



City of Bowling Green, Kentucky

POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022



COMMUNITYSERVICEGROWTH



A MESSAGE FROM THE CITY MANAGER

Dear City Residents,

We are pleased to present the City of Bowling Green’s twelfth Popular Annual Financial Report (PAFR) for the 2022 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, 2022.

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 for the past 16 years and the Award for Outstanding Achievement in Popular Annual Financial Reporting for the last 11 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



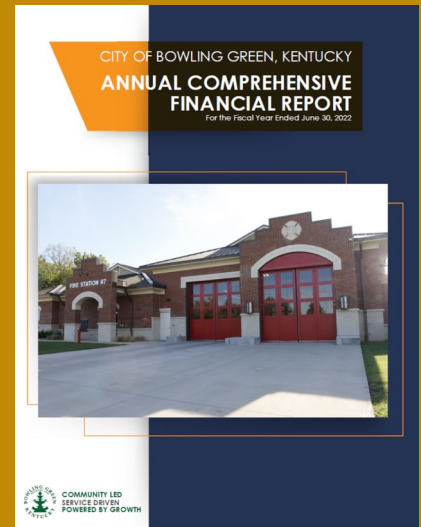
Photo Credit: Wayne Garmon



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 information reflected in this report was drawn from the FY2022 Annual Comprehensive Financial Report (ACFR). The ACFR conforms to the generally accepted accounting principles (GAAP) and includes audited financial statements. 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.



Photo Credit: Eric Denton

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, 2021. This is the eleventh consecutive year the City has received the award.

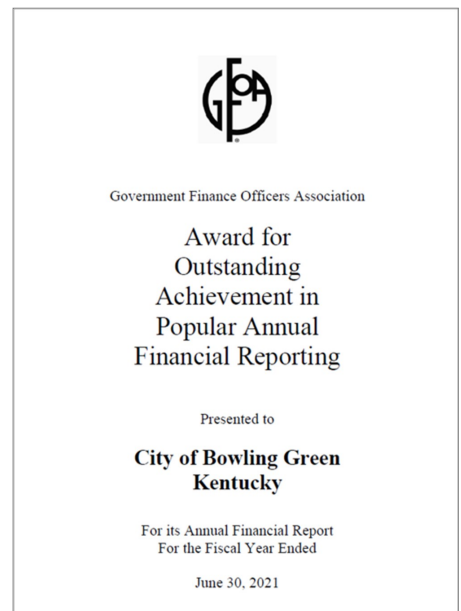
In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual 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 FY2021 ACFR for the sixteenth consecutive year and the Distinguished Budget Presentation Award for the FY2023 budget for the eleventh consecutive year.



Additionally, in 2019, 2020, and 2021, the City has received the GFOA's Triple Crown designation for receiving the Certificate of Achievement for Excellence in Financial Reporting, Award for Outstanding Achievement in Popular Annual Financial Reporting, and the Distinguished Budget Presentation Award.



About the City



PROFILE OF BOWLING GREEN

Bowling Green, the “Park City” of Kentucky, was established in 1798, and is located in the south-central part of Kentucky. The City limits occupy an area of over 42.1 square miles, has a current population estimated at 73,529, 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 18 years and older, is measured at approximately 750,000 for the area within a hundred mile radius from the City.

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, 2022, was comprised of 500 authorized full-time positions and up to 298 part-time positions.

The City has received several awards and accolades during the past year, including:



HUD High Performer,
Neighborhood & Comm. Services



GFOA Triple Crown Winner,
Finance



Accredited by KY Assoc. of Chiefs of Police,
Police



Accredited by Commission on Fire Accreditation International,
Fire



Accredited by American Public Works Association,
Public Works



Accredited by National Institute for Automotive Service Excellence,
Fleet



KY Parks and Recreation Society Outstanding Program Award & Overall Program of Year,
Parks & Recreation



Arbor Day Foundation Tree City USA,
Parks & Recreation



KY Travel Industry Assoc. Traverse Award Winner: two Gold, one Silver, one Bronze Award,
Neighborhood & Comm. Services



Accredited by American Association of Code Enforcement,
Neighborhood & Comm. Services



Accredited by KY Assoc. of Chiefs of Police,
Police Dispatch

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



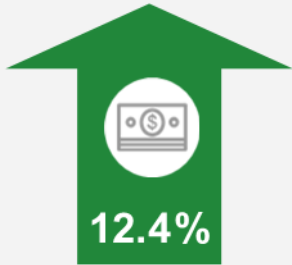
Sue Parrigin, Commissioner



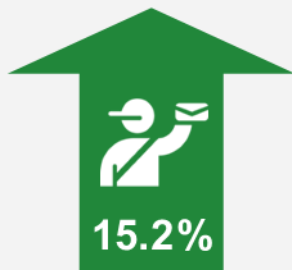
Government-wide Financials

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)*



\$132,835,415
Annual Revenue



\$66,281,309
Wages and Net Profits

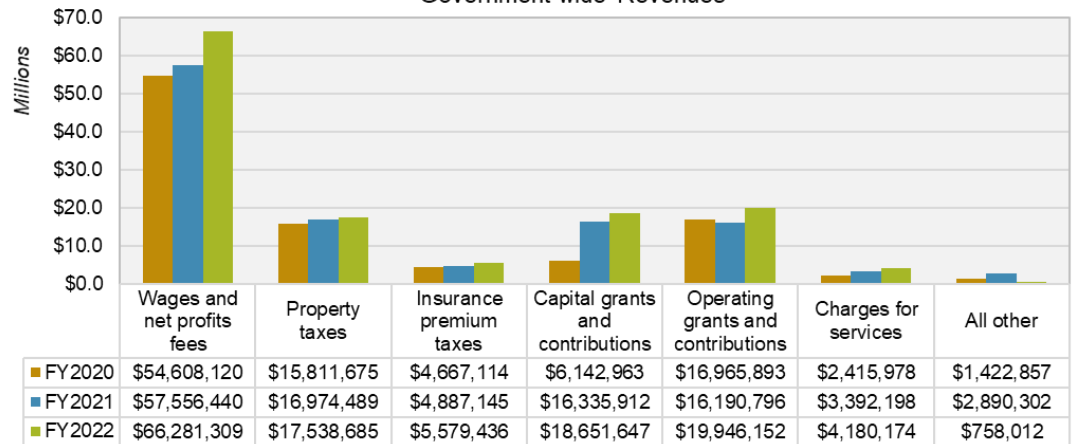


\$38,507,799
Operating & Capital Grants



\$92,806,946
Annual Expenditures

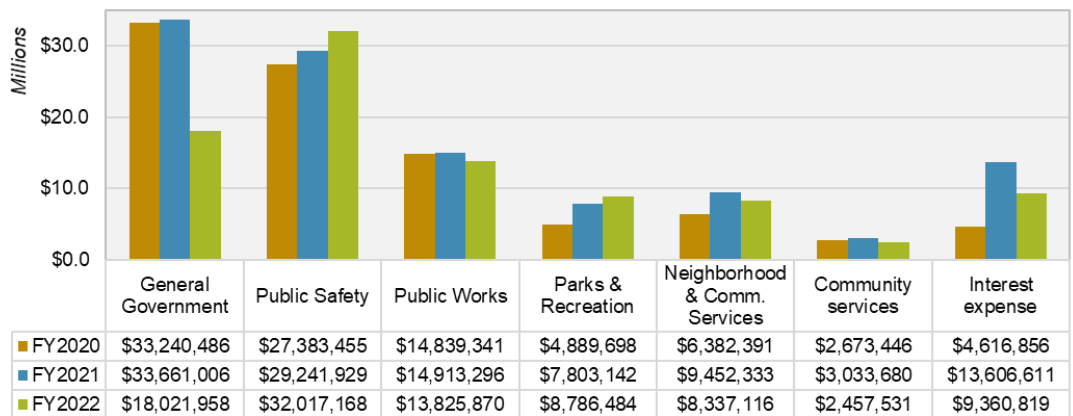
Government-wide Revenues



The City's major revenues during FY2022 are up when compared to the prior fiscal years, notable increases include:

- Wage withholdings and net profits grew by \$8.7M due to continued growth in the population and economic base resulting from various expansions and new projects within the region.
- Operating and capital grants increased by \$6.0M primarily due to the receipt of FEMA grant funds to reimburse costs incurred as a result of the December 2021 tornadoes.

Government-wide Expenses



Expenses decreased in FY2022 from the prior year by nearly \$19.0M, highlights include:

- General government expenses decreased by \$15.6M, or -46.5%, as a result of decreased Kentucky Public Pensions Authority pension and other postemployment benefit (OPEB) liabilities.
- Public safety expenses increased by \$2.8M, or +9.5%, as a result of the construction of a new fire station on Lovers Lane at a total cost of over \$4.0M.
- Interest expense decreased by over \$4.2M due to one-time costs incurred during FY2021 related to the debt issuance for the Kentucky Transpark expansion.

Government-wide Financials



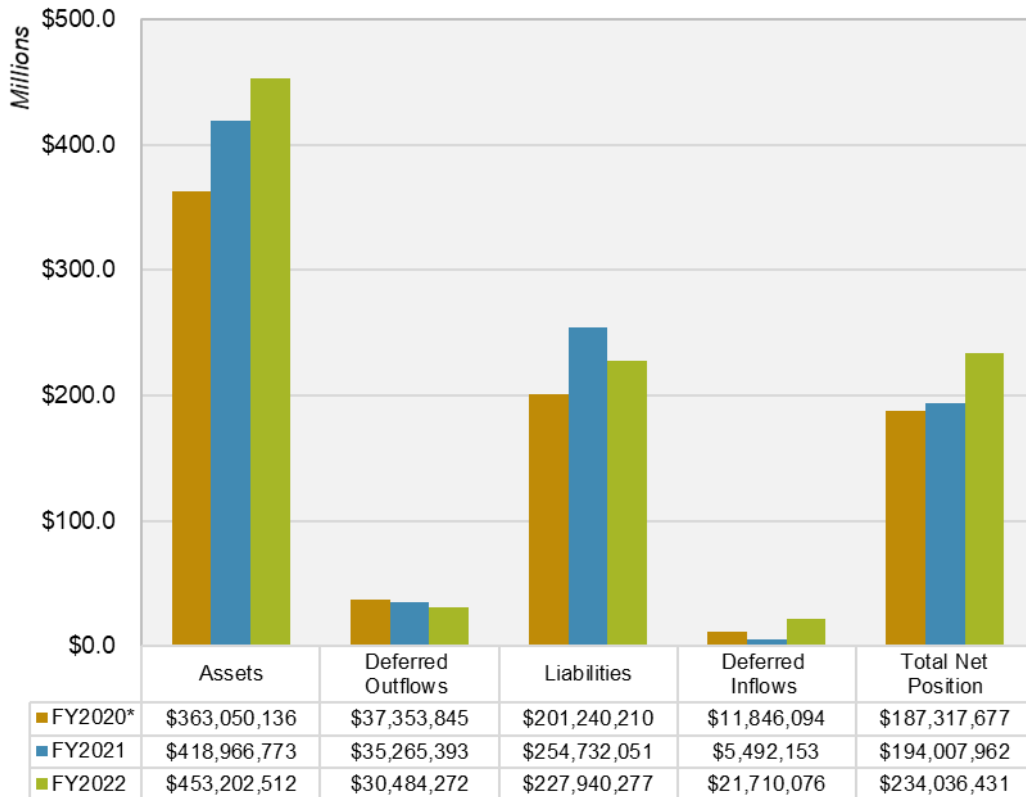
Governmental activities represent activities financed primarily through taxes and intergovernmental revenues. These activities include governmental and internal service funds. The Business-type activities are financed in-whole or in-part by fees charged to external parties for goods and services. These 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 \$194.0M in FY2021 **to \$234.0M** in FY2022, **an increase of \$40.0M, or +20.6%**.



Governmental Activities Statement of Net Position History



The City's governmental net position, excluding business-type activity, has grown \$46.7M since FY2020. 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 varied due to changing pension and other postemployment benefit (OPEB) obligations, but primarily as a result of \$43.8M of new general obligation debt issued for the expansion of the Kentucky Transpark in FY2021.

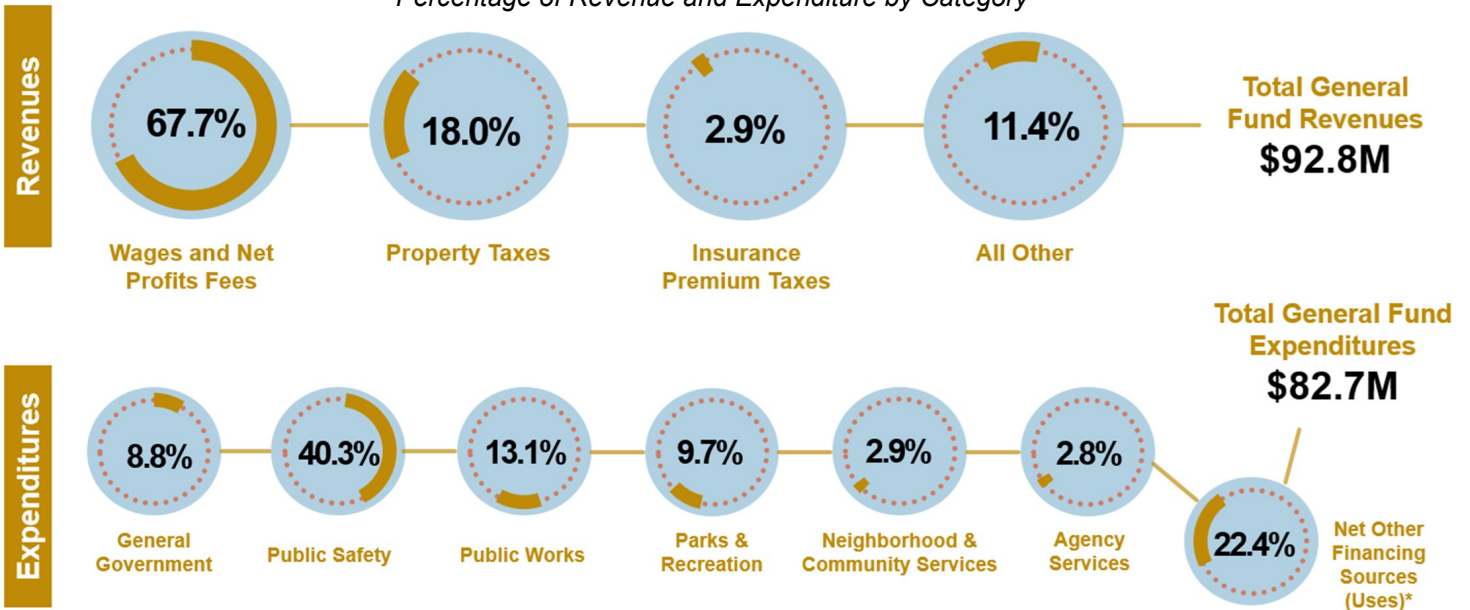
*The City implemented GASB Statement No. 84, Fiduciary Activities, effective for the period ending June 30, 2021, which resulted in a positive restatement of the FY2020 ending balances in the amount of \$275,000.



Governmental Financials

GENERAL FUND FINANCIAL HIGHLIGHTS

Percentage of Revenue and Expenditure by Category



General Fund revenues increased by nearly \$13.1M, or 16.4%, over last fiscal year and total expenditures decreased by \$1.8M, or 2.1%. The substantial increase in revenue was due to strong employee wage withholding and net profit fee collections and intergovernmental grants to offset the effects of COVID-19 and the December 2021 tornadoes.

* Net Other Financing Sources (Uses) consists primarily of \$19,416,513 in transfers to other funds in FY2022.

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.

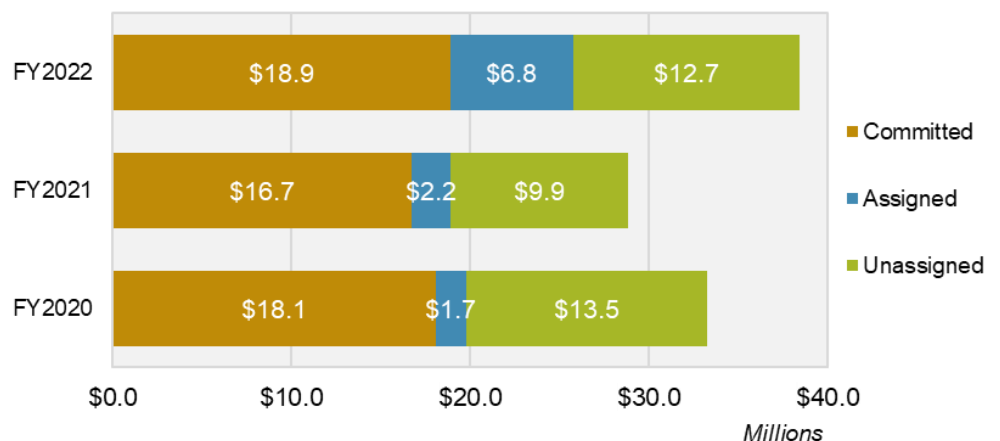
Committed— Amounts constrained to specific purposes by the City itself; this includes the 25% reserve 'rainy day' balance.

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 \$298,345, \$286,536, and \$263,342 for FY2020, FY2021, and FY2022, respectively. The restricted fund balance was \$67,000, \$0, and \$449,999 for FY2020, FY2021, and FY2022, respectively.

Fund Balance History
General Fund



The General Fund total **fund balance at June 30, 2022, was \$39.2M**, or 42.2% of revenues.

The FY2022 ending total fund balance **increased \$10.1M, or +34.6%, over the FY2021** fund balance of \$29.1M. The increase is a result of stronger than anticipated employee wage withholding and net profit fee revenue collections.

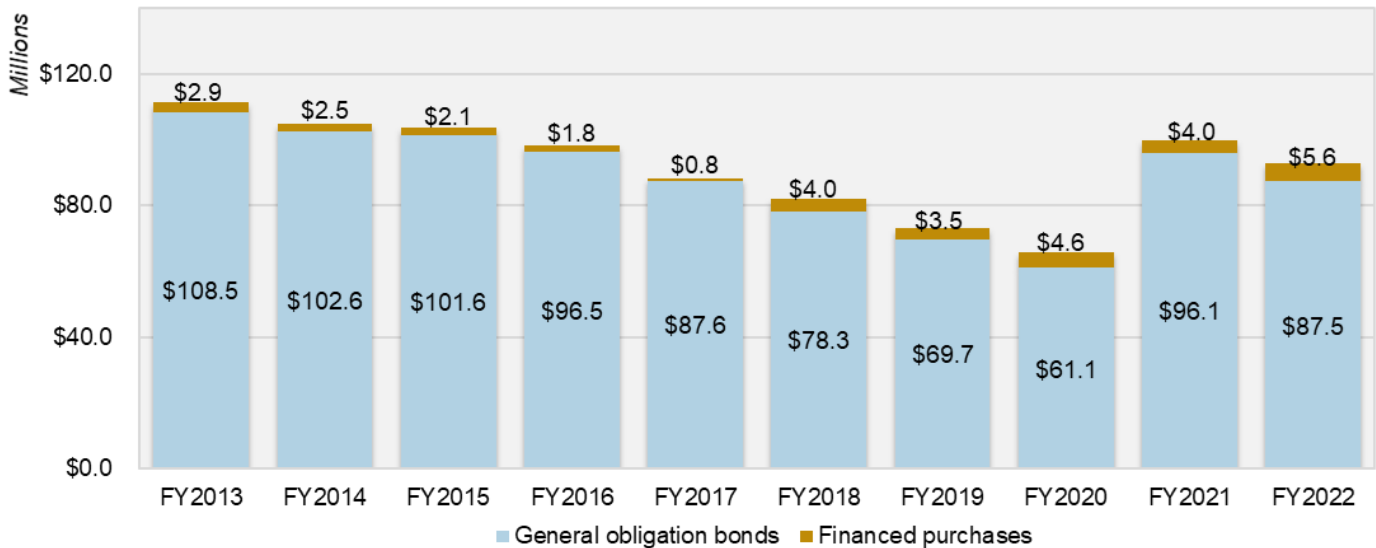
Also, in FY2022 the **committed fund balance**, which is 25% of adopted General Fund revenues, **totaled \$18.9M** compared to \$16.7M in FY2021. The fund balance summary for the prior three years is presented above.

Debt and Capital Assets



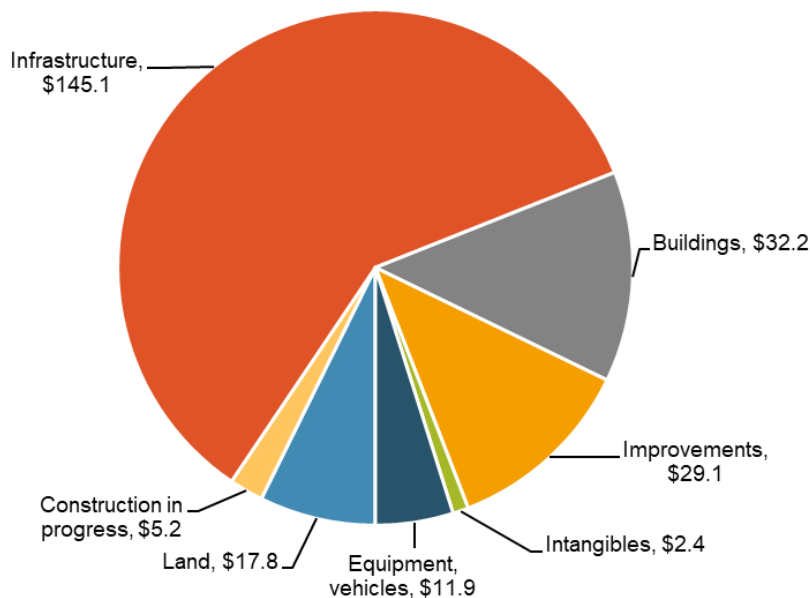
The total governmental long-term debt outstanding at June 30, 2022, was \$93.1M, net of discounts and premiums. Below is a 10 year graphical illustration of the City’s total governmental long-term debt, net of discounts and premiums. **Long-term debt has decreased by \$18.3M, or 16.4%, since 2013.** 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.

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, 2022, excluding business-type assets, increased by \$11.9M over last year to \$243.8M.

Major additions during FY2022 include:

- Stormwater, street, and sidewalk infrastructure improvements and additions
- Lovers Lane fire station construction
- Downtown streetscape improvements
- Computer Aided Dispatch (CAD) software
- Various equipment and vehicle replacements



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	73,529	60,011	83,454
Total taxable assessed real estate value	\$6,106,981,542	\$3,724,513,291	\$6,776,465,600 ⁴
Real estate tax rate ⁵	\$0.2050	\$0.2640	\$0.3261
Land area (square miles)	42.1	21.1	44.0
Unemployment rate ⁶	3.3%	3.8%	2.4%
General Fund revenues	\$92,800,626	\$64,923,180	\$95,587,985
Total governmental funds—revenue per capita	\$1,686	\$1,496	\$1,819
Total governmental funds—expenditure per capita	\$1,450	\$1,357	\$1,625

DEBT COMPARISONS

	Bowling Green	Owensboro, KY	Franklin, TN
Total outstanding debt—primary government	\$93,062,780	\$127,121,435	\$283,544,717
Debt per capita	\$1,266	\$2,118	\$3,398
Total outstanding debt as a percentage of assessed taxable real estate	1.52%	3.41%	4.18%

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 FY2022 Annual Comprehensive Financial Report (ACFR).

² FY2022 ACFR (year ended June 30, 2022).

³ FY2022 ACFR (year ended June 30, 2022).

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 (rates for September 2022).



Photo credit: Wayne Garmon

City of Bowling Green by the Numbers

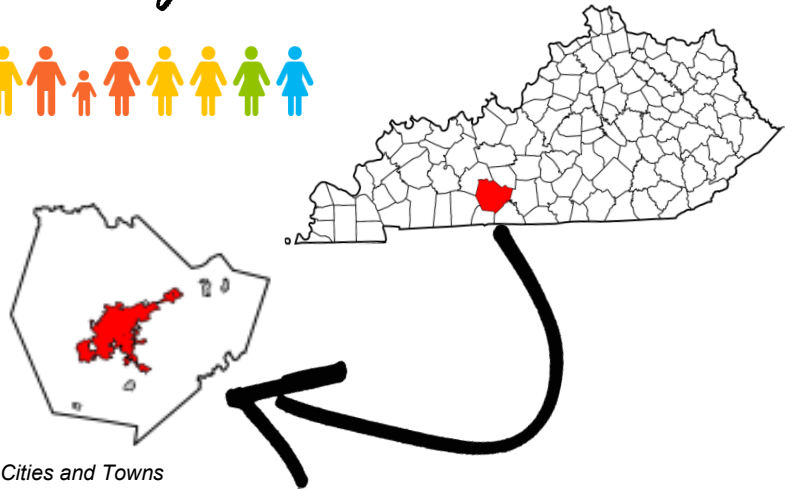
Population **73,529** 

Square Miles **42.1**

3rd Largest City in the State

Unemployment Rate **3.2%***

*Source: US Dept. of Labor, Local Area Unemployment Statistics for Cities and Towns Above 25,000 Population (rates for September 2022)




PUBLIC WORKS

17
miles of streets resurfaced



Maintained:
274 miles of streets
239 miles of sidewalks

125
potholes repaired



PUBLIC SAFETY



7
fire stations



1
police station



300
fire runs
74,048
911 service calls

NEIGHBORHOOD & COMM. SERVICES

20,033
building, code, and electrical inspections



798
households receiving assistance



PARKS & RECREATION

15
playgrounds



1,000
acres of parks



11,011
trees, plants, and shrubs planted



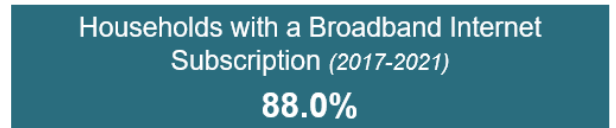
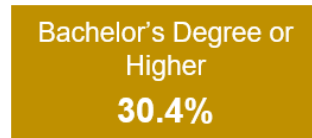
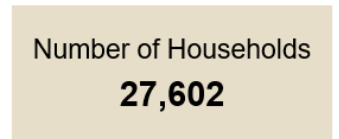
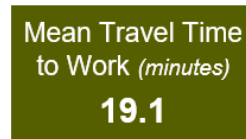
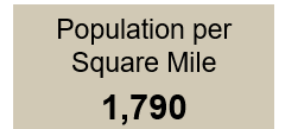
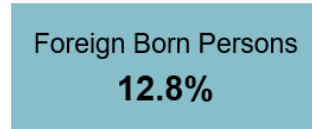
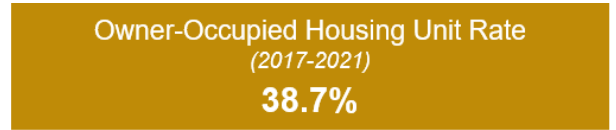
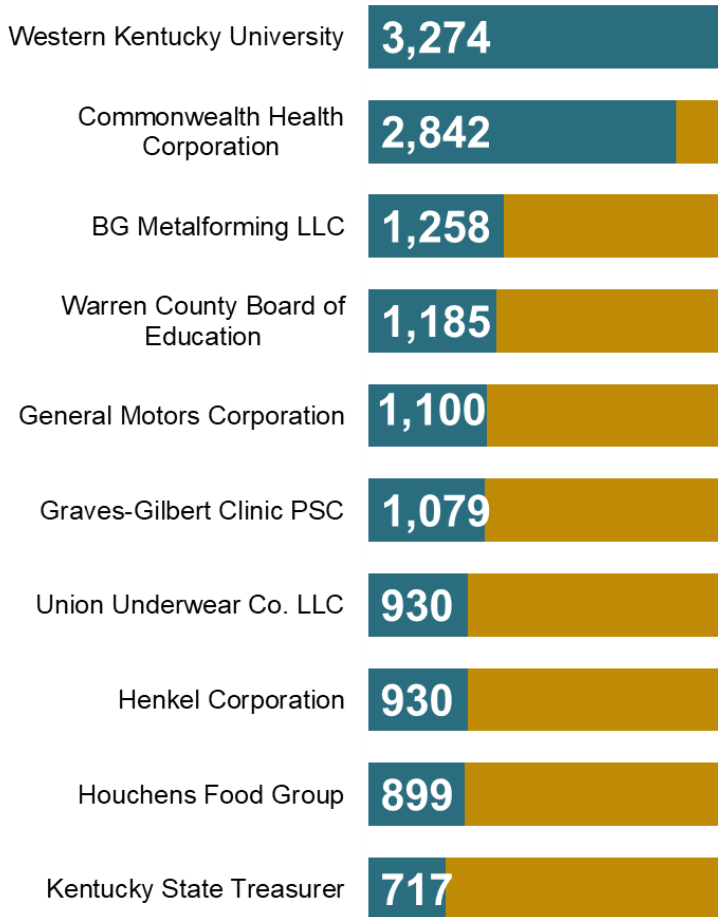
117,812
rounds of golf played





Bowling Green—Did you know?

Principal Employers



Sources: City of Bowling Green FY2022 ACFR Statistical Section and US Census QuickFacts for Bowling Green, Kentucky



Photo credit: Steven B. Bailey



POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022



COMMUNITYSERVICEGROWTH