

MUNICIPAL ORDER NO. 2021 - 190

MUNICIPAL ORDER ACCEPTING THE CITY OF BOWLING GREEN, KENTUCKY ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2021 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 25, 2021, the Audit Committee reviewed the Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2021, as prepared by the Department of Finance and audited by MCM CPAs & Advisors, LLP; and,

WHEREAS, by Resolution No. 2021-1 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, 2021 by the Department of Finance and audited by MCM CPAs & Advisors, LLP, which was recommended

(Municipal Order No. 2021 - 190)

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 2, 2021

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**

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Policemen and Firefighters' Retirement Fund which reflects total assets of \$6,860,119 as of June 30, 2021, and total additions of \$1,316,182 for the year ended June 30, 2021. 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, 2021 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

MCM CPAs & Advisors LLP

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## **Independent Auditor's Report (Continued)**

### **Auditor's Responsibility (Continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above 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, 2021, 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.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 22, budgetary comparison information on pages 80 through 82, pension and OPEB schedules on pages 83 through 89 and the Modified Approach for City Streets Infrastructure Capital Assets on pages 90 through 93 be presented to supplement the basic financial statements. Such information, 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.

## Independent Auditor's Report (Continued)

### Other Matters (Continued)

#### *Other 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 introductory section on pages 1 through 9, combining and individual funds statements and schedules on pages 99 through 148, the statistical section on pages 149 through 175 and the Schedule of Expenditures of Federal Awards on page 181 and 182, 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.

The combining and individual fund statements and schedules and the Schedule of Expenditures of Federal Awards are 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. Such 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.

The introductory section and statistical tables have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2021 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 25, 2021

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes				
Real estate	\$ 10,925,000	\$ 10,925,000	\$ 11,172,158	\$ 247,158
Personal property	1,915,000	1,915,000	2,224,298	309,298
Insurance premium	2,250,000	2,250,000	2,471,073	221,073
Motor vehicle and boat	1,245,000	1,245,000	1,224,005	(20,995)
Payment in lieu of taxes	165,000	165,000	162,818	(2,382)
Franchise	1,145,000	1,145,000	1,285,019	140,019
Other taxes	16,150	16,150	16,151	1
Penalties and interest	90,000	90,000	95,868	5,868
Total taxes	17,751,150	17,751,150	18,651,190	900,040
Licenses and permits				
Occupational:				
Employees' withholding	35,842,500	35,842,500	44,129,900	8,287,400
Net profits	8,006,000	8,006,000	10,079,423	2,073,423
Other fees	355,000	355,000	346,828	(8,172)
Special licenses	245,000	245,000	263,175	18,175
Permits	989,500	989,500	1,289,687	300,187
Total licenses and permits	45,438,000	45,438,000	56,109,013	10,671,013
Intergovernmental				
Federal grants	-	2,251,156	2,108,399	(142,757)
Charges for services				
School tax collection fees	295,000	295,000	293,455	(1,545)
Other general government fees	6,000	6,000	2,611	(3,389)
Public safety fees	92,500	92,500	90,345	(2,155)
Cemetery lot sales	110,800	110,800	124,673	13,873
Cemetery fees	157,200	157,200	156,258	(942)
Other	58,900	58,900	70,167	11,267
Total charges for services	720,400	720,400	737,509	17,109
Parks and recreation	1,933,460	1,933,460	1,825,300	(108,160)
Miscellaneous				
Investment income	230,474	230,474	88,667	(141,807)
Parking violations fees	7,000	7,000	1,790	(5,210)
Contributions and donations	30,850	41,162	38,577	(2,585)
Judgements and settlements	25,000	25,000	19,860	(5,140)
Other	155,000	155,000	154,362	(638)
Total miscellaneous	448,324	458,636	303,256	(155,380)
Total revenues	\$ 66,291,334	\$ 68,552,802	\$ 79,734,667	\$ 11,181,865

See accompanying independent auditor's report.

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
General government				
Legislative	\$ 202,758	\$ 222,458	\$ 203,321	\$ 19,137
Executive	1,061,114	1,097,719	1,022,176	75,543
Finance	1,718,216	1,724,120	1,696,360	27,760
Human resources	1,202,043	1,153,516	1,054,071	99,445
Law	406,780	412,714	404,114	8,600
Information technology	2,285,704	2,391,784	2,388,770	3,014
Administrative services	352,775	330,550	322,429	8,121
Total general government	7,229,390	7,332,861	7,091,241	241,620
Public safety				
Police	16,879,100	16,753,312	16,304,121	449,191
Fire	14,548,469	14,761,834	14,708,752	53,082
Total public safety	31,427,569	31,515,146	31,012,873	502,273
Public works				
Public works administration	1,606,995	1,902,448	1,655,772	246,676
Highway and streets	3,172,479	3,100,710	2,855,137	245,573
Building and plant	2,208,027	2,085,550	1,958,645	126,905
Environmental Compliance	463,416	450,204	388,202	62,002
Transportation	-	10,000	10,000	-
Total public works	7,450,917	7,548,912	6,867,756	681,156
Parks and recreation				
Parks	2,689,488	2,589,737	2,447,103	142,634
Recreation	992,589	1,023,379	793,350	230,029
Athletics	621,547	489,398	431,067	58,331
Community centers	1,032,044	868,737	858,660	10,077
Golf Courses	1,725,116	1,655,402	1,492,394	163,008
Other parks	1,450,487	1,431,868	1,309,719	122,149
Total parks and recreation	8,511,271	8,058,521	7,332,293	726,228
Neighborhood & Community Services	2,396,718	2,705,128	2,015,687	689,441
Agency services				
Agency services	1,109,209	1,621,512	1,560,358	61,154
Intergovernmental	2,200,000	1,932,825	1,432,822	500,003
Total agency services	3,309,209	3,554,337	2,993,180	561,157
Total expenditures	60,325,074	60,714,905	57,313,030	3,401,875
Excess of revenues over expenditures	5,966,260	7,837,897	22,421,637	14,583,740
Other financing sources (uses)				
Transfers in	524,666	524,666	262,333	(262,333)
Transfers out	(6,590,926)	(27,676,506)	(27,675,090)	1,416
Proceeds from sale of capital assets	100,000	100,000	178,190	78,190
Total other financing sources (uses)	(5,966,260)	(27,051,840)	(27,234,567)	(182,727)
Net change in budgetary fund balances	-	(19,213,943)	(4,812,930)	14,401,013
Fund balances, beginning of year	33,641,524	33,641,524	33,641,524	-
Prior period adjustment - implementation of GASB 84	-	-	275,000	275,000
Fund balances, beginning of year as restated	33,641,524	33,641,524	33,916,524	275,000
Fund balances, end of year	\$ 33,641,524	\$ 14,427,581	\$ 29,103,594	\$ 14,676,013

See accompanying independent auditor's report.

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Current:				
Debt service				
Principal	\$ 2,535,000	\$ 2,535,000	\$ 2,533,922	\$ 1,078
Interest	638,000	638,000	618,482	19,518
Total expenditures	<u>3,173,000</u>	<u>3,173,000</u>	<u>3,152,404</u>	<u>20,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,173,000)</u>	<u>(3,173,000)</u>	<u>(3,152,404)</u>	<u>20,596</u>
Other financing sources (uses)				
Transfers in	<u>3,173,000</u>	<u>3,173,000</u>	<u>3,152,404</u>	<u>(20,596)</u>
Total other financing sources (uses)	<u>3,173,000</u>	<u>3,173,000</u>	<u>3,152,404</u>	<u>(20,596)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.



City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 WKU Athletics Debt Service Fund  
 Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 3,069,000	\$ 3,069,000	\$ 3,068,205	\$ (795)
Total revenues	<u>3,069,000</u>	<u>3,069,000</u>	<u>3,068,205</u>	<u>(795)</u>
<b>EXPENDITURES</b>				
Current:				
Debt service				
Principal	2,500,000	2,500,000	2,500,000	-
Interest	569,000	569,000	568,205	795
Total expenditures	<u>3,069,000</u>	<u>3,069,000</u>	<u>3,068,205</u>	<u>795</u>
Excess (deficiency) of revenues over (under) expenses	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 ITA Bond Debt Service Fund  
 Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Property taxes	\$ 14,000	\$ 14,000	\$ 18,028	\$ 4,028
Investment income	3,000	3,000	2,118	(882)
Rent income	-	1,646,049	1,646,049	-
Miscellaneous	1,006,000	1,006,000	991,683	(14,317)
Total revenues	<u>1,023,000</u>	<u>2,669,049</u>	<u>2,657,878</u>	<u>(11,171)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	44,220,825	9,471,637	34,749,188
Debt service				
Principal	1,857,000	3,503,049	3,480,000	23,049
Interest	155,000	276,694	271,109	5,585
Total expenditures	<u>2,012,000</u>	<u>48,000,568</u>	<u>13,222,746</u>	<u>34,777,822</u>
Excess (deficiency) of revenues over (under) expenses	<u>(989,000)</u>	<u>(45,331,519)</u>	<u>(10,564,868)</u>	<u>34,766,651</u>
Other financing sources (uses)				
Transfers in	1,006,000	1,006,000	989,415	(16,585)
Issuance of debt	-	43,835,000	43,835,000	-
Premium from bond issuance	-	820,468	820,466	(2)
Original issue discount	-	(312,949)	(312,948)	1
Total other financing sources (uses)	<u>1,006,000</u>	<u>45,348,519</u>	<u>45,331,933</u>	<u>(16,586)</u>
Net change in fund balances	17,000	17,000	34,767,065	34,750,065
Fund balances, beginning	1,754,929	1,754,929	1,754,929	-
Fund balances, ending	<u>\$ 1,771,929</u>	<u>\$ 1,771,929</u>	<u>\$ 36,521,994</u>	<u>\$ 34,750,065</u>

See accompanying independent auditor's report.