

**City of Bowling Green**

Single Audit Reports Under  
*OMB Circular A-133*

For the year ended June 30, 2009

**CITY OF BOWLING GREEN**

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YEAR ENDED JUNE 30, 2009

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**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

Honorable Elaine Walker, Mayor  
and the Board of Commissioners  
City of Bowling Green

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information as well as the fiduciary funds (basic financial statements) of the City of Bowling Green (the Government) as of and for the year ended June 30, 2009 and have issued our report thereon dated December 3, 2009. Our report was modified to include a reference to 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 of America. Other auditors audited the financial statements of the Bowling Green Municipal Utilities and the Policemen and Firemen's Retirement Fund, as described in our report on the Government's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Government's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Government's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Government's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Government's financial statement that is more than inconsequential will not be prevented or detected by the Government's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Government's internal control.

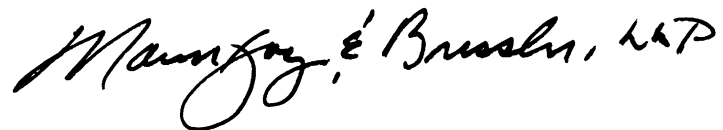
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Government's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on their determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management in a separate letter dated December 3, 2009.

This report is intended solely for the information and use of the Mayor, Board of Commissioners, City management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Manning & Bruesler, LLP". The signature is written in a cursive, flowing style.

December 3, 2009  
Lexington, Kentucky

## **Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with *OMB Circular A-133***

Honorable Elaine Walker, Mayor  
and the Board of Commissioners  
City of Bowling Green

### **Compliance**

We have audited the compliance of the City of Bowling Green (the Government) with the types of compliance requirements described in the U. S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that are applicable to each of its major federal programs for the year ended June 30, 2009. The Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Government's management. Our responsibility is to express an opinion on the Government's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Government's compliance with those requirements.

In our opinion, the Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### **Internal Control Over Compliance**

The management of the Government is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Government's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Government's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

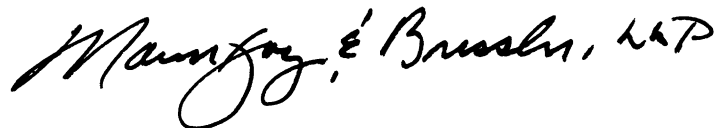
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowling Green, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 3, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Bowling Green's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, Board of Commissioners, City management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Maunfong & Brunsler, LLP". The signature is written in a cursive, flowing style.

December 3, 2009  
Lexington, Kentucky

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**CITY OF BOWLING GREEN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended June 30, 2009

	<b>CFDA Number</b>	<b>Pass Through Number</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>Pass through Governor's Office of KY Homeland Security</i>			
Homeland Security Regional ICF	97.067	P02-094-0700012939	81,264
Homeland Security Wireless	97.067	P02-094-0700013265	<u>2,153</u>
Total	97.067		83,417
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Direct programs</i>			
Section 8 Housing Choice Voucher Program	14.871	KY-171	3,021,465
Community Development Block Grant Entitlement YR 5 DCF	14.218	B-08-MC-21-0008	102,330
Community Development Block Grant Entitlement YR 4 DCF	14.218	B-07-MC-21-0009	329,096
Community Development Block Grant Entitlement YR 3 DCF	14.218	B-06-MC-21-0009	169,748
Community Development Block Grant Entitlement YR 2 DCF	14.218	B-05-MC-21-0009	<u>17,228</u>
Total	14.218		618,402
<i>Pass through Bowling Green Housing Authority</i>			
Police Grant	14.872		38,785
<i>Pass through Department of Local Government</i>			
Community Development Block Grant Small Cities	14.228	MA-04537189	178,440
<i>Pass through Kentucky Housing Corporation</i>			
HOME	14.239	FC06-0266-01	<u>14,000</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>3,871,092</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Direct programs</i>			
Enterprise Community	10.772	N/A	305,991
<i>Pass through Kentucky Division of Forestry</i>			
Urban Forestry Grant	10.664	08-DG-11083121-001	<u>4,395</u>
<b>Total U.S. Department of Agriculture</b>			<b>310,386</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Direct programs</i>			
Justice Assistant Grant	16.738	2008DJBX0584	12,102
Justice Assistant Grant	16.738	2007DJBX0461	26,456
Justice Assistant Grant	16.738	2005DJBX0152	<u>26,225</u>
Total	16.738		64,783
<i>Pass through Kentucky Justice Cabinet</i>			
Victims Of Crime Acts Program - Victim Advocacy Unit	16.575	8160-VC3-13/04	32,500
<i>Pass through Western Kentucky University Research Foundation</i>			
Kaleidoscope Program	16.541	WKURF526102-07-03	<u>5,749</u>
<b>Total U.S. Department of Justice</b>			<b>103,032</b>



**CITY OF BOWLING GREEN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended June 30, 2009

**U.S. DEPARTMENT OF TRANSPORTATION**

*Pass through Kentucky Transportation Cabinet*

Transportation and Community Systems Preservation	20.205	N/A	320,731
Linking Schools and Parks	20.205	PO2-628-0600003062	233,597
Linking Schools and Commerce	20.205	P02-628-0700012517	403,416
Safe Routes to School	20.205	PO2-628-0600003119	224
Total	20.205		<u>957,968</u>

Section 5307 Transportation Program	20.507	KY90-X137-0	579,754
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*National Highway Traffic Safety Administration Pass through Kentucky Department of Police*

Governor's Highway Safety	20.600	PT-09-09	3,689
Governor's Highway Safety	20.600	PT-08-09	2,173
Total	20.600		<u>5,862</u>

<b>Total U.S. Department of Transportation</b>			<b>1,543,584</b>
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**OFFICE OF NATIONAL DRUG CONTROL POLICY**

*Pass through Appalachia HIDTA*

High Intensity Drug Trafficking Areas/HIDTA	93.276	I7PAPP501Z	20,569
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<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 5,932,080</u></b>
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## **CITY OF BOWLING GREEN**

### Notes to the Schedule of Expenditures of Federal Awards

June 30, 2009

**1. General:**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Bowling Green (Government). The Government's reporting is defined in Note 1 to the basic financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

**2. Basis of Presentation and Relationship to Basic Financial Statements:**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (*OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**CITY OF BOWLING GREEN**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2009**

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**Section I-Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?       yes   X  no
- Significant deficiencies identified that are not considered to be material weaknesses?       yes   X  no
- Noncompliance material to financial statements noted?       yes   X  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?       yes   X  no
- Significant deficiencies identified that are not considered to be material weaknesses?       yes   X  none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?       yes   X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.505	Transportation and Community Systems Preservation
20.507	Section 5307 Transportation Program
14.218	Community Development Block Grants
10.772	Enterprise Community

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?   X  yes       no

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**Section II – Financial Statement of Findings**

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No matters were reported.

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**Section III – Federal Award Findings and Questioned Costs**

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No matters were reported.

**CITY OF BOWLING GREEN**

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2009

No matters were reported.