



CITY OF BOWLING GREEN, KENTUCKY **POPULAR ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2021

Introduction



A MESSAGE FROM THE CITY MANAGER

Dear City Residents,

We are pleased to present the City of Bowling Green's eleventh Popular Annual Financial Report (PAFR) for the 2021 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 Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021.

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 15 years and the Award for Outstanding Achievement in Popular Annual Financing Reporting for the last 10 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,

Jeffery B. Meisel
City Manager

"As a city government, we strive to provide the best city services at the lowest appropriate cost, to adequately maintain and invest in public infrastructure, to compete economically on a global and national stage, and to seek to improve the quality of life for all residents in the City of Bowling Green."

- Jeffery Meisel, City Manager

CONTENTS

Introduction	2
About this Report	3
About the City	4
Financials:	
Government-wide	
Revenues and Expenses	5
Net Position	6
General Fund	7
Debt and Capital Assets.....	8
Benchmarks.....	9
Bowling Green by the Numbers	10
Bowling Green—Did you know?.....	11



Photo Credit: Jason T Reagan



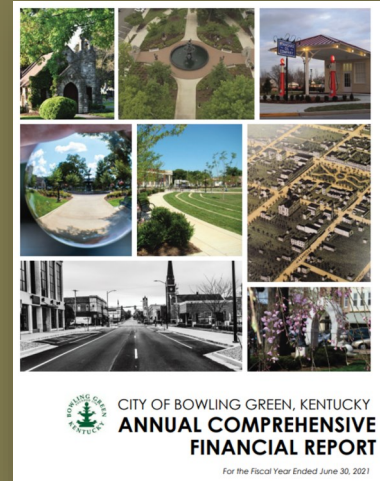
About this Report

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 the City. The PAFR also highlights FY2022 budgetary initiatives to show the City's planned investments for the upcoming year. The information reflected in this report was drawn from the 2021 Annual Comprehensive Financial Report (ACFR). The ACFR conforms to the generally accepted accounting principles (GAAP) and includes audited financial statements.



Photo Credit: Jason T Reagan



Component unit information related to Bowling Green Municipal Utilities is not disclosed within this Popular Annual Financial Report. For more detailed information and copies of the ACFR and past PAFR reports, visit the City's website at www.bgky.org.

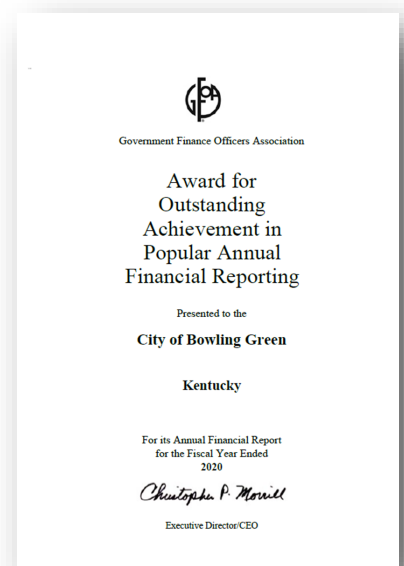
GOVERNMENT FINANCE OFFICERS ASSOCIATION

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 fiscal year ended June 30, 2020. 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 is the tenth 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 only valid for a period of one year.

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 the FY2020 ACFR for the fifteenth consecutive year and the Distinguished Budget Presentation Award for the FY2022 budget for the tenth consecutive year.

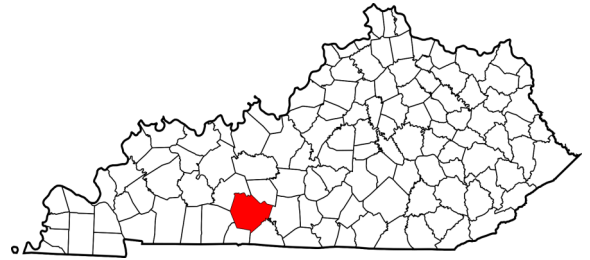


About the City



PROFILE OF BOWLING GREEN

Bowling Green, the “Park City” of Kentucky, was established in 1798, and is the third largest city in the Commonwealth with a metropolitan statistical area population of over 179,240. The City limits occupy a land area of over 41.6 square miles, has a current population estimated at over 72,294 and serves as the retail, educational, medical, commercial, and social hub for South-Central Kentucky and Northern Tennessee. The broader workforce, which measures employable workers that are 18 years and older, is measured at approximately 750,000 for the area encompassing a hundred mile radius from the City.



Bowling Green is home to several significant companies including the General Motors Corvette Assembly Plant, Fruit of the Loom, Houchens Industries, Holley Performance Products and Camping World. The State’s third largest public university, Western Kentucky University, is also situated in Bowling Green and has approximately 17,500 students in a wide range of academic programs. The University’s athletic teams are dubbed the “Hilltoppers.”

The City provides a full range of municipal services, including police and fire protection, permitting and inspection services, construction and maintenance of streets and other infrastructure, recreational activities and cultural events, and general administrative services. The City’s workforce as of June 30, 2021, was comprised of 488 authorized full-time positions and up to 306 part-time positions.

Bowling Green continues to be recognized statewide and nationally on many occasions. Recent accolades include being named in 2020 as one of the Top 100 Best Places to Live in America and also as the Best Place to Live in Kentucky by *Livability.com*. As of 2019, Forbes has given the rankings for Bowling Green of #70 for “Best Small Places for Business and Careers”, #70 in Cost of Doing Business, #49 in Job Growth and #110 in Education. The Chamber of Commerce ranked Bowling Green as 42nd in the nation for Best Small Cities for Business in 2020. Additionally, the Bowling Green Area Chamber of Commerce was again recognized by Site Selection magazine as the #1 Performing Economic Development organization with a population of 200,000 or less in 2020. Using the same population parameters, Site Selection also ranked Bowling Green 6th in the nation for attracting corporate facility investments. In 2021, three popular Bowling Green travel attractions were awarded prestigious Traverse Awards for Excellence in Tourism and Marketing from the Kentucky Travel Industry Association: the Historic RailPark & Train Museum earned two Silver awards, the National Corvette Museum earned three Bronze awards, and the Bowling Green Area Convention & Visitors Bureau earned a Bronze award.

BOARD OF COMMISSIONERS

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 policies, and for carrying out day-to-day operations. The Board consists of a Mayor, who is elected for a term of four years, and four non-partisan Commissioners who are chosen on a plurality-at-large voting basis for two-year terms. The Board is responsible for passing ordinances and taxation, adopting the budget, appointing committees relating to specific aspects of municipal affairs and ratifying personnel appointments/promotions as recommended by the City Manager.



Todd Alcott, Mayor



Carlos Bailey, Commissioner



Dana Beasley-Brown,
Commissioner



Melinda Hill, Commissioner



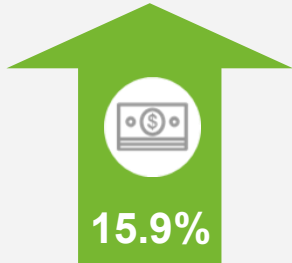
Sue Parrigin, Commissioner



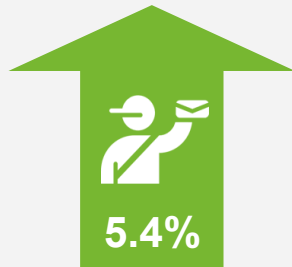
Government-wide Financials

The information on the following two pages provides a short-term view of the City's governmental 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.*

GOVERNMENTAL REVENUES & EXPENSES *(Excludes Business-Type)*



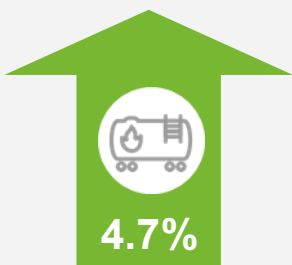
\$118,227,000
Annual Revenue



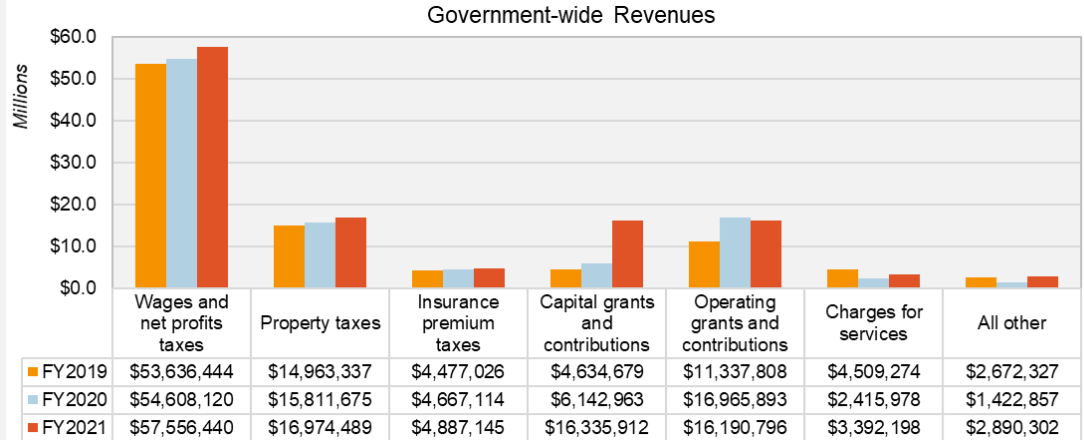
\$57,556,000
Wages and Net Profits



\$16,974,000
Property Taxes

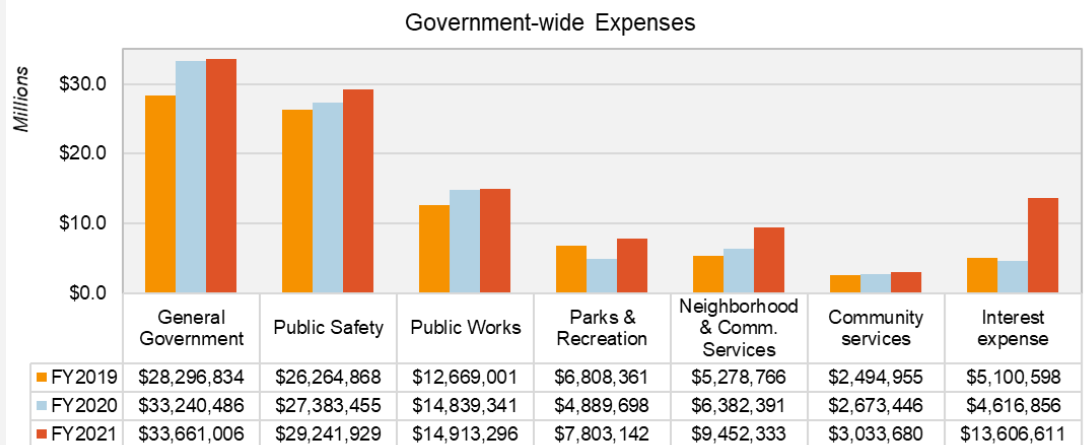


\$4,887,000
Insurance Premium Taxes



The City's major revenues during FY2021 are up when compared to the prior fiscal years.

- Wages and net profits grew by \$2.9M due to continued growth in the population and economic base resulting from various expansions and new projects within the region.
- Property taxes continued to grow, at a rate of 7.4%, or by \$1.2M, from rising assessments and continued construction of single and multi-family housing units.
- Insurance premium taxes increased by \$220,000 due to a greater number of policies written and collected in correlation to the population increases the City is experiencing.



Government-wide expenses have increased during the three prior years, particularly in FY2020 which continued in FY2021.

- Parks and Recreation expenses grew by \$2.9M, or +59.6%, as a result of one-time capital projects at CrossWinds Golf Course, Russell Sims Aquatics Center, and at various parks.
- Neighborhood & Community Services expenses increased by \$3.1M, or +48.1%, due in part to the BG CARES Small Business Grant Program that distributed over \$2.4M to local small businesses.
- Interest expense also grew substantially, by over \$9.0M, from costs incurred related to the new debt issuance for the Kentucky Transpark expansion.

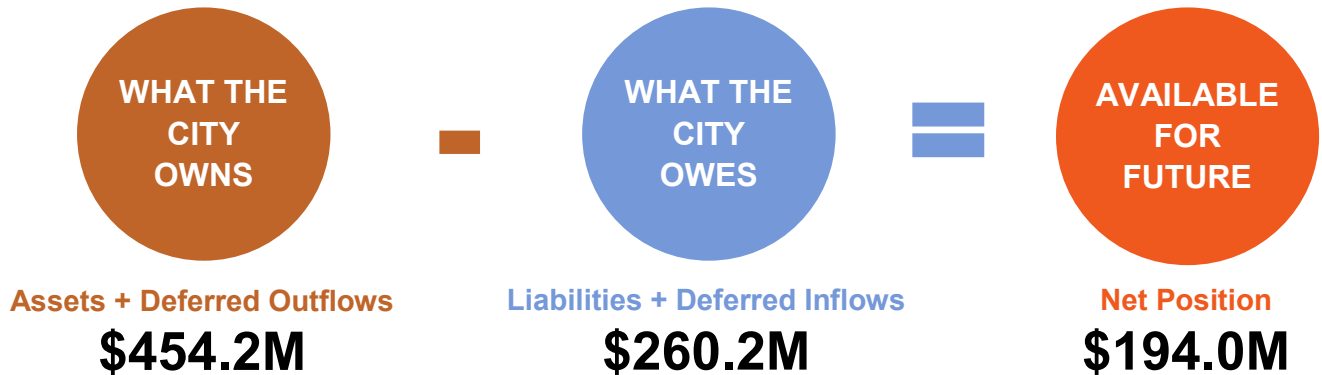
Government-wide Financials



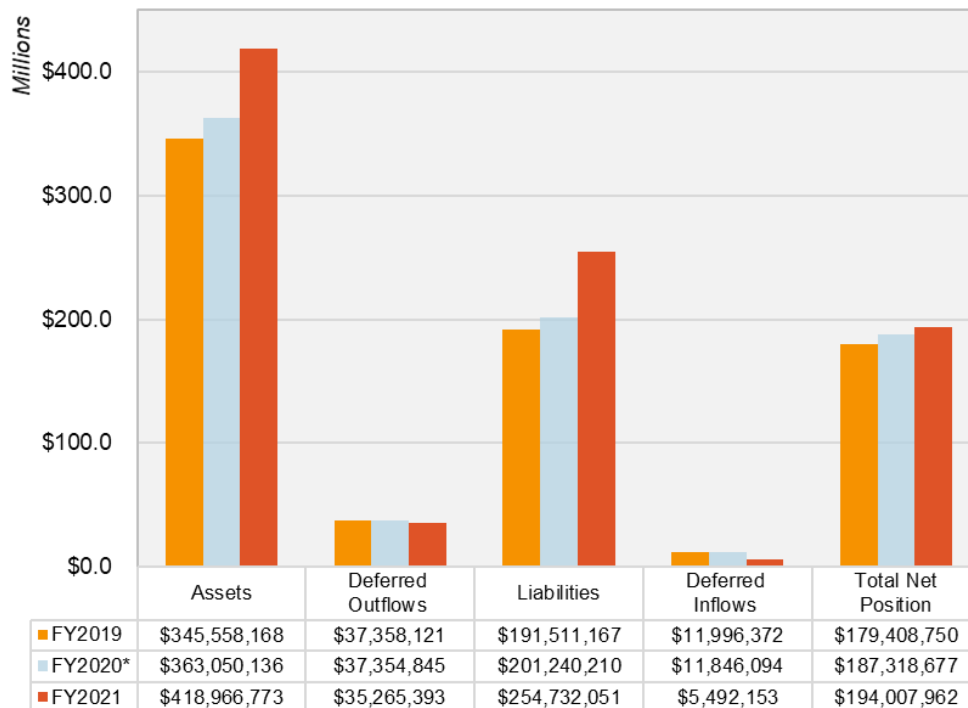
Governmental activities represent activities financed primarily through taxes and intergovernmental revenues. These activities include governmental and internal service funds. The Business-type activities are financed in-whole or in-part by fees charged to external parties for goods and services. These activities are reported in the Convention Center enterprise fund and are not reflected in the numbers presented below.

STATEMENT OF NET POSITION

The statement of Net Position represents the City's assets and liabilities, deferred outflows and deferred inflows, and the resulting net position. Net position is the difference between what the City *owns* and what the City *owes*. A positive net position balance indicates a measure of financial stability. The City's **total governmental net position increased** from \$187.3M in FY2020 **to \$194.0M** in FY2021, **an increase of \$6.7M, or +3.6%**.



Governmental Activities Statement of Net Position History



The **City's governmental net position**, excluding business-type activity, has **grown \$14.6M since FY2019**. The growth in net position is principally due to increasing assets resulting from the investment in capital assets and increased cash and investment holdings. Overall, liability totals have also increased due to rising pension and other postemployment employment benefit (OPEB) liabilities, but primarily as a result of \$43.8M of new general obligation debt issued for the expansion of the Kentucky Transpark in FY2021.

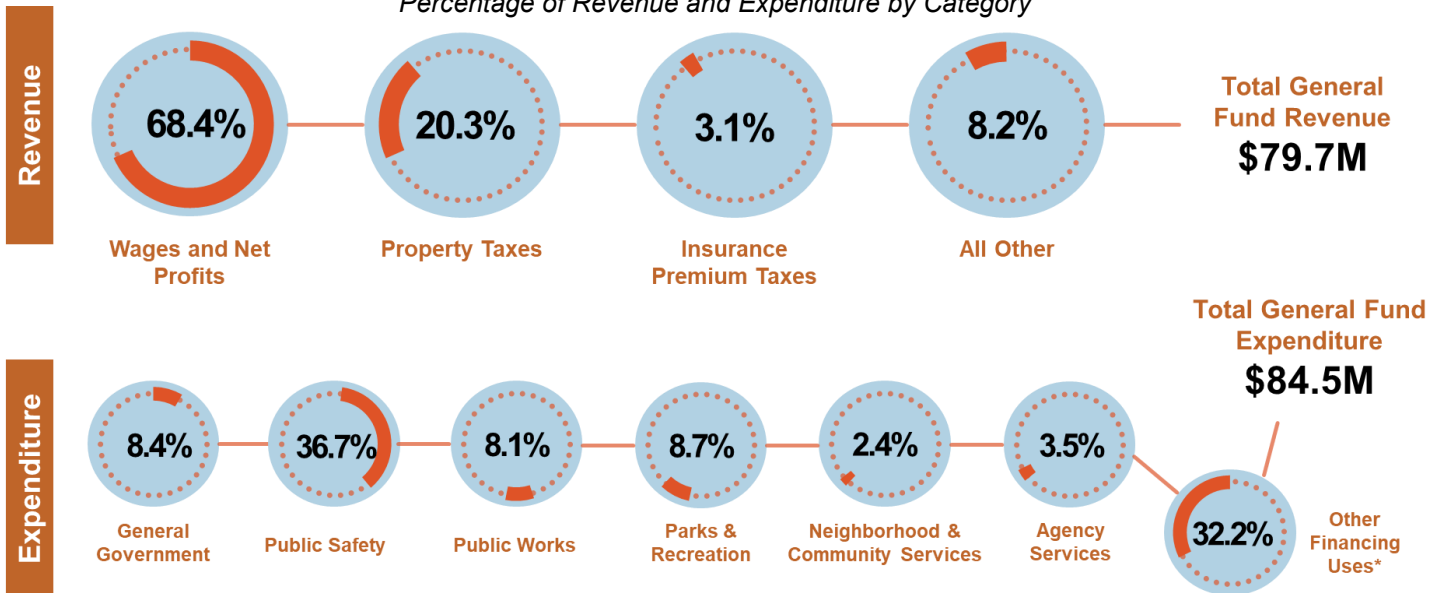
* The City implemented GASB Statement No. 84, *Fiduciary Activities*, effective for the period ending June 30, 2021, which resulted in a positive restatement of the FY2020 ending balances in the amount of \$275,000.



Governmental Financials

GENERAL FUND FINANCIAL HIGHLIGHTS

Percentage of Revenue and Expenditure by Category



General Fund revenues increased by over \$1.0M, or 1.3%, over last fiscal year and total expenditures also increased, by \$11.5M or 15.7%. The substantial increase was due to transfers to other funds that will prefund future capital projects.

* Other Financing Uses (net of Other Financing Sources) consists primarily of \$27,675,090 in transfers to other funds in FY2021.

FUND BALANCE DEFINITIONS

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.

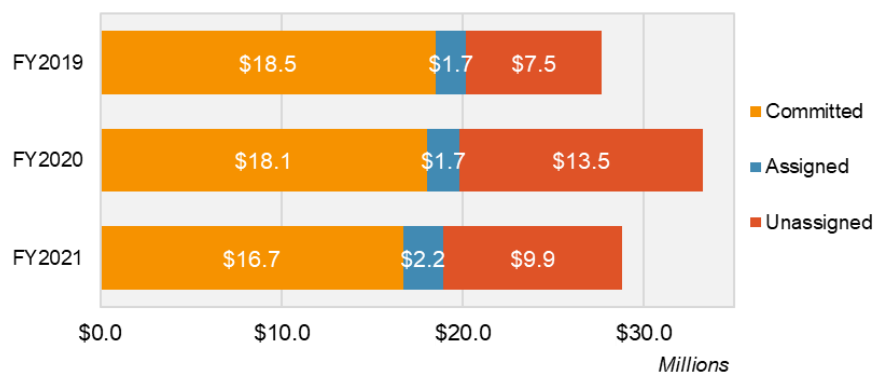
Committed— Amounts constrained to specific purposes by the City itself, this includes the 25% reserve 'rainy day' balance.

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 non-spendable fund balance was \$293,526, \$298,345, and \$286,536 for FY2019, FY2020, and FY2021, respectively. The restricted fund balance was \$0, \$67,000, and \$0 for FY2019, FY2020, and FY2021, respectively.

Fund Balance History
General Fund



The General Fund serves as the chief operating fund of the City. The General Fund total **fund balance at June 30, 2021 was \$29.1M**, or 36.5% of revenues.

The FY2021 ending total fund balance **decreased \$4.5M, or -13.5%, from the FY2020 restated***** fund balance of \$33.9M. The decrease is principally a result of increased transfers out to other funds, mentioned above, in addition to one-time spending for the City's response to the COVID-19 pandemic.

Also, in FY2021 the **committed fund balance**, which is 25% of adopted General Fund revenues, **totaled \$16.7M** compared to \$18.1M in FY2020. The decrease is the result of declining adopted revenue budget figures for FY2021 compared to FY2020 to reflect a conservative budget estimate during the pandemic.

The fund balance summary for the prior three years is presented above.

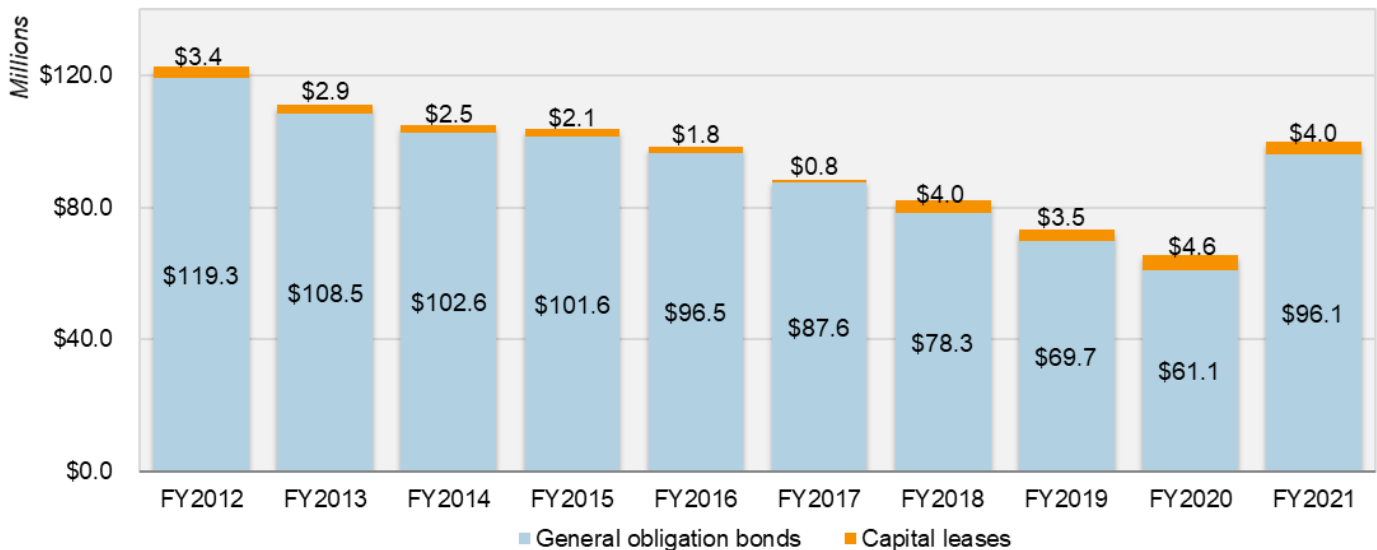
*** The City implemented GASB Statement No. 84, Fiduciary Activities, effective for the period ending June 30, 2021, which resulted in a positive restatement of the FY2020 General Fund ending balances in the amount of \$275,000.

Debt and Capital Assets



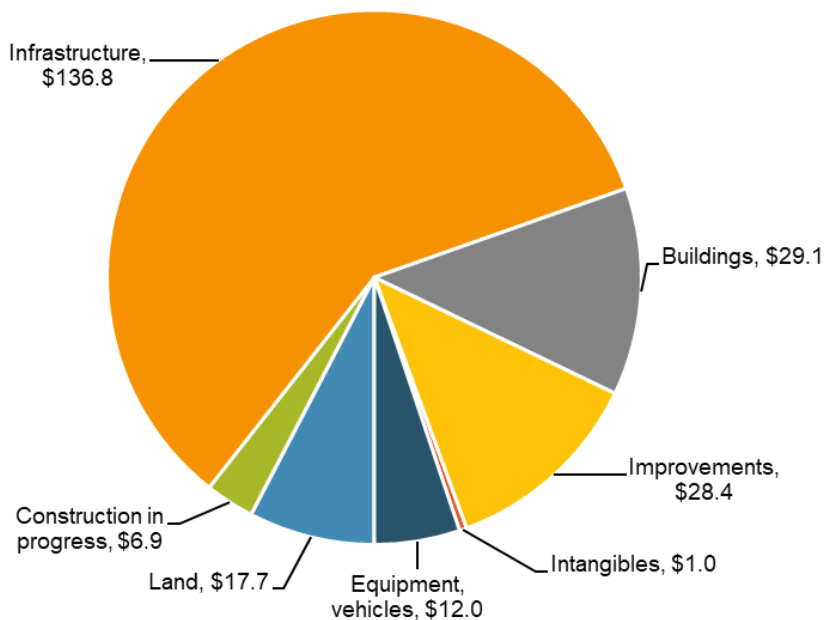
The total governmental long-term debt outstanding at June 30, 2021, was \$100.0M, net of discounts and premiums. Below is a 10 year graphical illustration of the City's total governmental long-term debt, net of discounts and premiums. **Long-term debt has decreased by \$22.7M, or 18.5%, since 2012.** In FY2021, the City issued general obligation debt for the first time since 2008; over \$43.8M was financed to fund property acquisition and infrastructure costs associated with the expansion of the Kentucky Transpark. Even with the addition of new debt, the FY2021 outstanding debt total of \$100.0M is still considerably less than \$122.7M reported in FY2012.

Long-Term Debt History



In January 2021, Moody's Investors Service assigned **Aa1 rating to the City's \$43.8 million General Obligation Bonds**, Series 2021A and Series 2021B and also **upgraded the City's credit rating to Aa1 from Aa2** for existing general obligation bonds. This is the second highest rating and signifies that the City's debt is of high quality, subject to low credit risk, and allows the City to borrow at lower interest rates which saves taxpayers dollars.

Governmental Capital Assets (In Millions)



The City of Bowling Green uses capital assets to provide vital services and enhance the quality of life of its residents. This includes infrastructure network of roads, sidewalks, and storm drainage in addition to land, buildings, and equipment.

The City's governmental net investment in capital assets at June 30, 2021, excluding business-type assets, increased by \$1.7M over last year to \$231.9M.

Major additions during FY2021 include:

- Police evidence storage facility construction
- Lampkin Park futsal court construction
- Roland Bland all-inclusive playground
- Moss Middle School greenway connector
- Various equipment and vehicle replacements
- Replacement of 22 bunkers at CrossWinds Golf Course



HOW WE COMPARE

Below, Bowling Green is compared to Owensboro, Kentucky, and Franklin, Tennessee. Per Capita is defined as the total dollar value divided by the population of each city. For example, Debt per Capita is the total bonded indebtedness divided by the population. This calculation allows the debt of each city to be easily compared based on population.

GENERAL COMPARISONS

	Bowling Green ¹	Owensboro, KY ²	Franklin, TN ³
Population	72,294	60,131	70,908
Total taxable assessed real estate value	\$5,775,431,044	\$3,347,793,626	\$4,994,739,050 ⁴
Real estate tax rate ⁵	\$0.2050	\$0.2660	\$0.4176
Land area (square miles)	41.6	20.9	43.00
Unemployment rate ⁶	3.5%	3.7%	3.0%
General Fund revenues	\$79,734,667	\$59,846,976	\$69,956,580
Total governmental funds—revenue per capita	\$1,578	\$1,288	\$1,791
Total governmental funds—expenditure per capita	\$1,413	\$1,233	\$1,812

DEBT COMPARISONS

	Bowling Green	Owensboro, KY	Franklin, TN
Total outstanding debt—primary government	\$100,033,786	\$146,732,417	\$245,634,639
Debt per capita	\$1,384	\$2,440	\$3,464
Net general obligation debt as a percentage of assessed taxable real estate	1.73%	4.38%	4.92%

BOND RATINGS COMPARISONS

	Bowling Green	Owensboro, KY	Franklin, TN
Standard & Poor's (high to low: AAA, AA+, AA, AA-)	AA	AA	AAA
Moody's (high to low: Aaa, Aa1, Aa2, Aa3, A1)	Aa1	A1	Aaa

¹ FY2021 Annual Comprehensive Financial Report (ACFR).

² FY2020 ACFR (year ended June 30, 2020).

³ FY2020 ACFR (year ended June 30, 2020).

⁴ Real Property Assessment value obtained from Statistical Table "Revenue Capacity Information – Assessed Value and Estimated Actual Value of Taxable Property".

⁵ Real Estate Tax Rates are per \$100 of assessed value.

⁶ Source: US Dept. of Labor, Local Area Unemployment Statistics for Cities and Towns Above 25,000 Population (preliminary rates for September 2021).



Photo Credit: Teresa Morel

City of Bowling Green by the Numbers

72,294

POPULATION



41.6

SQUARE MILES



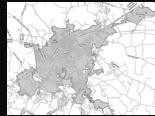
1,929

JOB APPLICANTS



3rd

LARGEST CITY
IN THE STATE



481

STAFFED FULL
TIME EMPLOYEES



70,235

POLICE CALLS
FOR SERVICE

3,074

POLICE TRAFFIC
STOPS



5,375

FIRE INCIDENT
RESPONSES

97

ARSON FIRES
INVESTIGATED

4,686

FEET OF
SIDEWALK
REPLACED

2,460

BUILDING &
ELECTRICAL
PERMITS ISSUED

222

POTHoles
REPAIRED

22,608

PROPERTY TAX
BILLS DISTRIBUTED

1,654

ANIMAL
CONTROL CALLS

10,199

BUILDING, CODE,
AND ELECTRICAL
INSPECTIONS

133,303

ROUNDS OF GOLF
PLAYED AT CITY
GOLF COURSES

11,884

TREES, PLANTS,
AND SHRUBS
PLANTED



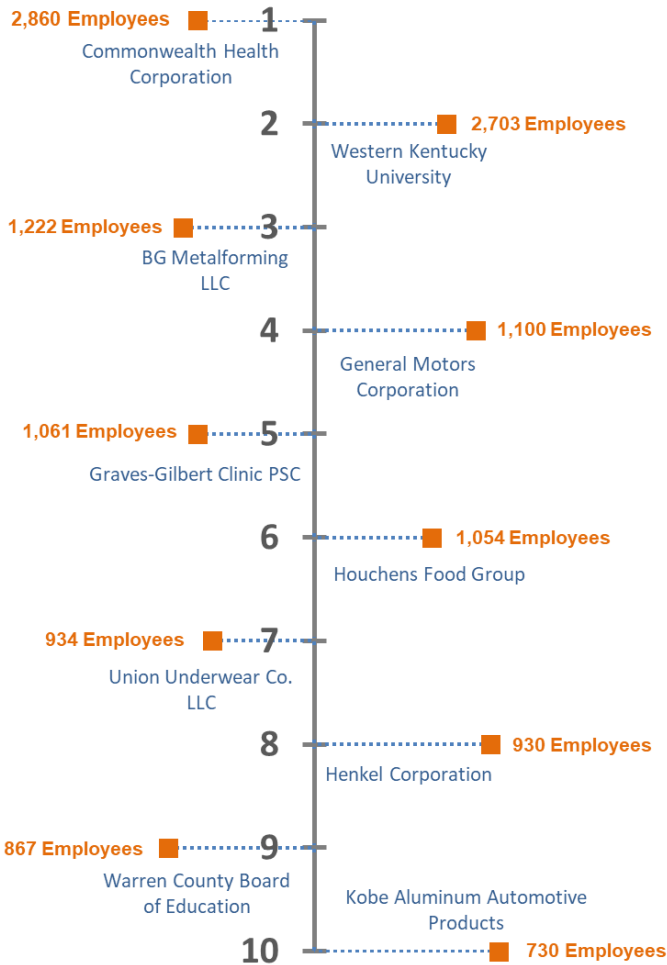
Photo Credit: Anne Massey

Source: City of Bowling Green FY2021 ACFR Statistical Section



Bowling Green—Did you know?

Principal Employers



Median Age
27

Median Income
\$42,216

School Enrollment
22,725

Median Gross Rent
\$778

Unemployment Rate
4.9%

Owner-Occupied Housing Unit Rate
(2015-2019)
38.8%

Foreign Born Persons
12.8%

Median Value of Owner-Occupied
Housing Units (2015-2019)
\$161,000

Average Household Size
2.38

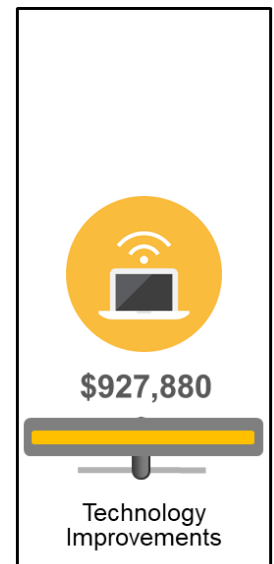
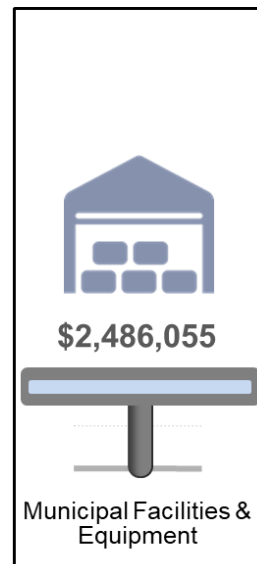
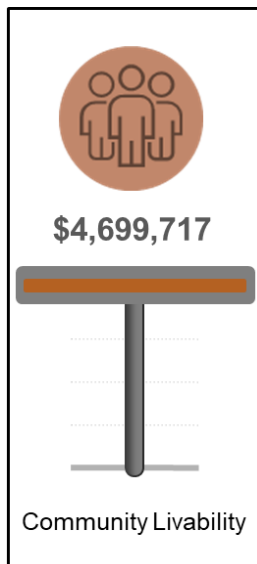
Mean Travel Time to Work
(minutes)
18.1

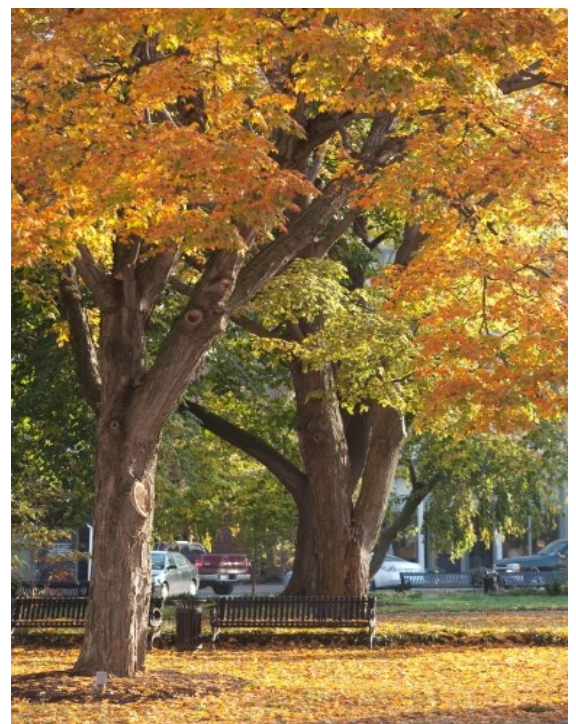
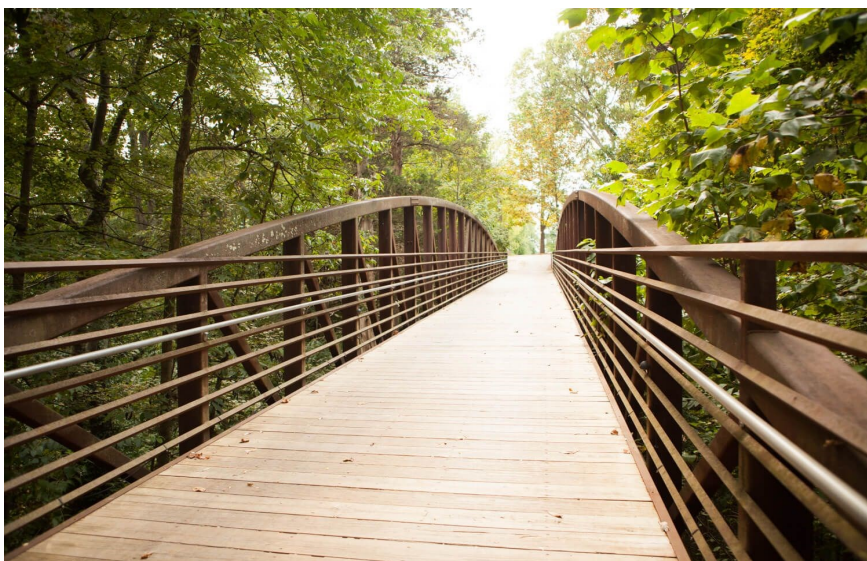
Number of Households
25,305

Bachelor's Degree or Higher
32.6%

Sources: City of Bowling Green FY2021 ACFR Statistical Section and US Census QuickFacts for Bowling Green, Kentucky

Fiscal Year 2022 Capital Improvement Plan Overview





POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021