

MUNICIPAL ORDER NO. 2020 - 176

MUNICIPAL ORDER ACCEPTING THE CITY OF  
BOWLING GREEN, KENTUCKY  
COMPREHENSIVE ANNUAL FINANCIAL  
REPORT FOR THE PERIOD ENDED JUNE 30,  
2020 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 Comprehensive Annual Financial Report (CAFR); 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 CAFR and provide recommendation for approval to the Board of Commissioners; and,

WHEREAS, at a special meeting on November 9, 2020, the Audit Committee reviewed the CAFR for Fiscal Year Ended June 30, 2020, as prepared by the Department of Finance and audited by MCM CPAs & Advisors, LLP; and,

WHEREAS, by Resolution No. 2020-1 of the Audit Committee, the Committee approved the CAFR 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 Comprehensive Annual Financial Report (CAFR) prepared for the period ended June 30, 2020 by the Department of Finance and audited by MCM CPAs & Advisors, LLP, which was

(Municipal Order No. 2020 - 176)

recommended 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 17, 2020

APPROVED: Bruce Hillman  
Mayor, Chairman of Board of Commissioners

ATTEST: Ashley Jackson  
City Clerk

SPONSORED BY: Jeffery B. Meisel, City Manager



## **Independent Auditor's Report**

Honorable Bruce Wilkerson, Mayor  
and 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, 2020, 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**

The City's 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 \$6,235,387 as of June 30, 2020, and total additions of \$410,937 for the year ended June 30, 2020. 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, 2020 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 City'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 City'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, 2020, 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 79 through 81, pension and OPEB schedules on pages 82 through 88 and the Modified Approach for City Streets Infrastructure Capital Assets on pages 89 through 92 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 98 through 147, the statistical section on pages 148 through 174 and the Schedule of Expenditures of Federal Awards on page 180 and 181, 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 November 9, 2020 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 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 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  
November 9, 2020

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2020**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes				
Real estate	\$ 10,200,000	\$ 10,200,000	\$ 10,462,260	\$ 262,260
Personal property	1,745,000	1,745,000	2,085,907	340,907
Insurance premium	1,975,000	1,975,000	2,306,962	331,962
Motor vehicle and boat	1,075,000	1,075,000	1,180,311	105,311
Payment in lieu of taxes	160,000	160,000	164,906	4,906
Franchise	1,120,000	1,120,000	1,037,457	(82,543)
Other taxes	16,000	16,000	16,151	151
Penalties and Interest	80,000	80,000	94,112	14,112
Total taxes	<u>16,371,000</u>	<u>16,371,000</u>	<u>17,348,066</u>	<u>977,066</u>
Licenses and permits				
Occupational:				
Employees' withholding	40,825,000	40,825,000	42,905,054	2,080,054
Net profits	9,160,000	9,160,000	8,423,114	(736,886)
Other fees	335,000	335,000	364,682	29,682
Special licenses	250,000	250,000	200,450	(49,550)
Permits	1,237,000	1,237,000	907,268	(329,732)
Total licenses and permits	<u>51,807,000</u>	<u>51,807,000</u>	<u>52,800,568</u>	<u>993,568</u>
Intergovernmental				
Federal grants	-	6,283,337	5,680,727	(602,610)
State grants	-	67,000	67,595	595
Local grants	17,750	18,250	18,218	(32)
Total intergovernmental	<u>17,750</u>	<u>6,368,587</u>	<u>5,766,540</u>	<u>(602,047)</u>
Charges for services				
School tax collection fees	270,000	270,000	275,926	5,926
Other general government fees	7,000	7,000	3,142	(3,858)
Public safety fees	75,000	75,000	76,236	1,236
Cemetery lot sales	112,750	112,750	109,476	(3,274)
Cemetery fees	158,200	158,200	155,291	(2,909)
Other	71,500	71,500	57,520	(13,980)
Total charges for services	<u>694,450</u>	<u>694,450</u>	<u>677,591</u>	<u>(16,859)</u>
Parks and recreation	<u>1,903,515</u>	<u>1,904,015</u>	<u>1,419,098</u>	<u>(484,917)</u>
Miscellaneous				
Investment income	375,202	375,202	422,064	46,862
ABC and parking violations fees	10,000	10,000	5,650	(4,350)
Contributions and donations	46,800	79,562	60,622	(18,940)
Judgements and settlements	25,000	25,000	50,890	25,890
Other	157,700	157,700	165,031	7,331
Total miscellaneous	<u>614,702</u>	<u>647,464</u>	<u>704,257</u>	<u>56,793</u>
Total revenues	<u>\$ 71,408,417</u>	<u>\$ 77,792,516</u>	<u>\$ 78,716,120</u>	<u>\$ 923,604</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2020**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
General government				
Legislative	\$ 213,721	\$ 218,221	\$ 199,917	\$ 18,304
Executive	1,075,945	1,174,925	1,079,412	95,513
Finance	1,737,551	1,721,266	1,695,137	26,129
Human resources	1,216,867	1,012,742	939,563	73,179
Law	516,480	471,880	398,318	73,562
Information technology	2,216,944	2,226,724	2,179,480	47,244
Administrative services	357,150	350,922	333,867	17,055
Total general government	<u>7,334,658</u>	<u>7,176,680</u>	<u>6,825,694</u>	<u>350,986</u>
Public safety				
Police	16,731,077	18,526,635	15,831,127	2,695,508
Fire	14,282,324	16,775,932	14,171,804	2,604,128
Total public safety	<u>31,013,401</u>	<u>35,302,567</u>	<u>30,002,931</u>	<u>5,299,636</u>
Public works				
Public works administration	1,652,207	1,902,159	1,563,008	339,151
Highway and streets	3,157,547	3,028,293	2,812,441	215,852
Building and plant	2,354,615	2,240,735	2,064,022	176,713
Environmental Compliance	523,399	925,306	835,988	89,318
Transportation	430,415	460,415	450,415	10,000
Total public works	<u>8,118,183</u>	<u>8,556,908</u>	<u>7,725,874</u>	<u>831,034</u>
Parks and recreation				
Parks	2,738,126	2,403,761	2,256,360	147,401
Recreation	1,298,503	1,231,545	824,880	406,665
Athletics	610,765	526,936	497,009	29,927
Community centers	1,158,875	991,547	900,529	91,018
Golf Courses	1,735,839	1,582,304	1,428,952	153,352
Other parks	1,528,583	1,465,539	1,335,939	129,600
Total parks and recreation	<u>9,070,691</u>	<u>8,201,632</u>	<u>7,243,669</u>	<u>957,963</u>
Neighborhood & Community Services	<u>2,384,967</u>	<u>2,960,855</u>	<u>2,375,524</u>	<u>585,331</u>
Agency services				
Agency services	1,314,809	1,388,817	1,212,148	176,669
Intergovernmental	2,167,980	1,770,300	1,420,298	350,002
Total agency services	<u>3,482,789</u>	<u>3,159,117</u>	<u>2,632,446</u>	<u>526,671</u>
Total expenditures	<u>61,404,689</u>	<u>65,357,759</u>	<u>56,806,138</u>	<u>8,551,621</u>
Excess of revenues over expenditures	<u>10,003,728</u>	<u>12,434,757</u>	<u>21,909,982</u>	<u>9,475,225</u>
Other financing sources (uses)				
Transfers in	723,583	723,583	614,399	(109,184)
Transfers out	(10,847,311)	(16,943,257)	(16,940,916)	2,341
Proceeds from sale of capital assets	120,000	120,000	59,874	(60,126)
Total other financing sources (uses)	<u>(10,003,728)</u>	<u>(16,099,674)</u>	<u>(16,266,643)</u>	<u>(166,969)</u>
Net change in budgetary fund balances	-	(3,664,917)	5,643,339	9,308,256
Fund balances, beginning of year	<u>27,998,185</u>	<u>27,998,185</u>	<u>27,998,185</u>	-
Fund balances, end of year	<u>\$ 27,998,185</u>	<u>\$ 24,333,268</u>	<u>\$ 33,641,524</u>	<u>\$ 9,308,256</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>EXPENDITURES</b>				
Current:				
Debt service				
Principal	\$ 3,865,500	\$ 3,865,750	\$ 3,865,594	\$ 156
Interest	741,000	740,750	719,809	20,941
Total expenditures	<u>4,606,500</u>	<u>4,606,500</u>	<u>4,585,403</u>	<u>21,097</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,606,500)</u>	<u>(4,606,500)</u>	<u>(4,585,403)</u>	<u>21,097</u>
Other financing sources (uses)				
Transfers in	<u>4,606,500</u>	<u>4,606,500</u>	<u>4,585,403</u>	<u>(21,097)</u>
Total other financing sources (uses)	<u>4,606,500</u>	<u>4,606,500</u>	<u>4,585,403</u>	<u>(21,097)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 2,985,000	\$ 2,985,000	\$ 2,979,508	\$ (5,492)
Total revenues	<u>2,985,000</u>	<u>2,985,000</u>	<u>2,979,508</u>	<u>(5,492)</u>
<b>EXPENDITURES</b>				
Current:				
Debt service				
Principal	2,340,000	2,340,000	2,340,000	-
Interest	645,000	645,000	639,508	5,492
Total expenditures	<u>2,985,000</u>	<u>2,985,000</u>	<u>2,979,508</u>	<u>5,492</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, 2020**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Property taxes	\$ 11,500	\$ 11,500	\$ 14,702	\$ 3,202
Investment income	-	-	3,056	3,056
Rent income	-	93,485	93,485	-
Miscellaneous	1,017,500	1,017,500	1,165,109	147,609
Total revenues	<u>1,029,000</u>	<u>1,122,485</u>	<u>1,276,352</u>	<u>153,867</u>
<b>EXPENDITURES</b>				
Current:				
Debt service				
Principal	1,835,000	1,925,000	1,925,000	-
Interest	200,000	203,485	201,662	1,823
Total expenditures	<u>2,035,000</u>	<u>2,128,485</u>	<u>2,126,662</u>	<u>1,823</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,006,000)</u>	<u>(1,006,000)</u>	<u>(850,310)</u>	<u>155,690</u>
Other financing sources (uses)				
Transfers in	<u>1,017,500</u>	<u>1,017,500</u>	<u>1,017,500</u>	<u>-</u>
Total other financing sources (uses)	<u>1,017,500</u>	<u>1,017,500</u>	<u>1,017,500</u>	<u>-</u>
Net change in fund balances	11,500	11,500	167,190	155,690
Fund balances, beginning	<u>1,587,739</u>	<u>1,587,739</u>	<u>1,587,739</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,599,239</u>	<u>\$ 1,599,239</u>	<u>\$ 1,754,929</u>	<u>\$ 155,690</u>

See accompanying independent auditor's report.