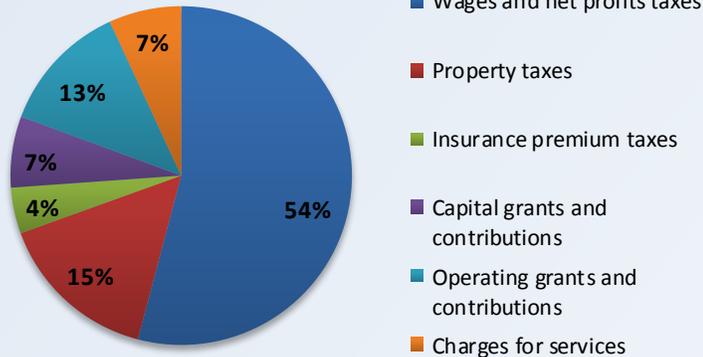
General Obligation Bonds—Bonds backed by taxing and borrowing power of a municipality.

Government-wide—The City as a whole.

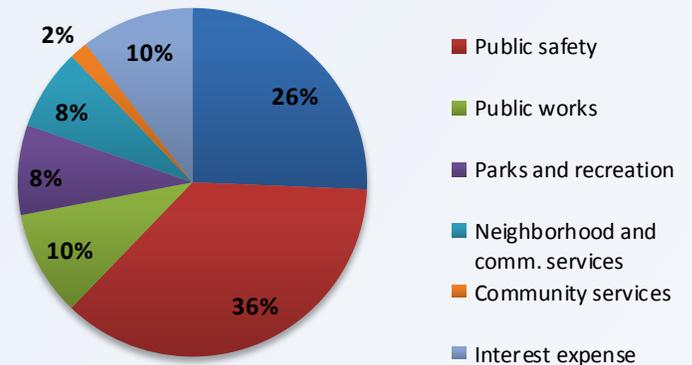
Governmental Activities—The City's basic services such as Police, Fire, Public Works and Parks that are mostly funded by property and occupational withholding taxes.

Net Position—The difference between assets and liabilities for the City as a whole.

Governmental Revenues



Governmental Expenses



LONG-TERM OUTSTANDING DEBT

<i>(in thousands)</i>	2013	2012	2011
General Obligation Bonds	\$115,254	\$124,707	\$131,706
Capital Leases & Notes	<u>2,906</u>	<u>3,462</u>	<u>3,974</u>
Total	\$118,160	\$128,169	\$135,680

Long Term Debt

The City issues long-term debt to fund long-term governmental and business-type projects.

In the Winter of 2013, the Moody's Investors Service reaffirmed the Aa2 rating to the City of Bowling Green, which is the third highest rating and is considered high grade debt.

GENERAL FUND FINANCIAL HIGHLIGHTS

The General Fund is the chief operating fund of the City and is comprised of five fund balances:

Non-spendable*— Amounts that are not in a spendable form or are required to be maintained intact;

Restricted*— Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or enabling legislation;

Committed— Amounts constrained to specific purposes by the City itself;

Assigned— Amounts the City intends to use for a specific purpose (such as encumbrances);

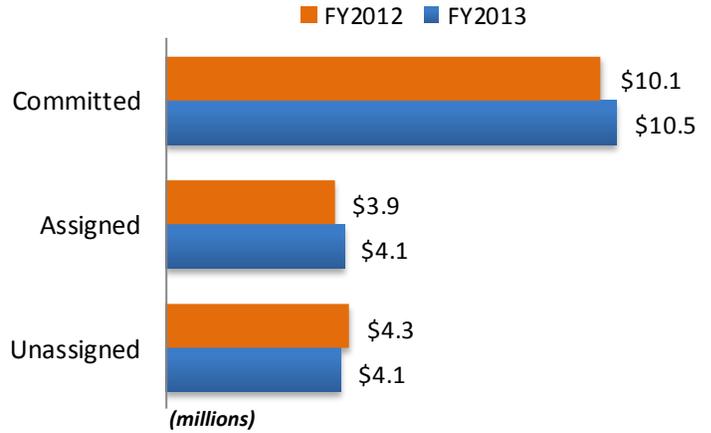
Unassigned— Amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The total General Fund fund balance at June 30, 2013 was \$18.8 million or a strong 34.6% of revenues. The FY2013 ending total fund balance increased \$323,000 or +1.75% over the FY2012 fund balance of \$18.4 million.

General Fund revenues totaled \$54.4 million, an increase of \$2.2 million or +4.3% over the previous fiscal year. Highlights are listed below:

- ⇒ The City's largest revenue source, wage and net profit taxes, posted an increase of approximately \$1.9 million, or +5.2%, over FY2012. This is due to the improved wage withholding tax base that resulted from improvement in the local economy.
- ⇒ The second largest revenue source, property taxes, totaled \$11.2 million, an increase of approximately \$400,000 or +3.7% over last fiscal year.
- ⇒ Fiscal Year 2013 General Fund revenues exceeded expenditures by \$11.6 million before accounting for other financing sources and uses (\$11.2 million).
- ⇒ The net change in fund balance increased by \$323,000 as stated in the Fund Balance summary above.

Fund Balances of General Fund



* The non-spendable fund balance was \$110,067 and \$102,022 for FY2012 and FY2013, respectively. The restricted fund balance was \$0.

General Fund Revenue

Revenue (in thousands)	2013	2012	2011
Wages and net profit taxes	\$ 39,139	\$ 37,194	\$ 35,223
Property taxes	11,237	10,838	10,687
Insurance premium taxes	1,451	1,454	1,400
All other	2,572	2,668	2,431
Total Revenue	\$ 54,399	\$ 52,154	\$ 49,741

General Fund Expenditures

Expenditures (in thousands)	2013	2012	2011
General Government	\$ 5,750	\$ 6,400	\$ 6,258
Public Safety	23,582	22,552	21,734
Public Works	5,860	5,816	5,427
Parks and Recreation	5,733	5,247	5,178
Neighborhood and Comm. Services	1,456	1,478	1,402
Community services	423	563	462
Total Expenditures	\$ 42,804	\$ 42,056	\$ 40,461

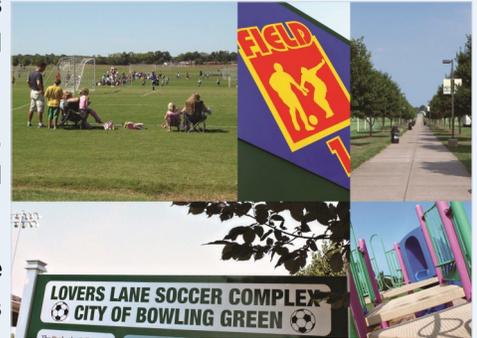
General Fund expenses for fiscal year 2013 totaled \$42.8 million, an increase of about \$0.75 million or +1.8% compared to the previous year.

- ⇒ **Public Safety** expenses accounted for \$23.6 million or **55.1% of General Fund expenses**.
- ⇒ Other major expenditures were posted by Public Works (\$5.9 million), General Government (\$5.8 million), Parks and Recreation (\$5.7 million).
- ⇒ The increase in General Fund expenditures is due to rising personnel costs and the completion of several larger facility improvement and repair projects during the fiscal year.

FISCAL YEAR 2014 INITIATIVES

CAPITAL IMPROVEMENT PROGRAM—FY2014 recommended CIP, including all funds and debt, is \$22.3 million, an increase of 16.3% over the \$18.4 million FY2013 program. The FY2014 Capital Improvement Program has three major goals:

- **COMMUNITY LIVABILITY:** \$1.1 million will be available to fund projects in this category such as the Stormwater Mitigation Program, Sidewalk Improvement Plan and improvements to the Parks and Recreation facilities and programs.
- **IMPROVED TRAFFIC FLOW:** \$1.1 million will be utilized for street resurfacing, design of Briarwood School connector, expansion of downtown traffic signals and improvements to the 12th Avenue/State Street intersection.
- **SUSTAINABLE CITY GOVERNMENT:** \$6.8 million has been dedicated to replace the current 911 radio infrastructure, upgrade Police CAD software, replace various vehicles and pieces of equipment and fund various facilities improvements.



SECURITY—A budget of \$15,000 has been approved to purchase additional security cameras for installation at Lampkin Park during the fiscal year. This will bring the total number of cameras installed at City facilities to 188.

ENERGY EFFICIENCY—\$47,000 has been approved in the budget to increase energy efficiencies at several park facilities with the addition of player controlled outdoor light switches, the replacement of an older HVAC unit and the installation of an energy miser at the Police Headquarters. Public Works began an energy audit in FY2013 to determine where increased efficiencies could be achieved with any proposed outcomes to be implemented later in FY2014.

ENHANCED TECHNOLOGY—The Information Technology Department will work to develop a Smartphone application with an outside contractor during FY2014 that will expand the use of social media. Funds are also being budgeted for the replacement of up to 5 mobile data computers with a more portable device that can be used outside of vehicles, such as tablets for use by Fire Inspectors.

2013 STATISTICS

60,600

Population of Bowling Green

Bowling Green is the third
Largest City in the State

3rd

20

Parks

671,859

Police 911 Service Calls

&

11,897

Police Traffic stops

7

Park
Facilities

Public Works maintained **258** Miles
of Streets & Repaired **772** potholes

Firefighters extinguished

278 fires and

investigated **61** fires

The Neighborhood and Community Services Department
issued **1,868** building permits & completed **12,170** inspections

TOP 10 EMPLOYERS

- Western Kentucky University
- The Medical Center
- Union Underwear Company
- Sun Products
- Warren County Board of Education
- Express Services
- Wal-Wart Associates, Inc
- Houchens Food Group Inc
- BG Metalforming LLC
- Commonwealth of Kentucky

Request for Information: Questions concerning information found in the report or requests for additional information should be addressed to the CFO. Contact us by mail: City of Bowling Green, Finance Department, PO BOX 1180, Bowling Green, KY 42102-1180 or by email accounting@bgky.org.