

CITY-COUNTY PLANNING COMMISSION
BOWLING GREEN, KENTUCKY
AUDIT REPORT
JUNE 30, 2011

CITY-COUNTY PLANNING COMMISSION
OFFICIALS AND COMMISSIONERS
AS OF JUNE 30, 2011

Velma Runner
Tim Huston
Mary Belle Ballance
Kenneth Sparks
Faye Phelps
Albert Rich
Bennie Jones
Larkin Ritter
Cliff Nahm
John Atkerson
Chuck Coppinger
William Hotaling

Chairman-Warren County
Vice Chairman-Warren County
Commissioner-Oakland
Commissioner-Woodburn
Commissioner-Plum Springs
Commissioner-Smiths Grove
Commissioner-Warren County
Commissioner-Warren County
Commissioner-Bowling Green
Commissioner-Bowling Green
Commissioner-Bowling Green
Commissioner-Bowling Green

PLANNING COMMISSION ATTORNEY

HAMP MOORE

EXECUTIVE DIRECTOR

STEVE HUNTER

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INDEPENDENT AUDITOR'S REPORT

City-County Planning Commission
Bowling Green, KY 42101

We have audited the accompanying statement of revenues collected and expenses paid arising from cash transactions of the City-County Planning Commission for the fiscal year ended June 30, 2011. This financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue collected and expenses paid arising from cash transactions of the City-County Planning Commission for the fiscal year ended June 30, 2011, on the basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of City-County Planning Commission. 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 financial statements taken as a whole.

Gilbert & Gilbert CPA's

August 8, 2011

CITY-COUNTY PLANNING COMMISSION OF WARREN COUNTY
STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID
ARISING FROM CASH TRANSACTIONS
Year ended June 30, 2011

CASH RECEIPTS

City of Bowling Green, Kentucky	\$ 496,600
Warren County Fiscal Court	519,478
Four Cities Contributions	4,800
Grants & Project Income	9,968
Fees	115,924
Sales & Other Income	3,084
Maintenance Income	4,800
Interest Income	9,345
Miscellaneous Income	8,676
Surety Bond Deposits	<u>290,352</u>
 TOTAL RECEIPTS	 \$ 1,463,027

CASH DISBURSEMENTS

Salaries	674,422
Payroll Taxes	49,387
Retirement	110,247
Employee Benefits	72,847
Legal and Contractual Services	90,437
Commissions Expense	25,150
Advertising	17,518
Postage and Shipping	5,267
Utilities	27,834
Equipment Maintenance	8,736
Office Supplies	10,287
Office Maintenance	4,882
Recordings Fees	9,192
Meeting & Conferences	2,049
Dues & Membership	465
Travel	1,969
Insurance	27,633
Miscellaneous	3,805
Equipment Acquisitions & Capital Improvements	17,453
Surety Bond Redemptions	<u>299,496</u>
 TOTAL DISBURSEMENTS	 1,459,076
 INCREASE (DECREASE) IN CASH	 3,951
 BEG. CASH AT JULY 1, 2010	 <u>925,714</u>
 END. CASH AT JUNE 30, 2011	 \$ <u>929,665</u>

The notes to the financial statement are an integral part of these statements.

CITY-COUNTY PLANNING COMMISSION
NOTES TO STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basis of accounting and the more significant accounting policies of the City-County Planning Commission are summarized as follows:

(A) The Reporting Entity

The City-County Planning Commission is a joint planning unit of the cities of Bowling Green, Oakland, Plum Springs, Smiths Grove, Woodburn, Kentucky and Warren County, Kentucky. The planning unit was formed in 1954 to assist and promote the orderly development of their cities and county. The Commission is organized under Kentucky Revised Statutes Chapter 100.

(B) Basis of Accounting

The accompanying financial statements have been prepared on the basis of cash receipts and disbursements. Under this basis, the only asset recognized is cash and no liabilities are recognized. All cash transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. Accordingly, the financial statements are not intended to be in conformity with generally accepted accounting principles. The commission has not recognized balances of outstanding dues and accounts payable to vendors, and the related effected on earnings.

(C) Vacation, Sick Leave, and Other Compensated Absences

Commission employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

(D) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(E) Grants

The Commission records unrestricted grants in the period designated by the granter. Revenue from restricted grants are recorded when the Commission has paid the expenditures in compliance with the grant restrictions, and received reimbursement for the expenditures.

(F) Equipment Acquisitions and Capital Improvements

The Commission expenses all equipment acquisitions and capital improvements in the period they are purchased.

(G) Bank Depository

All cash is held in checking accounts at Independence Bank. The bank maintains a pledge of U.S. Securities at year ended in the amount of \$1,162,966 in addition to FDIC coverage to secure the deposits of City-County Planning Commission. The commission is authorized by statute to invest in:

CITY-COUNTY PLANNING COMMISSION
 NOTES TO STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID
 (CONTINUED)

(1) obligations of the United States and of its agencies and instrumentalities; (2) bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; (3) shares of any savings and loan association insured by and agency of the government of the United States up to the amount so insured; and (4) interest-bearing deposits in national or state banks chartered in Kentucky and insured by an agency of the government of the United States up to the amount so insured, and in larger amounts providing such banks shall pledge as security obligations of the United States government, its agencies, and instrumentalities. The fair market value of all cash and investments is equal to its book value

NOTE 2. CASH & CASH EQUIVALENTS

The Commission considers all cash and other highly liquid investments with interest maturities of three months or less to be cash equivalents. At June 30, 2011 the Commission's cash and cash equivalents were covered by federal depository insurance or by collateral held by the custodial banks. The book balance of the Commission's cash equivalents was \$929,665 and the bank balances were \$960,638.

NOTE 3. CUSTODIAL CREDIT RISKS

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a written deposit policy for custodial credit risk, however the commission does have collateralized pledged securities for deposits exceeding FDIC coverage. As of June 30, 2011 \$460,638 of the Commission's bank balance of \$960,638 was exposed to custodial credit risk.

Deposits exceeding FDIC coverage and collateral held by pledging back \$460,638.

NOTE 4. RESTRICTED ASSETS

The cash balances below were fully insured and collateralized at June 30, 2011:

Cash consisted of the following:

Unrestricted		\$204,920
Restricted		
Surety Bond Account	702,065	
Aerial Escrow Account	<u>22,680</u>	
		<u>724,745</u>
		<u>929,665</u>

The restricted cash consists of unexpended deposits on subdivisions of \$702,065 and Aerial Escrow account balance of \$22,680. When both restricted and unrestricted resources are available for use, its the Commission's policy to use restricted resources first, and the use unrestricted resources as needed.

NOTE 5. FACILITIES

The commission utilizes an office building jointly owned by the City of Bowling Green and the County of Warren, Kentucky on a rent free basis. The commission is paid monthly by both for upkeep and maintenance on the building.

CITY-COUNTY PLANNING COMMISSION
NOTES TO STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID
(CONTINUED)

NOTE 6. EMPLOYEE BENEFIT PLAN

Plan Description

Substantially all full-time City-County Planning Commission employees are covered by the County Employee Retirement System (CERS), a cost sharing, multiple employer, public employee retirement system. CERS provides benefits based on an employee's compensation and number of years of service. Benefits are subject to reduction if the employee retires before reaching age 65 or has less than 30 years of service. Vesting begins immediately upon entry into the system and are fully vested after 60 months of service, of which 12 months must be current service. The plan also provides for disability, death and survivor benefits and medical insurance. CERS issues a publicly available financial report that includes historical trend information about progress made in accumulating sufficient assets to pay benefits when due. CERS does not make separate investments of assets and benefit obligations by individual employers. The City-County Planning Commission contributes less than 1% of the contributions made to CERS by all employers.

Funding Policy

Employees covered under CERS are required to contribute 5.0% of their salary through payroll deductions. Employees with a participation date on or after September 1, 2008 must contribute an additional 1% for health insurance. The City-County Planning Commission is required to contribute an actuarially determined rate; the current rate is 16.93%. The contribution requirements of plan members and the City-County Planning Commission are established and may be amended by the Board of Trustees of the Kentucky Retirement Systems each biennium.

Annual Pension Cost

The City-County Planning Commission's current year annual pension cost of \$110,247 for CERS was equal to the City-County Planning Commission's required and actual contribution. Participating employers are required to contribute at an actuarial determined rate. Per Kentucky Revised Statute Section 61.565 (3), normal contribution and past service contribution rates shall be determined by the Commission on the basis of an annual valuation last preceding the July 1 of a new biennium. The Commission may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Commission.

The obligation for pension benefits under CERS is solely the responsibility of the Commonwealth and not the City-County Planning Commission.

CITY-COUNTY PLANNING COMMISSION
NOTES TO STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID
(CONTINUED)

The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actual cost method. Total Commission contribution to CERS were \$110,247 for 2011, \$114,236 for 2010, \$99,300 for 2009, \$115,915 for 2008, \$89,329 for 2007, and \$77,997 for 2006, which was equal to the required contribution for each respective fiscal year.

The “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the CERS’s funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among CERS and employers. The CERS does not make separate measurements of assets and pension benefit obligation for individual employers.

Additional information and ten-year historical trend information can be obtained from the separately issued County Employee Retirement System of Kentucky Comprehensive Annual Financial Report.

NOTE 7. RISK MANAGEMENT

The Planning Commission maintains third-party insurance coverage for health, property and liability, and worker’s compensation programs. Significant losses are covered by commercial insurance on these major programs. There has been no significant reductions in coverages and settlement amounts have not exceeded insurance coverage for the past three years.

NOTE 8. CONTINGENCIES

The Planning Commission is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Commission.

NOTE 9. ECONOMIC DEPENDENCE

During the year ended June 30, 2011, the Commission received cash support from the City of Bowling Green and the County of Warren in the amount of \$1,016,078. This support is a major portion, 87%, of their operating funds on an annual basis.

NOTE 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 8, 2011, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

CITY-COUNTY PLANNING COMMISSION WARREN COUNTY
 BUDGET TO ACTUAL COMPARISON
 June 30, 2011

	2010-2011 Original Budget	2010-2011 Amended Budget	2010-2011 Actual	Variance With Budget
Beginning Cash Balance 7-1-10	<u>214,505</u>	<u>214,505</u>	<u>214,505</u>	<u>0</u>
RECEIPTS				
City Contribution	496,600	496,600	496,600	0
County Contribution	521,600	521,600	519,478	(2,122)
4 Cities Contribution	4,800	4,800	4,800	0
City Comprehensive Plan Funds	0	0	0	0
City HPB Funds	0	0	0	0
Kentucky Heritage Grants	9,900	9,900	9,968	68
Aerial Escrow Account	0	800	0	(800)
Downtown Historic Sign Grants	5,750	5,750	0	(5,750)
Greenways Admin. Fees	0	0	0	0
Program Fees	80,000	90,000	115,924	25,924
Sales	3,000	3,000	3,084	84
Maintenance Income	4,800	4,800	4,800	0
Interest Income	6,000	9,000	9,345	345
Miscellaneous Income	<u>0</u>	<u>8,676</u>	<u>8,676</u>	<u>0</u>
Total Receipts	<u>1,132,450</u>	<u>1,154,926</u>	<u>1,172,675</u>	<u>17,749</u>
Total Receipts Plus Beginning Balance	1,346,955	1,369,431	1,387,180	17,749
DISBURSEMENTS				
Personnel				
Salaries	746,564	670,574	674,422	(3,848)
FICA & Medicare	52,200	51,131	47,463	3,668
Retirement	125,386	125,386	110,247	15,139
Health Insurance	73,958	67,042	65,657	1,385
Dental Insurance	2,465	2,137	2,269	(132)
Vision Insurance	0	15	15	0
Life Insurance	0	0	0	0
Workers Comp. Liab Ins.	11,100	11,000	4,906	6,094
Unemployment	0	0	0	0
Education	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Benefits & Salaries	1,011,673	927,285	904,979	22,306
Office				
Advertising	18,000	19,000	17,518	1,482
Postage & Shipping	5,000	7,000	5,267	1,733
Books, Periodicals	0	0	0	0

CITY-COUNTY PLANNING COMMISSION WARREN COUNTY
 BUDGET TO ACTUAL COMPARISON-(Concluded)
 Year Ended June 30, 2011

Dues & Memberships	500	500	465	35
Office Maintenance	6,300	6,300	4,882	1,418
Utilities	25,000	25,000	23,203	1,797
Equipment Maintenance	5,000	9,000	8,736	264
Supplies	12,000	12,000	10,287	1,713
Insight	4,000	4,000	4,631	(631)
Recording Fee	6,000	9,900	9,192	708
HPN Sign Grants	<u>28,750</u>	<u>28,750</u>	<u>2,214</u>	<u>26,536</u>
Total Office	110,550	121,450	86,395	35,055
Contractual Services				
Audit Fees	4,000	4,000	4,000	0
Attorney-CCPV	25,000	45,000	34,141	10,859
Attorney-Bd. Of Adjs.	1,500	3,000	2,350	650
Court Reporter	0	0	0	0
Consultant	0	0	0	0
Building Maintenance	11,400	11,400	11,100	300
Insurance	29,000	29,000	27,633	1,367
Comprehensive Plan Expense	25,000	25,000	10,246	14,754
Ivan Downs Construction	0	0	0	0
HPB-Project Expenses	0	0	0	0
Engineering Service	<u>0</u>	<u>57,200</u>	<u>28,600</u>	<u>28,600</u>
Total Contractual Services	95,900	174,600	118,070	56,530
Travel				
Local Trave	2,500	2,000	1,635	365
Meetings & Conferences	3,000	2,000	2,049	(49)
Historic Preservation	<u>0</u>	<u>539</u>	<u>334</u>	<u>205</u>
Total Travel	5,500	4,539	4,018	521
Commission Expenses				
Planning Commission	28,400	22,000	20,200	1,800
Bd. Of Adjustments	6,300	5,325	4,950	375
FICA & Medicare	<u>2,655</u>	<u>2,090</u>	<u>1,924</u>	<u>166</u>
Total Commission	37,355	29,415	27,074	2,341
Miscellaneous Expense	0	1,565	1,590	(25)
Capital Expense	<u>85,977</u>	<u>110,577</u>	<u>17,454</u>	<u>93,123</u>
Total Disbursements	<u>1,346,955</u>	<u>1,369,431</u>	<u>1,159,580</u>	<u>209,851</u>
Ending Cash Balance 6-30-11	<u>0</u>	<u>0</u>	<u>227,600</u>	<u>227,600</u>

The City-County Planning Commission Warren County prepares its budget on the basis of cash receipts and disbursements.

See independent auditor's report