

MUNICIPAL ORDER NO. 2023 - 256

MUNICIPAL ORDER ACCEPTING THE CITY OF
BOWLING GREEN, KENTUCKY ANNUAL
COMPREHENSIVE FINANCIAL REPORT FOR
THE PERIOD ENDED JUNE 30, 2023 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 30, 2023, the Audit Committee reviewed the Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2023, as prepared by the Department of Finance and audited by MCM CPAs & Advisors, LLP; and,

WHEREAS, by Resolution No. 2023-1 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, 2023 by the Department of Finance and audited by MCM CPAs & Advisors, LLP, which was recommended


(Municipal Order No. 2023 - 256)


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 7, 2023

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 Audit of the Financial Statements

Opinions

We have audited the 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, 2023, 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, 2023, 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* ("GAS"), 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

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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 \$5,489,688 as of June 30, 2023, and total change in net position of (\$57,486) for the year ended June 30, 2023. 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, 2023, 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 GAS 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 GAS, 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, 2023, the City implemented Government Accounting Standards ("GASB") Statement No. 96 - *SBITAs*. 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, 2022 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 83 through 84, pension and OPEB schedules on pages 86 through 92 and the Modified Approach for City Streets Infrastructure Capital Assets on pages 93 through 96 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 102 through 152 and the Schedule of Expenditures of Federal Awards on pages 187 and 188, 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.

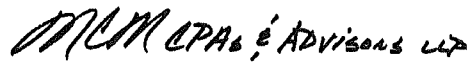
Other Information

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 156 through 180 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 30, 2023 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 CPA & Advisors LLP

Lexington, Kentucky
October 30, 2023

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Real estate	\$ 12,250,000	\$ 12,250,000	\$ 12,355,734	\$ 105,734
Personal property	2,000,000	2,000,000	2,139,467	139,467
Insurance premium	2,800,000	2,800,000	2,970,419	170,419
Motor vehicle and boat	1,275,000	1,275,000	1,482,265	207,265
Payment in lieu of taxes	185,000	185,000	226,886	41,886
Franchise	1,290,000	1,290,000	1,428,178	138,178
Other taxes	16,150	16,150	16,151	1
Penalties and Interest	94,000	94,000	106,286	12,286
Total taxes	19,910,150	19,910,150	20,725,386	815,236
Licenses and permits				
Occupational:				
Employees' withholding	49,395,000	49,395,000	53,334,976	3,939,976
Net profits	10,303,000	10,303,000	12,741,691	2,438,691
Other fees	435,000	435,000	535,640	100,640
Special licenses	250,000	250,000	263,700	13,700
Permits	1,140,000	1,140,000	1,970,144	830,144
Total licenses and permits	61,523,000	61,523,000	68,846,151	7,323,151
Intergovernmental				
Federal grants	-	1,189,526	143,705	(1,045,821)
State grants	-	816,614	935,209	118,595
Local grants	-	22,000	22,000	-
Total intergovernmental	-	2,028,140	1,100,914	(927,226)
Charges for services				
School tax collection fees	290,000	290,000	349,011	59,011
Other general government fees	5,000	5,000	6,046	1,046
Public safety fees	103,000	114,350	128,486	14,136
Cemetery lot sales	112,540	112,540	138,271	25,731
Cemetery fees	169,000	169,000	161,965	(7,035)
Other	53,500	53,500	94,449	40,949
Total charges for services	733,040	744,390	878,228	133,838
Parks and recreation	2,070,360	2,070,360	2,519,281	448,921
Miscellaneous				
Investment income	206,750	206,750	108,161	(98,589)
Parking violations fees	5,000	5,000	2,465	(2,535)
Contributions and donations	37,350	133,226	130,423	(2,803)
Judgements and settlements	24,500	24,500	21,464	(3,036)
Other	190,500	190,500	232,407	41,907
Total miscellaneous	464,100	559,976	494,920	(65,056)
Total revenues	\$ 84,700,650	\$ 86,836,016	\$ 94,564,880	\$ 7,728,864

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
General government				
Legislative	\$ 238,522	\$ 240,172	\$ 229,267	\$ 10,905
Executive	1,176,302	1,193,383	1,153,977	39,406
Finance	1,856,159	1,884,915	1,872,594	12,321
Human resources	1,366,144	1,271,388	1,198,095	73,293
Law	420,230	363,855	351,767	12,088
Information technology	3,060,381	2,758,646	4,447,505	(1,688,859)
Administrative services	456,330	445,345	430,166	15,179
Total general government	8,574,068	8,157,704	9,683,371	(1,525,667)
Public safety				
Police	20,840,395	20,980,936	20,118,224	862,712
Fire	17,074,754	18,101,715	17,888,246	213,469
Total public safety	37,915,149	39,082,651	38,006,470	1,076,181
Public works				
Public works administration	1,516,303	1,652,332	1,389,756	262,576
Highway and streets	3,424,194	3,642,684	3,482,716	159,968
Building and plant	3,627,073	3,037,384	2,834,205	203,179
Environmental Compliance	496,805	547,550	529,400	18,150
Total public works	9,064,375	8,879,950	8,236,077	643,873
Parks and recreation				
Parks	2,856,634	2,860,230	2,767,800	92,430
Recreation	1,348,609	1,838,283	1,244,149	594,134
Athletics	658,971	616,650	603,664	12,986
Community centers	1,201,171	1,271,347	1,265,093	6,254
Golf Courses	1,939,000	1,967,045	1,790,243	176,802
Other parks	1,557,750	1,508,151	1,435,230	72,921
Total parks and recreation	9,562,135	10,061,706	9,106,179	955,527
Neighborhood & Community Services	2,710,507	3,427,005	3,218,761	208,244
Agency services				
Agency services	1,135,466	4,721,786	1,230,137	3,491,649
Intergovernmental	2,269,000	1,927,423	1,599,833	327,590
Total agency services	3,404,466	6,649,209	2,829,970	3,819,239
Total expenditures	71,230,700	76,258,225	71,080,828	5,177,397
Excess of revenues over expenditures	13,469,950	10,577,791	23,484,052	12,906,261
Other financing sources (uses)				
Transfers in	1,159,350	1,659,350	975,000	(684,350)
Transfers out	(14,769,300)	(25,029,794)	(25,029,376)	418
Proceeds from sale of capital assets	140,000	140,000	104,588	(35,412)
Lease & SBITA liabilities issued	-	-	1,730,480	1,730,480
Total other financing sources (uses)	(13,469,950)	(23,230,444)	(22,219,308)	1,011,136
Net change in budgetary fund balances	-	(12,652,653)	1,264,744	13,917,397
Fund balances, beginning of year	39,163,263	39,163,263	39,163,263	-
Fund balances, end of year	\$ 39,163,263	\$ 26,510,610	\$ 40,428,007	\$ 13,917,397

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Debt Service Fund
 Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Debt service				
Principal	\$ 2,735,000	\$ 2,735,000	\$ 2,733,890	\$ 1,110
Interest	513,000	513,000	506,755	6,245
Total expenditures	3,248,000	3,248,000	3,240,645	7,355
Excess (deficiency) of revenues over (under) expenditures	(3,248,000)	(3,248,000)	(3,240,645)	7,355
Other financing sources (uses)				
Transfers in	3,248,000	3,248,000	3,240,645	(7,355)
Total other financing sources (uses)	3,248,000	3,248,000	3,240,645	(7,355)
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, 2023

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Actual
REVENUES			
Intergovernmental	\$ 2,808,000	\$ 13,227,622	\$ 10,419,621
Total revenues	<u>2,808,000</u>	<u>13,227,622</u>	<u>10,419,621</u>
EXPENDITURES			
Debt service			
Principal	2,415,000	12,730,000	10,315,000
Interest	<u>393,000</u>	<u>497,622</u>	<u>104,621</u>
Total expenditures	<u>2,808,000</u>	<u>13,227,622</u>	<u>10,419,621</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>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 ITA Bond Debt Service Fund
 Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 44,000	\$ 44,000	\$ 57,861	\$ 13,861
Investment income	6,000	6,000	882,975	876,975
Miscellaneous	367,000	367,000	365,926	(1,074)
Total revenues	417,000	417,000	1,306,762	889,762
EXPENDITURES				
Current:				
General government	-	27,275,855	5,060,920	22,214,935
Debt service				
Principal	1,000,000	1,000,000	1,000,000	-
Interest	931,000	931,000	928,702	2,298
Total expenditures	1,931,000	29,206,855	6,989,622	22,217,233
Excess (deficiency) of revenues over (under) expenses	(1,514,000)	(28,789,855)	(5,682,860)	23,106,995
Other financing sources (uses)				
Transfers in	1,564,000	1,564,000	1,196,850	(367,150)
Total other financing sources (uses)	1,564,000	1,564,000	1,196,850	(367,150)
Net change in fund balances	50,000	(27,225,855)	(4,486,010)	22,739,845
Fund balances, beginning	29,956,152	29,956,152	29,956,152	-
Fund balances, ending	\$ 30,006,152	\$ 2,730,297	\$ 25,470,142	\$ 22,739,845

See accompanying independent auditor's report