

MUNICIPAL ORDER NO. 2019 - 190

MUNICIPAL ORDER ACCEPTING THE CITY OF
BOWLING GREEN, KENTUCKY
COMPREHENSIVE ANNUAL FINANCIAL
REPORT FOR THE PERIOD ENDED JUNE 30,
2019 AS PREPARED BY THE DEPARTMENT OF
FINANCE AND AUDITED BY MOUNTJOY
CHILTON MEDLEY 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 Mountjoy Chilton Medley 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 October 29, 2019, the Audit Committee reviewed the CAFR for Fiscal Year Ended June 30, 2019, as prepared by the Department of Finance and audited by Mountjoy Chilton Medley CPAs & Advisors, LLP; and,

WHEREAS, by Resolution No. 2019-1 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, 2019 by the Department of Finance and audited by Mountjoy Chilton Medley CPAs & Advisors,

(Municipal Order No. 2019 - 190)

LLP, which was 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 5, 2019

APPROVED: Bruce Wilkerson
Mayor, Chairman of Board of Commissioners

ATTEST: Ashley Jackson
City Clerk

SPONSORED BY: Jeffery B. Meisel, City Manager, 10/30/2019, 7:30 a.m.



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, 2019, 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 \$6,549,527 as of June 30, 2019, and total additions of \$373,726 for the year ended June 30, 2019. 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, 2019 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

P 859.514.7800
F 859.514.7805
1000 Vine Center
333 West Vine Street
Lexington, KY 40507
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 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, 2019, 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the City has implemented Governmental Accounting Standard Board (GASB) No. 88 during the year ended June 30, 2019. This standard requires additional information be disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

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 91 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 97 through 144, the statistical section on pages 145 through 171 and the Schedule of Expenditures of Federal Awards on page 177, 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 29, 2019 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.

MUM CPAs & Advisors LLC

Lexington, Kentucky
October 29, 2019

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Real estate	\$ 9,400,000	\$ 9,400,000	\$ 9,967,334	\$ 567,334
Personal property	1,866,000	1,866,000	1,739,047	(126,953)
Insurance premium	1,880,000	1,880,000	2,151,049	271,049
Motor vehicle and boat	1,000,000	1,000,000	1,180,790	180,790
Payment in lieu of taxes	160,000	160,000	150,136	(9,864)
Franchise	1,055,000	1,055,000	1,087,986	32,986
Other taxes	16,000	16,000	16,151	151
Penalties and Interest	80,000	80,000	91,822	11,822
Total taxes	15,457,000	15,457,000	16,384,315	927,315
Licenses and permits				
Occupational:				
Employees' withholding	42,125,000	42,125,000	41,765,681	(359,319)
Net profits	10,935,000	10,935,000	8,176,009	(2,758,991)
Other fees	325,000	325,000	336,915	11,915
Special licenses	265,000	265,000	249,100	(15,900)
Permits	970,000	970,000	1,065,369	95,369
Total licenses and permits	54,620,000	54,620,000	51,593,074	(3,026,926)
Intergovernmental				
Federal grants	-	1,609,639	310,857	(1,298,782)
State grants	-	295,685	295,685	-
Local grants	50,500	63,000	62,843	(157)
Total intergovernmental	50,500	1,968,324	669,385	(1,298,939)
Charges for services				
School tax collection fees	250,000	250,000	262,757	12,757
Other general government fees	6,500	6,500	6,608	108
Public safety fees	63,000	63,000	39,782	(23,218)
Cemetery lot sales	108,750	108,750	99,045	(9,705)
Cemetery fees	154,000	154,000	155,147	1,147
Other	66,500	66,500	60,515	(5,985)
Total charges for services	648,750	648,750	623,854	(24,896)
Parks and recreation	1,993,155	1,994,155	1,969,355	(24,800)
Miscellaneous				
Investment income	357,445	357,445	526,339	168,894
ABC and parking violations fees	10,000	10,000	9,035	(965)
Contributions and donations	29,900	76,705	140,574	63,869
Judgements and settlements	23,500	23,500	26,540	3,040
Other	147,500	147,500	99,782	(47,718)
Total miscellaneous	568,345	615,150	802,270	187,120
Total revenues	\$ 73,337,750	\$ 75,303,379	\$ 72,042,253	\$ (3,261,126)

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2019**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
General government				
Legislative	\$ 162,505	\$ 165,104	\$ 166,604	\$ (1,500)
Executive	1,113,792	1,210,246	1,089,183	121,063
Finance	1,485,265	1,457,242	1,364,594	92,648
Human resources	1,151,622	1,003,843	942,690	61,153
Law	391,159	411,159	348,778	62,381
Information technology	2,014,570	2,029,144	1,980,908	48,236
Administrative services	332,280	345,534	332,363	13,171
Total general government	6,651,193	6,622,272	6,225,120	397,152
Public safety				
Police	14,825,452	15,008,065	14,343,764	664,301
Fire	12,869,681	14,149,046	13,011,850	1,137,196
Total public safety	27,695,133	29,157,111	27,355,614	1,801,497
Public works				
Public works administration	1,357,824	1,703,949	1,340,322	363,627
Highway and streets	3,080,381	2,921,351	2,752,895	168,456
Building and plant	2,348,441	2,570,640	2,316,182	254,458
Environmental Compliance	625,663	743,683	659,842	83,841
Transportation	430,415	430,415	-	430,415
Total public works	7,842,724	8,370,038	7,069,241	1,300,797
Parks and recreation				
Parks	2,578,758	2,520,640	2,219,648	300,992
Recreation	1,290,112	1,362,047	1,107,130	254,917
Athletics	584,600	607,262	508,288	98,974
Community centers	1,014,269	1,021,932	940,647	81,285
Golf Courses	1,704,576	1,669,632	1,354,468	315,164
Other parks	1,350,334	1,354,034	1,205,501	148,533
Total parks and recreation	8,522,649	8,535,547	7,335,682	1,199,865
Neighborhood & Community Services	2,209,470	2,605,670	2,097,312	508,358
Agency services				
Agency services	1,140,593	1,199,355	1,189,044	10,311
Intergovernmental	2,750,000	2,069,218	1,264,911	804,307
Total agency services	3,890,593	3,268,573	2,453,955	814,618
Total expenditures	56,811,762	58,559,211	52,536,924	6,022,287
Excess of revenues over expenditures	16,525,988	16,744,168	19,505,329	2,761,161
Other financing sources (uses)				
Transfers in	611,250	611,250	536,521	(74,729)
Transfers out	(17,257,238)	(19,769,838)	(19,748,463)	21,375
Proceeds from sale of capital assets	120,000	120,000	128,730	8,730
Total other financing sources (uses)	(16,525,988)	(19,038,588)	(19,083,212)	(44,624)
Net change in budgetary fund balances	-	(2,294,420)	422,117	2,716,537
Fund balances, beginning of year	27,576,068	27,576,068	27,576,068	-
Fund balances, end of year	\$ 27,576,068	\$ 25,281,648	\$ 27,998,185	\$ 2,716,537

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Debt Service Fund
 Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service				
Principal	\$ 4,078,200	\$ 4,021,400	\$ 4,014,715	\$ 6,685
Interest	823,800	880,600	865,424	15,176
Total expenditures	<u>4,902,000</u>	<u>4,902,000</u>	<u>4,880,139</u>	<u>21,861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,902,000)</u>	<u>(4,902,000)</u>	<u>(4,880,139)</u>	<u>21,861</u>
Other financing sources (uses)				
Transfers in	4,902,000	4,902,000	4,880,139	(21,861)
Total other financing sources (uses)	<u>4,902,000</u>	<u>4,902,000</u>	<u>4,880,139</u>	<u>(21,861)</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, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 2,895,000	\$ 2,895,000	\$ 2,894,805	\$ (195)
Total revenues	<u>2,895,000</u>	<u>2,895,000</u>	<u>2,894,805</u>	<u>(195)</u>
EXPENDITURES				
Debt service				
Principal	2,185,000	2,185,000	2,185,000	-
Interest	710,000	710,000	709,805	195
Total expenditures	<u>2,895,000</u>	<u>2,895,000</u>	<u>2,894,805</u>	<u>195</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, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 25,000	\$ 25,000	\$ 10,748	\$ (14,252)
Investment income	-	-	(114)	(114)
Rent income	-	448,655	448,653	(2)
Miscellaneous	916,000	916,000	834,182	(81,818)
Total revenues	941,000	1,389,655	1,293,469	(96,186)
EXPENDITURES				
Current:				
Debt service				
Principal	1,585,000	2,033,655	2,005,000	28,655
Interest	247,000	247,000	239,425	7,575
Total expenditures	1,832,000	2,280,655	2,244,425	36,230
Excess (deficiency) of revenues over (under) expenses	(891,000)	(891,000)	(950,956)	(59,956)
Other financing sources (uses)				
Transfers in	916,000	916,000	916,000	-
Total other financing sources (uses)	916,000	916,000	916,000	-
Net change in fund balances	25,000	25,000	(34,956)	(59,956)
Fund balances, beginning	1,622,695	1,622,695	1,622,695	-
Fund balances, ending	\$ 1,647,695	\$ 1,647,695	\$ 1,587,739	\$ (59,956)

See accompanying independent auditor's report.