

POPULAR ANNUAL FINANCIAL REPORT

CITY OF BOWLING GREEN, KENTUCKY

Fiscal Year ending June 30, 2012

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 2012 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.

Message from the City Manager



Dear City Residents,

We are pleased to present the City of Bowling Green's second *Popular Annual Financial Report (PAFR)* for the 2012 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 2012 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 eight years and were awarded our first Award for Outstanding Achievement in Popular Annual Financing Reporting in 2011.

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

Table of Contents

Introduction	P.1
Governmental Funds	P.2
General Fund	P.3
2013 Initiatives	P.4
Facts and Statistics	P.5



2012 Board of Commissioners

About City of Bowling Green

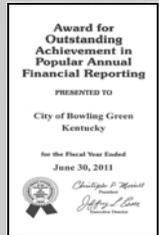
Bowling Green, the "Park City" of Kentucky, was established in 1798, and is located in the south-central part of the state. The City occupies an area of 38.5 square miles, has a population estimated at 59,000 and serves as the retail, educational, medical, commercial and social hub for south-central Kentucky and northern Tennessee. The labor market, employable workers aged 18 years and older, is measured at 456,000 for the area encompassing a sixty minute drive, with an additional 25,500 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.

The City provides Police and Fire services, Neighborhood & Community Services and a long list 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, 2011. The Award for Outstanding Achievement in



Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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.



GOVERNMENT-WIDE FINANCIAL ACTIVITY

The City's governmental activities totals include the general fund, special revenue funds, capital project funds, debt service funds and internal service funds; while business-type activities include the enterprise funds. Component unit financial information is not disclosed. 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.

FINANCIAL HIGHLIGHTS

The City's total assets exceeded liabilities at the close of the fiscal year by **\$171.0 million** (net assets).

The City's total net assets increased by **\$15.4 million** in Fiscal Year 2012.

Summary Statement of Net Assets

	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS	\$ 285,859,940	\$ 20,526,871	\$ 306,386,811
LIABILITIES	<u>127,381,622</u>	<u>7,974,250</u>	<u>135,355,872</u>
NET ASSETS			
Invested in capital assets, net of related debt	135,364,894	6,697,127	142,062,021
Restricted for:			
Debt service	10,605	-	10,605
Capital projects	6,052,934	-	6,052,934
Community development	1,445,322	-	1,445,322
Perpetual care (nonexpendable)	825,550	-	825,550
Unrestricted	<u>14,779,013</u>	<u>5,855,494</u>	<u>20,634,507</u>
Total Net Assets	<u>\$ 158,478,318</u>	<u>\$ 12,552,621</u>	<u>\$ 171,030,939</u>

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.

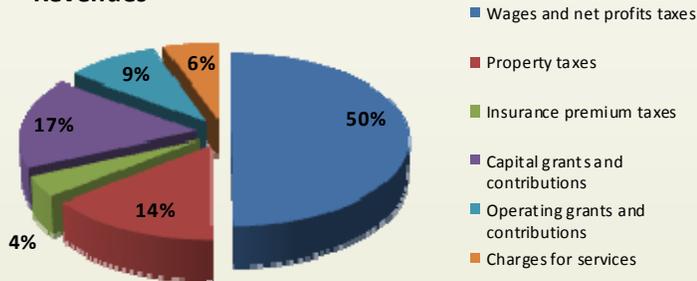
Capital Project Funds — Account for major capital acquisition and construction activities.

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

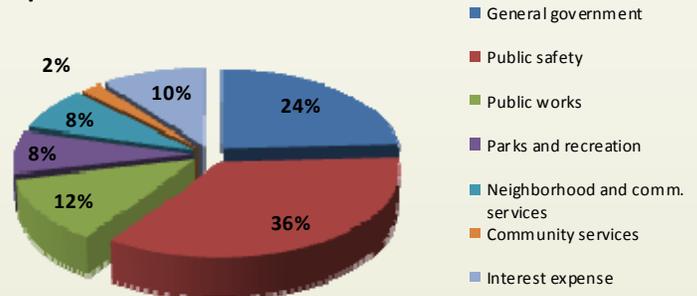
Enterprise Funds — Account for the Golf Enterprise, Aquatics and Convention Center Funds; operated similar to a private business in that expenses are intended to be recovered through user fees.

Governmental Revenues and Expenses

Revenues



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 2012, the City had a total of \$131.2 million contractually obligated long-term debt. Debt related to governmental activities totaled \$122.8 million, while business-type activities debt equaled \$8.4 million. Total long-term debt decreased by approximately \$7.0 million or -5.1% from the previous fiscal year due to scheduled debt service payments.

In the Spring of 2012, the Moody's Investors Service reaffirmed the Aa2 rating to the City of Bowling Green.

LONG-TERM DEBT OUTSTANDING AT 6/30/12

	2012	2011	2010
General Obligation & Revenue Bonds	\$127,712,600	\$134,248,000	\$138,760,000
Capital Leases & Notes	<u>3,462,400</u>	<u>3,974,000</u>	<u>3,289,000</u>
Total	\$131,175,000	\$138,222,000	\$142,049,000



City of Bowling Green, KY



Page 2



FY2012 Popular Annual Financial Report

GENERAL FUND FINANCIAL INFORMATION

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.

Fund Balances of General Fund



The total General Fund fund balance at June 30, 2012 was \$18.5 million or a strong 35.4% of revenues. The FY2012 ending total fund balance increased \$755,000 or +4.3% over the FY2011 fund balance of \$17.7 million.

General Fund Revenue & Expenditures

General Fund Revenue (in millions)	FY2012	FY2011	FY2010
Wages and net profit taxes	\$ 37.2	\$ 35.2	\$ 33.6
Property taxes	10.8	10.7	10.8
Insurance premium taxes	1.5	1.4	1.4
License and permits	1.2	1.0	1.2
Charges for services	0.5	0.5	0.5
Parks and recreation	0.4	0.4	0.4
All other	0.6	0.5	1.9
Total General Fund Revenue	\$ 52.2	\$ 49.7	\$ 49.8

General Fund revenues totaled \$52.2 million, an increase of \$2.4 million or +4.9% over the previous fiscal year.

The City's largest General Fund revenue source, wage and net profit taxes, totaled \$37.2 million and posted an increase of approximately \$2.0 million, or +5.6%, over FY2011. The increase 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 \$10.8 million in FY2012, an increase of \$150,000 or +1.4% over last fiscal year.

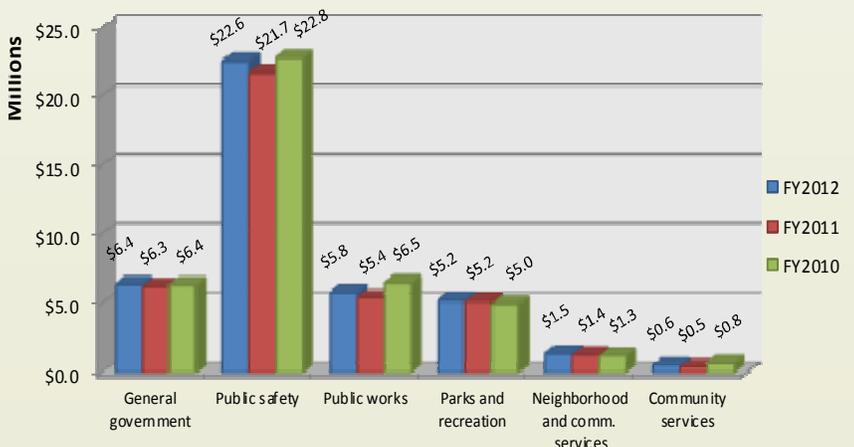
Fiscal Year 2012 General Fund revenues exceeded expenditures by \$10.1 million before accounting for other financing sources and uses (\$9.3 million). The net change in fund balance increased by \$755,000 as stated in the Fund Balance summary above.

General Fund expenses for fiscal year 2012 totaled \$42.1 million, an increase of \$1.6 million or +3.9% compared to the previous year.

Public Safety expenses accounted for \$22.6 million or 53.6% of total General Fund expenses, followed by General Government \$6.4 million, Public Works \$5.8 million, Parks and Recreation \$5.2 million, Neighborhood and Community Services \$1.5 million and Community services \$0.6 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.

General Fund Expenditures



City of Bowling Green, KY



MAJOR INITIATIVES FOR FY2013

CAPITAL IMPROVEMENT PROGRAM—FY2013 recommended CIP, including all funds and debt, is \$18.4 million, an increase of 4.5% over the \$17.6 million FY2012 program. The FY2013 Capital Improvement Program has three major goals:

- **COMMUNITY LIVABILITY.** \$1.5 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.** \$1.7 million will be utilized for street resurfacing, design and initial property acquisition for Smallhouse/Cavemill Road realignment, design and realignment of Hennessey Way, and improved traffic signals.
- **SUSTAINABLE CITY GOVERNMENT.** \$1.9 million has been dedicated to replace the current phone system with Voice Over IP (VOIP) technology, replace the current email system, upgrade Police CAD software, replace various vehicles and pieces of equipment and various facilities improvements.

BICENTENNIAL CELEBRATION—The City of Bowling Green was incorporated in 1812 making 2012 the City's Bicentennial. A week of activities was planned for the Fall of 2012. A total of \$5,000 was included in the Legislative budget for the occasion.

SISTER CITY PROGRAM—The Bowling Green Area Convention and Visitors Bureau (CVB) are assuming responsibility for the Sister City Program and will receive funds totaling \$5,000 from the City for the program during FY2013. The City's Executive Assistant/Public Information Officer will assist with the transition.

FRAUD DETERRANT—An employee hotline will be established to deter and reveal potential fraud or abuses. The hotline will provide an around the clock confidential resource for employees to report inappropriate or illegal activities. The service will be provided by a third party and managed by the Internal Auditor.

SECURITY—A budget of \$72,500 has been approved to increase security at City facilities. Additional security cameras will be purchased and installed at each of the Fire stations, the Paxton parking lot and Pedigo Park. Funds have also been added to upgrade the building access security system for the Police headquarters.

NEIGHBORHOOD WEBSITE— A website/portal will be developed to provide a centralized location for neighborhood and community organizations to promote city neighborhoods and facilitate information sharing and dialogue between groups.

Facts and Statistics

2012 Population: 58,894

PUBLIC SAFETY

<i>Police</i>		<i>Fire</i>	
911 Service Calls	67,872	Accident Runs	5,049
Traffic Stops	13,476	Fire Runs	300
Animal Control Calls	3,203	Inspections	71

PUBLIC WORKS

Miles of Street	266
Miles of Sidewalks	109
Miles of Alleys	19
Potholes Repaired	392

PARKS & RECREATION

Fitness & Athletic Participants	927,403
Community Center Visits	269,596
Number of Parks	25
City Park Acreage	972

NEIGHBORHOOD & COMMUNITY SERVICES

Building Permits Issues	1,609
Building/Electrical/Code Inspections	9,912
Neighborhood Meetings	71

Top 10 Employers

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

Request for Information

This financial report is designed to provide a general overview of the City of Bowling Green's finances. Questions concerning information found in the 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@bgky.org

