

**City of Bowling Green**

Single Audit Reports Under  
*OMB Circular A-133*

Year ended June 30, 2013

**City of Bowling Green**

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Year Ended June 30, 2013

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**INDEPENDENT AUDITOR'S 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 Bruce Wilkerson, Mayor  
and the Board of Commissioners  
City of Bowling Green  
Bowling Green, Kentucky

We have audited, in accordance with the 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, 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 City of Bowling Green as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Bowling Green's basic financial statements, and have issued our report thereon dated December 9, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Bowling Green's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Bowling Green's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Bowling Green's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Bowling Green's financial statements are free from 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 the 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Maunty Chilton Madley, LLC". The signature is written in a cursive, flowing style.

Lexington, Kentucky  
December 9, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Bruce Wilkerson, Mayor  
and the Board of Commissioners  
City of Bowling Green  
Bowling Green, Kentucky

**Report on Compliance for Each Major Federal Program**

We have audited City of Bowling Green's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Bowling Green's major federal programs for the year ended June 30, 2013. City of Bowling Green's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Bowling Green's major federal programs based on our audit of the types of compliance requirements referred to above. 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; 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 City of Bowling Green'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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Bowling Green's compliance.

***Opinion on Each Major Federal Program***

In our opinion, City of Bowling Green complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## Report on Internal Control over Compliance

Management of City of Bowling Green is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Bowling Green's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 City of Bowling Green's internal control over compliance.

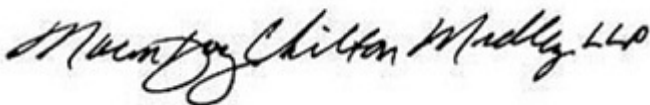
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 City of Bowling Green, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Bowling Green's basic financial statements. We issued our report thereon dated December 9, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 is the responsibility of management and was derived from and relates 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Lexington, Kentucky  
December 9, 2013

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**City of Bowling Green  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013**

	<b>CFDA Number</b>	<b>Pass Through Number</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>			
<i>Direct programs</i>			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	N/A	\$ 88,562
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Direct programs</i>			
Transportation Enhancement Grant (L&N Depot)	20.205	N/A	103,786
Federal Transit Formula Grants	20.507	KY-90-X211	710,903
<i>Pass through Kentucky Department of Transportation</i>			
Highway Planning and Construction - Transportation and Community Systems Preservation	20.205	N/A	<u>3,459</u>
<b>Total U.S. Department of Transportation</b>			<u>818,148</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Direct programs</i>			
Section 8 Housing Choice Vouchers	14.871	N/A	355,400
Section 8 Housing Choice Vouchers	14.871	N/A	<u>2,670,928</u>
Total			3,026,328
<i>Entitlement Grants Cluster</i>			
Community Development Block Grants/Entitlement Grants	14.218	N/A	<u>319,742</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>3,346,070</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>Direct programs</i>			
AFG - Radios	97.044		44,150
KY Office of Homeland Security	97.067	P02	<u>79,433</u>
<b>Total U.S. Department of Homeland Security</b>			<u>123,583</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Direct programs</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	74,655
ARRA - Justice Assistance Grant	16.804	N/A	20,053
Bulletproof Vest Program	16.607	N/A	<u>4,140</u>
Total			98,848
<i>Pass through Justice &amp; Public Safety Cabinet</i>			
Crime Victim Assistance	16.575	8274	<u>37,068</u>
<b>Total U.S. Department of Justice</b>			<u>135,916</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Office of National Drug Control Policy</i>			
<i>Pass through Appalachia HIDTA</i>			
Drug-Free Communities Support Program Grants	95.001	G12AP001A	<u>21,635</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 4,533,914</u>

See accompanying auditor's report and notes to schedule of expenditures of federal awards



**City of Bowling Green**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2013**

**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.

**3. Subrecipients:**

Of the federal expenditures presented in the schedule, the City of Bowling Green provided federal awards to subrecipients as follows:

Program Title	CFDA Number	Amount Provided to Subrecipients
Federal Transit Formula Grants	20.507	\$ 710,903
Community Development Block Grants/Entitlement Grants	14.218	153,760
Transportation Enhancement Grant (L&N Depot)	20.205	103,786
ARRA - Energy Efficiency and Conservation Block Grant	81.128	83,562

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**City of Bowling Green  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013**

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

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1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Bowling Green.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Bowling Green, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for the City of Bowling Green expresses an unmodified opinion on all major federal programs.
6. No audit findings were required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
20.507	Federal Transit Formula Grants

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Bowling Green did qualify as a low-risk auditee.

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**Section II – Financial Statement of Findings**

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No matters were reported.

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**Section III – Major 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, 2013**

No matters were reported.