

# City of Bowling Green

## Popular Annual Financial Report

Fiscal Year ending June 30, 2011



## Message from the City Manager



Dear City Residents,

We are pleased to present the City of Bowling Green's first *Popular Annual Financial Report (PAFR)* for the 2011 Fiscal Year.

This report is intended to present a condensed overview of the City's financial position, financial practices, and the 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 2011 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 six 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.

Although we find ourselves in tough economic times, our primary goal remains constant: to provide excellent municipal services in a fiscally responsible manner. We trust we have met your expectations on both accounts.

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

## About City of 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 58,000 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 462,000 for the area encompassing a sixty minute drive, with an additional 25,000 workers being 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 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 hiring City staff.

## Mission Statement

The mission of the City of Bowling Green is to provide leadership in promoting the safety and well-being of Bowling Green residents by delivering quality services in a cost effective and responsible manner.

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### Popular 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 2011 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](http://www.bgky.org).

# Governmental Funds' Financial Activities

The City's governmental fund totals include the general fund, special revenue funds, capital project funds, debt service funds and internal service funds; component unit financial information is not disclosed. The information below provides a short-term view of general government operations, show services are financed and how the balances left at year end are available for future spending.

## Financial Highlights

The City's assets exceeded liabilities at the close of the fiscal year by \$143.9 million (net assets).

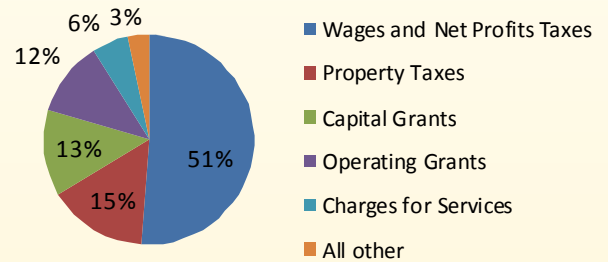
The City's total net assets increased by \$9.7 million in Fiscal Year 2011.

## Governmental Revenues

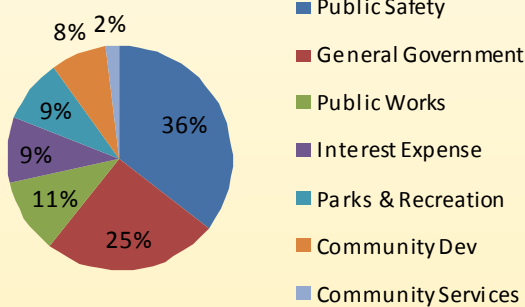
Governmental revenues totaled \$73.1 million for fiscal year 2011. Wage and net profit taxes accounted for the largest revenue source, at \$37.2 million or 50.9% of revenue. This is an increase of 4.8% over the prior fiscal year.

The second largest category of governmental revenues is property taxes at \$11.2 million or 15.3% of total revenue. The remaining governmental revenue was collected through: capital grants \$9.8 million, operating grants \$8.4 million, charges for services \$4.0 million, and all other revenue \$2.4 million.

### Governmental Revenue Sources



### Governmental Expenses



Expenses of the City's governmental activities totaled \$60.9 million for fiscal year 2011, a decrease of \$1.1 million or -1.7% from FY2010.

The largest expense is Public Safety at \$21.7 million or 35.7% of total expenses which is a decrease of \$740,000 or -3.3% from the previous fiscal year.

The second largest category of expenses, General Government, totals \$15.2 million or 24.9% of total governmental expenses. Public Works expense for the year was \$6.7 million, followed by interest expense \$5.7 million, Parks and Recreation \$5.5 million, Community Development \$4.9 million and Community Services \$1.2 million.

## Governmental Expenses

## Long-Term Debt

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

At the end of fiscal year 2011, the City had a total of \$138.2 million contractually obligated long-term debt. Debt related to governmental activities totaled \$129 million, while business-type activities debt equaled \$9.2 million. Total long-term debt decreased by \$3.8 million or -2.7% from the previous fiscal year due to standard debt service payments.

### LONG TERM DEBT OUTSTANDING AT 6/30/2011

	2011	2010
General Obligation & Revenue Bonds	\$134,248,000	\$138,760,000
Capital Leases Notes	<u>3,974,000</u>	<u>3,289,000</u>
<b>Total</b>	<b>\$138,222,000</b>	<b>\$142,049,000</b>

Long-term debt information above includes both governmental and business-type debt.

## TYPES OF FUNDS

The City utilizes several different fund types to track financial activity, descriptions of the most common are below:

**General Fund** — The chief operating fund of the local government. GAAP prescribes that the general fund be used 'to account for all financial resources except those required to be accounted for in another fund.'

**Special Revenue Funds** — Account for proceeds of specific revenue sources that are legally restricted or have been restricted for specific purposes.

**Capital Project Funds** — Account for major capital acquisition and construction activities.

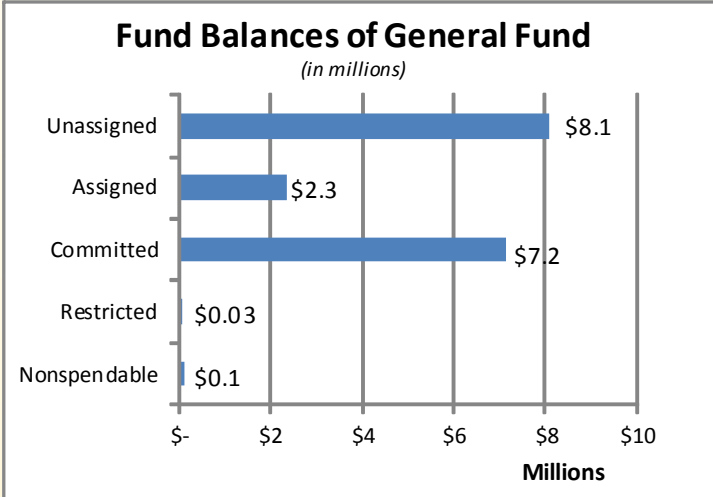
**Debt Service Funds** — Account for the accumulation of resources and the payment of general long-term debt.

**Enterprise Funds** — Account for the Golf Enterprise, Aquatics and Convention Center Funds, operated similar to a private business in that expenses are recovered through user fees.

# General Fund Financial Information

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

- Non-spendable** — Funds that cannot be spent due to their form (e.g. inventories).
- Restricted** — Funds that are mandated for a specific purpose by external parties.
- Committed**— Funds set aside for specific purpose by the Board, includes 15% Reserve Funds.
- Assigned** – Funds set aside with intent to be used for specific purpose by Board.
- Unassigned** – Excess funds not classified in other categories, spendable resources.



The unassigned or available fund balance at June 30, 2011 was \$8.1 million or 20.0% of total General Fund expenditures. The total fund balances of the General Fund reached \$17.7 million or 43.8% of total General Fund expenditures.

Total fund balance increased by \$756,500 or +4.5% over the previous year.

## Top 10 Employers

- Western Kentucky Univ
- The Medical Center
- Fruit of the Loom
- Wal-Mart Associates Inc
- Warren Co Board of Ed
- Express Services, Inc
- Sun Products
- Houchens Food Group Inc
- BG Metalforming LLC
- City of Bowling Green

## General Fund Revenue

### GENERAL FUND REVENUE AT 6/30/2011

(in millions)	FY2011	FY2010
Wages and Net Profit Taxes	\$ 35.2	\$ 33.6
Property Taxes	10.7	10.8
Insurance Premium Taxes	1.4	1.4
License and Permits	1.0	1.2
Charges for Services	0.5	0.5
All Other	<u>0.9</u>	<u>2.3</u>
<b>Total General Fund Revenue</b>	<b>\$ 49.7</b>	<b>\$ 49.8</b>

General Fund revenues totaled \$49.7 million in 2011, a decrease of \$65,000 or 0.1% from the previous year.

The City's largest General Fund revenue source, wage and net profit taxes, totaled \$35.2 million, which is an increase of \$1.6 million or +4.8% over 2010. The increase is primarily attributed to the recovery of the local economy.

The second largest revenue source, property taxes, totaled \$10.7 million in FY2011, decrease of \$95,000 or -0.9% from last fiscal year.

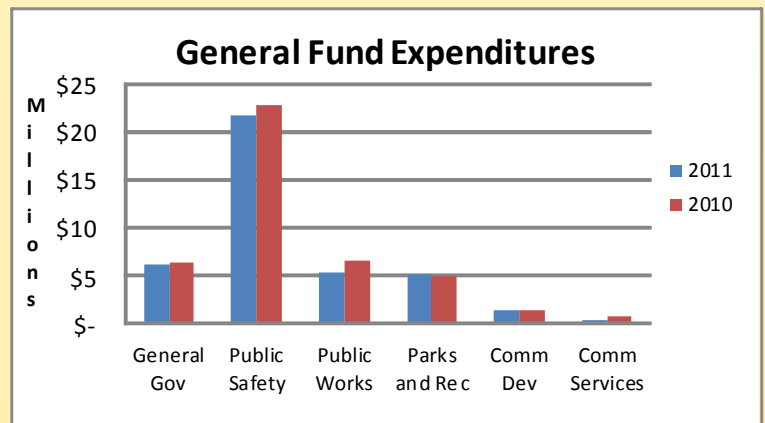
Fiscal Year 2011 General Fund revenues exceeded expenditures by \$9.3 million.

## General Fund Expenditures

General Fund expenditures for fiscal year 2011 totaled \$40.5 million, a decrease of \$2.3 million or -5.4% compared to the previous year.

Public Safety expenses accounted for \$21.7 million or 53.7% of total General Fund expenses; followed by General Government \$6.3 million, Public Works \$5.4 million, Parks and Recreation \$5.2 million, Community Development \$1.4 million and Community Services \$0.5 million.

The decrease in General Fund expenditures is due to the reclassification of a grant to a special revenue fund, personnel cost controls and mid-year budget cuts made to each department.

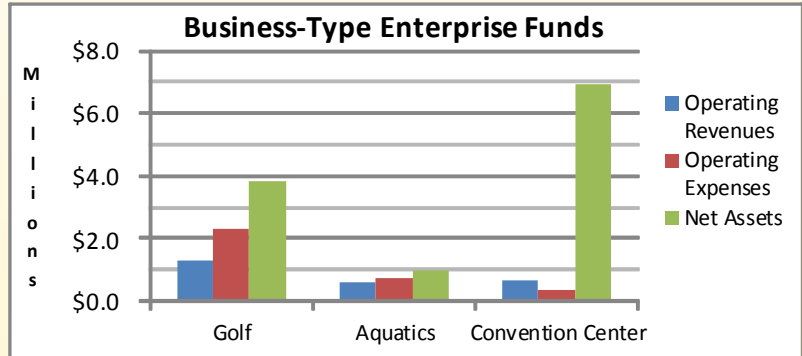




# Enterprise Funds' Financial Information

The City of Bowling Green Enterprise Funds meet the criteria based on the GAAP requirement that the fund be supported through a fee to external users for a good or service and the principle revenue source be based on acquiring fees to cover costs. Accounts for the business-type activities of Golf, Aquatics, and Convention Center meet this requirement.

The **Golf Fund** operating revenue totaled \$1.3 million for FY11, which is a decrease of \$20,000 or -1.5% from FY10. Operating expenses totaled \$2.3 million, an increase of \$34,000 or +1.5% over the previous fiscal year. Non-operating revenue and transfer-in revenue totaled \$1.1 million and non-operating expenses were \$37,000. The net assets of the Golf Fund increased by \$33,000 in FY2011 to \$3.8 million.



The **Aquatics Fund** total operating revenue for FY2011 was \$578,500, representing an increase of \$60,000 or +11.6% over last year. Operating expenses totaled \$735,000, an increase of \$41,500 or +6.0% over FY2010. After non-operating revenue and expenses, the Aquatics Fund net assets increased by \$163,000 during FY2011 to \$1.0 million.



## Request for Information

This financial report is designed to provide a general overview of the City of Bowling Green's finances for all those interested. Questions concerning any information provided in this report or requests for additional information should be addressed to the CFO.

### CONTACT US

Finance Department  
 City Hall Annex  
 1017 College Street  
 Bowling Green, KY 42101  
 Phone 270-393-3000  
[accounting@bqky.org](mailto:accounting@bqky.org)

The **Convention Center Fund** had total operating revenue of \$637,000, representing an increase of \$40,000 or +6.7% over last year. The operating expenses totaled \$344,000, a decrease of \$198,000 or -36.5% from FY10. The significant decrease in operating expenses is related to the purchase of FY11 capital assets. Non-operating revenue and transfer-in revenue totaled \$1.0 million, while non-operating expenses were \$264,000. Overall, net assets for the Convention Center Fund increased by \$1.0 million for the fiscal year to total \$6.9 million.

## MAJOR INITIATIVES FOR FY2012

**CAPITAL IMPROVEMENT PROGRAM**—FY2012 recommended CIP, including all funds and debt, is \$18.3 million, an increase of 13.7% over the \$16.1 million FY2011 program. The FY2012 Capital Improvement Program has three major goals:

- **COMMUNITY LIVABILITY.** \$2.3 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.** \$1.4 million will be utilized for street resurfacing, design and initial property acquisition for Smallhouse/Cavemill Road realignment, and improved traffic signals.
- **SUSTAINABLE CITY GOVERNMENT.** \$1.3 million has been dedicated to replace copiers and Cisco switches, replace roof at Operations division, Police department renovations and City Hall Campus security upgrades.

**MINIMUM COMMITTED FUND BALANCE INCREASE**—The General Fund Committed Fund Balance will be increased to 20% of adopted General Fund revenue budget or approximately \$10.1 million for FY2012, up from the historical 15%.

**DEPARTMENT OF NEIGHBORHOOD & COMMUNITY SERVICES**—Formerly known as Housing and Community Development, this department has been reorganized to better serve citizens of Bowling Green and will add a new position in FY2012 for an International Liaison.

**SUPERVISOR TRAINING**—The Team Bowling Green Initiative will be re-introduced to enhance interconnectedness of departments and create better leaders among participants through supervisory training.

**RE-INSTITUTE CROSSING GUARD PROGRAM**—The school crossing guard program will be restored in FY2012 with minor changes.

**WESTSIDE RECREATIONAL INITIATIVE**—The Community Development Block Grant (CDBG) program will be utilized to fund improvements to recreational facilities located on the City's west side at the Parker Bennett Community Center and Pedigo Park.

# CITY OF BOWLING GREEN

## FACTS AND STATISTICS

2011 POPULATION  
**58,067**

CITY EMPLOYEES  
**439** (full time)

## PARKS & RECREATION

FITNESS & ATHLETIC PARTICIPANTS

**765,462**

COMMUNITY CENTER VISITS

**271,722**

NUMBER OF PARKS

**25**

CITY PARK ACREAGE

**760**



### **PUBLIC WORKS**

**242** MILES OF STREETS  
**15** MILES OF ALLEYS  
**90** MILES OF SIDEWALKS  
**478** POT HOLES REPAIRED

AREA  
**38.5 SQUARE MILES**

### **PUBLIC SAFETY**

#### POLICE

911 SERVICE CALLS **65,440**  
TRAFFIC STOPS **15,650**  
ANIMAL CONTROL CALLS **3,176**

#### FIRE

ACCIDENT RUNS **4,836**  
FIRE RUNS **285**  
INSPECTIONS **2,845**  
STATIONS **7**

**2,300**

**NUMBER OF FIRE  
HYDRANTS**

BUILDING PERMITS ISSUED **1,515**

BUILDING/ELECTRICAL/CODE  
INSPECTIONS **8,804**

NEIGHBORHOOD MEETINGS **71**

ANTI-LITTER EVENTS **7**

