

MUNICIPAL ORDER NO. 2022 - 239

MUNICIPAL ORDER ACCEPTING THE CITY OF
BOWLING GREEN, KENTUCKY ANNUAL
COMPREHENSIVE FINANCIAL REPORT FOR
THE PERIOD ENDED JUNE 30, 2022 AS
PREPARED BY THE DEPARTMENT OF
FINANCE AND AUDITED BY MCM CPAS &
ADVISORS, LLP

WHEREAS, the City of Bowling Green, Kentucky contracts for an annual audit examination of its financial statements, funds, records and accounts in accordance with applicable Kentucky Revised Statutes; and,

WHEREAS, the firm of MCM CPAs & Advisors, LLP was retained to conduct said audit examinations in accordance with generally accepted auditing standards; and,

WHEREAS, the audit examinations have been completed and the auditor's opinion and notes have been included in the City's Annual Comprehensive Financial Report; and,

WHEREAS, by Ordinance No. BG2006-41, the City of Bowling Green Audit Committee was created, which has among other duties, the duty to review the Annual Comprehensive Financial Report and provide recommendation for approval to the Board of Commissioners; and,

WHEREAS, at a special meeting on October 24, 2022, the Audit Committee reviewed the Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2022, as prepared by the Department of Finance and audited by MCM CPAs & Advisors, LLP; and,

WHEREAS, by Resolution No. 2022-1 of the Audit Committee, the Committee approved the Annual Comprehensive Financial Report and recommended approval of this Financial Report to the City of Bowling Green Board of Commissioners.

NOW, THEREFORE, BE IT ORDERED by the City of Bowling Green, Kentucky as follows:

1. The Annual Comprehensive Financial Report prepared for the period ended June 30, 2022 by the Department of Finance and audited by MCM CPAs & Advisors, LLP, which was recommended

(Municipal Order No. 2022 - 239)

for approval by the City of Bowling Green Audit Committee, is hereby accepted.

2. The Office of City Clerk and all other City officials are hereby authorized and directed to publish the Annual Audit pursuant to Kentucky Revised Statutes.

3. This Municipal Order shall be in full force and effect upon signature and recordation.

ADOPTED: November 1, 2022

APPROVED: 
Mayor, Chairman of Board of Commissioners

ATTEST: 
City Clerk

SPONSORED BY: Jeffery B. Meisel, City Manager

Independent Auditor's Report

Honorable Todd Alcott, Mayor
and Members of the Board of Commissioners
City of Bowling Green

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Kentucky (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bowling Green as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

MCM CPAs & Advisors LLP

www.mcmcpa.com
888.587.1719

A Member of PrimeGlobal – An Association
of Independent Accounting Firms

**Kentucky
Indiana
Ohio**

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. We did not audit the financial statements of the Policemen and Firefighters' Retirement Fund which reflects total assets of \$5,547,174 as of June 30, 2022, and total change in net position of \$1,312,945 for the year ended June 30, 2022. We also did not audit the financial statements of Bowling Green Municipal Utilities which represents all of the assets and the revenues as of and for the year ended June 30, 2022 of the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Policemen and Firefighters' Retirement Fund and Bowling Green Municipal Utilities is based solely on the reports of the other auditors. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

During the fiscal year ended June 30, 2022, the City implemented Government Accounting Standards ("GASB") Statement No. 87 - *Leases*. The City recorded a lease receivable and lease liability upon implementation of the standard utilizing the facts and circumstances that existed at that date. Therefore, the City's financial position as of June 30, 2021 was not impacted by the implementation of the standard.

Independent Auditor's Report (Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 23, budgetary comparison information on pages 84 through 85, pension and OPEB schedules on pages 87 through 93 and the Modified Approach for City Streets Infrastructure Capital Assets on pages 94 through 97 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual funds statements and schedules on pages 103 through 152 and the Schedule of Expenditures of Federal Awards on pages 186 and 187, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory section on pages 1 through 9 and the statistical section on pages 154 through 179 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Independent Auditor's Report (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

MCM CPAs & Advisors LLP

Lexington, Kentucky
October 24, 2022

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes				
Real estate	\$ 11,750,000	\$ 11,750,000	\$ 11,722,083	\$ (27,917)
Personal property	2,211,000	2,211,000	1,857,422	(353,578)
Insurance premium	2,350,000	2,350,000	2,654,057	304,057
Motor vehicle and boat	1,103,000	1,103,000	1,477,349	374,349
Payment in lieu of taxes	165,000	165,000	162,914	(2,086)
Franchise	1,120,000	1,120,000	1,441,991	321,991
Other taxes	16,150	16,150	16,151	1
Penalties and Interest	80,000	80,000	62,300	(17,700)
Total taxes	18,795,150	18,795,150	19,394,267	599,117
Licenses and permits				
Occupational:				
Employees' withholding	43,256,250	43,256,250	49,055,746	5,799,496
Net profits	8,006,000	8,006,000	12,712,420	4,706,420
Other fees	300,000	300,000	1,064,434	764,434
Special licenses	250,000	250,000	253,925	3,925
Permits	955,000	955,000	1,607,159	652,159
Total licenses and permits	52,767,250	52,767,250	64,693,684	11,926,434
Intergovernmental				
Federal grants	-	4,569,244	4,942,060	372,816
State grants	-	1,057,213	1,057,737	524
Local grants	1,500	151,500	150,000	(1,500)
Total intergovernmental	1,500	5,777,957	6,149,797	371,840
Charges for services				
School tax collection fees	295,000	295,000	311,474	16,474
Other general government fees	5,000	5,000	4,539	(461)
Public safety fees	95,000	95,000	93,424	(1,576)
Cemetery lot sales	100,000	100,000	103,611	3,611
Cemetery fees	159,500	159,500	176,160	16,660
Other	44,500	44,500	70,288	25,788
Total charges for services	699,000	699,000	759,496	60,496
Parks and recreation	1,980,355	1,980,355	2,307,424	327,069
Miscellaneous				
Investment income (loss)	199,743	199,743	(841,221)	(1,040,964)
Parking violations fees	5,000	5,000	2,100	(2,900)
Contributions and donations	37,850	114,410	108,605	(5,805)
Judgements and settlements	23,675	23,675	21,318	(2,357)
Other	191,000	191,000	205,156	14,156
Total miscellaneous	457,268	533,828	(504,042)	(1,037,870)
Total revenues	\$ 74,700,523	\$ 80,553,540	\$ 92,800,626	\$ 12,247,086

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
EXPENDITURES				
General government				
Legislative	\$ 210,915	\$ 232,070	\$ 224,580	\$ 7,490
Executive	1,117,435	1,136,136	1,075,170	60,966
Finance	1,764,461	1,778,234	1,757,732	20,502
Human resources	1,285,125	1,296,327	1,205,085	91,242
Law	396,329	313,729	311,449	2,280
Information technology	2,477,921	2,346,291	2,313,853	32,438
Administrative services	456,665	377,602	369,872	7,730
Total general government	7,708,851	7,480,389	7,257,741	222,648
Public safety				
Police	18,187,950	18,359,104	17,449,268	909,836
Fire	15,252,170	15,883,724	15,849,456	34,268
Total public safety	33,440,120	34,242,828	33,298,724	944,104
Public works				
Public works administration	1,713,259	2,307,367	1,830,940	476,427
Highway and streets	3,278,633	6,980,343	6,478,276	502,067
Building and plant	2,262,549	2,200,298	2,150,596	49,702
Environmental Compliance	476,692	476,007	423,222	52,785
Total public works	7,731,133	11,964,015	10,883,034	1,080,981
Parks and recreation				
Parks	2,684,358	2,622,162	2,622,560	(398)
Recreation	1,145,532	1,165,972	1,069,518	96,454
Athletics	638,511	576,849	580,339	(3,490)
Community centers	1,097,292	1,047,911	1,018,020	29,891
Golf Courses	1,782,827	1,852,910	1,516,763	336,147
Other parks	1,494,841	1,360,984	1,256,042	104,942
Total parks and recreation	8,843,361	8,626,788	8,063,242	563,546
Neighborhood & Community Services	2,724,162	3,357,106	2,391,390	965,716
Agency services				
Agency services	1,166,353	4,818,369	1,174,392	3,643,977
Intergovernmental	2,200,000	1,792,434	1,161,434	631,000
Total agency services	3,366,353	6,610,803	2,335,826	4,274,977
Total expenditures	63,813,980	72,281,929	64,229,957	8,051,972
Excess of revenues over expenditures	10,886,543	8,271,611	28,570,669	20,299,058
Other financing sources (uses)				
Transfers in	792,477	836,025	678,548	(157,477)
Transfers out	(11,819,020)	(19,417,764)	(19,416,513)	1,251
Proceeds from sale of capital assets	140,000	140,000	76,288	(63,712)
Lease liabilities issued	-	-	150,677	150,677
Total other financing sources (uses)	(10,886,543)	(18,441,739)	(18,511,000)	(69,261)
Net change in budgetary fund balances	-	(10,170,128)	10,059,669	20,229,797
Fund balances, beginning of year	29,103,594	29,103,594	29,103,594	-
Fund balances, end of year	\$ 29,103,594	\$ 18,933,466	\$ 39,163,263	\$ 20,229,797

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Debt Service Fund
 Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Current:				
Debt service				
Principal	\$ 2,470,000	\$ 2,470,000	\$ 2,469,327	\$ 673
Interest	542,500	542,500	538,750	3,750
Total expenditures	3,012,500	3,012,500	3,008,077	4,423
Excess (deficiency) of revenues over (under) expenditures	(3,012,500)	(3,012,500)	(3,008,077)	4,423
Other financing sources (uses)				
Transfers in	3,012,500	3,012,500	3,008,077	(4,423)
Total other financing sources (uses)	3,012,500	3,012,500	3,008,077	(4,423)
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 WKU Athletics Debt Service Fund
 Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 3,006,000	\$ 3,006,000	\$ 3,005,666	\$ (334)
Total revenues	3,006,000	3,006,000	3,005,666	(334)
EXPENDITURES				
Current:				
Debt service				
Principal	2,525,000	2,525,000	2,525,000	-
Interest	481,000	481,000	480,666	334
Total expenditures	3,006,000	3,006,000	3,005,666	334
Excess (deficiency) of revenues over (under) expenses	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 ITA Bond Debt Service Fund
 Year Ended June 30, 2022

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Actual
REVENUES			
Property taxes	\$ 18,000	\$ 18,000	\$ 43,445
Investment income (loss)	-	-	23,367
Rent income	-	1,376,446	1,376,446
Miscellaneous	730,000	730,000	711,047
Total revenues	748,000	2,124,446	2,154,305
EXPENDITURES			
Current:			
General government	-	34,749,188	6,651,843
Debt service			
Principal	1,715,000	3,091,446	3,075,000
Interest	945,000	945,000	920,617
Total expenditures	2,660,000	38,785,634	10,647,460
Excess (deficiency) of revenues over (under) expenses	(1,912,000)	(36,661,188)	(8,493,155)
Other financing sources (uses)			
Transfers in	1,930,000	1,930,000	1,927,313
Total other financing sources (uses)	1,930,000	1,930,000	1,927,313
Net change in fund balances	18,000	(34,731,188)	(6,565,842)
Fund balances, beginning	36,521,994	36,521,994	36,521,994
Fund balances, ending	\$ 36,539,994	\$ 1,790,806	\$ 29,956,152

See accompanying independent auditor's report.