

**CITY-COUNTY PLANNING COMMISSION
OF WARREN COUNTY, KENTUCKY**

AUDIT REPORT

JUNE 30, 2019

**CITY-COUNTY PLANNING COMMISSION
OFFICIALS AND COMMISSIONERS
AS OF JUNE 30, 2019**

Velma Runner	Chair - Warren County
Tim Huston	Vice Chair - Warren County
Mary Belle Ballance	Commissioner - Oakland
Eric Madison	Commissioner - Woodburn
Sandy Clark	Commissioner - Plum Springs
Albert Rich	Commissioner - Smiths Grove
Christiaan Volkert	Commissioner - Warren County
Tim Graham	Commissioner - Warren County
Mary Vitale	Commissioner - Bowling Green
Gregory Gay	Commissioner - Bowling Green
Chuck Coppinger	Commissioner - Bowling Green
Dean Warren	Commissioner - Bowling Green

Executive Director
Ben Peterson

Planning Commission Attorney
Hamp Moore

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INDEPENDENT AUDITOR'S REPORT

To the City-County Planning Commission
Bowling Green, KY

We have audited the accompanying cash basis financial statement of the governmental activities of the City-County Planning Commission of Warren County, KY, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprise the City-County Planning Commission of Warren County, KY's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity'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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the changes in cash basis financial position of the governmental activities of the City-County Planning Commission, as of June 30, 2019 and the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statement as a whole that comprise the City-County Planning Commission of Warren County's basic financial statement. The budgetary comparison information on pages 8-10 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 statement. 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2019, on our consideration of the City-County Planning Commission of Warren County, KY'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 solely 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 the City-County Planning Commission of Warren County, KY's 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-County Planning Commission of Warren County, KY's internal control over financial reporting and compliance.

Hensley & Throneberry, CPAs

August 14, 2019

CITY-COUNTY PLANNING COMMISSION OF WARREN COUNTY, KY
STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID
ARISING FROM CASH TRANSACTIONS
Year ended June 30, 2019

Receipts

Fees	\$ 505,646
City of Bowling Green, Kentucky	481,000
Warren County Fiscal Court	481,000
Transit planning funds	131,371
Metropolitan Planning Organization funds	96,668
Interest income	7,495
Four cities contributions	4,800
Sales and other income	435
Surety bond deposits	802,840
Total receipts	<u>2,511,255</u>

Disbursements

Salaries	757,646
Retirement	161,303
Metropolitan Planning Organization expenses	133,040
Employee benefits	90,223
Building lease	65,000
Payroll taxes	60,756
Legal and professional fees	39,536
Commissioner expenses	31,050
Advertising	30,572
Insurance	28,908
Education, meetings, and conferences	14,253
Equipment acquisitions and capital improvements	12,225
Recording fees	9,751
Utilities	8,170
Office supplies	7,842
Travel	6,995
Greenways project	6,001
Postage and shipping	4,477
Equipment maintenance	4,208
Televising meetings	2,812
Dues and memberships	1,930
Miscellaneous	72
Surety bond redemptions	340,806
Total disbursements	<u>1,817,576</u>

Increase in cash

693,679

Cash, beginning of year

1,179,074

Cash, end of year

\$ 1,872,753

CITY-COUNTY PLANNING COMMISSION OF WARREN COUNTY, KY
NOTES TO STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID
ARISING FROM CASH TRANSACTIONS
June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The City-County Planning Commission (the Commission) is a joint planning unit of the cities of Bowling Green, Oakland, Plum Springs, Smith Grove, and 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.

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 or the related effects on earnings.

Paid Time Off, Unused Sick, 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.

Grants

The Commission records unrestricted grants in the period designated by the grantor. 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.

Equipment Acquisitions and Capital Investments

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

Bank Depository

All cash is held in checking accounts at Independence Bank. The bank maintains a pledge of U.S. Securities at the year ended June 30, 2019 in the amount of \$1,820,023 in addition to FDIC coverage to secure the deposits of City-County Planning Commission. The commission is authorized by statute to invest in: (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 an 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 AND 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, 2019, 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 \$1,872,753, and the bank balances totaled \$1,959,908.

**CITY-COUNTY PLANNING COMMISSION OF WARREN COUNTY, KY
NOTES TO STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID
ARISING FROM CASH TRANSACTIONS
June 30, 2019**

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 has collateralized pledged securities for deposits exceeding FDIC coverage. As of June 30, 2019, \$1,459,908 of the Commission’s bank balance of \$1,959,908 was exposed to custodial credit risk.

Total bank deposits	\$ 1,959,908
FDIC insured	<u>500,000</u>
Collateral held by pledging bank’s trust department in the Commission’s name	<u>\$ 1,459,908</u>

NOTE 4. RESTRICTED ASSETS

The cash balances below were fully insured and collateralized at June 30, 2019:

Unrestricted	\$ 780,990
Restricted – surety bond account	<u>1,091,763</u>
	<u>\$ 1,872,753</u>

The restricted cash consists of unexpended deposits on subdivisions of \$1,091,763. When both restricted and unrestricted resources are available for use, it’s the Commission’s policy to use restricted resources first, and then use unrestricted resources as needed.

As of June 30, 2019, the Commission held as collateral against unfinished construction projects \$3,696,120 in letters of credit and \$17,076,150 in performance bonds.

NOTE 5. FACILITIES

The Commission utilizes a portion of an office building jointly owned by the City of Bowling Green and County of Warren, Kentucky. The commission pays rent quarterly in the amount of \$16,250 to the County of Warren, which is believed to approximate current market rates.

NOTE 6. RISK MANAGEMENT

The 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 have been no significant reductions in coverages, and settlement amounts have not exceeded insurance coverage for the past four years.

NOTE 7. CONTINGENCIES

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

CITY-COUNTY PLANNING COMMISSION OF WARREN COUNTY, KY
NOTES TO STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID
ARISING FROM CASH TRANSACTIONS
June 30, 2019

NOTE 8. ECONOMIC DEPENDENCE

During the year ended June 30, 2019, the Commission received cash support from the City of Bowling Green and the County of Warren in the combined amount of \$962,000. This support represents a significant portion of the Commission's total operating receipts, 56% of the total receipts of \$1,708,415 for the fiscal year.

NOTE 9. EMPLOYEE BENEFIT PLAN

Plan Description

Substantially all full-time 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 Commission contributes less than 1% of all contributions made to CERS by employers. The obligation for pension benefits under CERS is solely the responsibility of the Commonwealth and not the Commission.

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 Commission is required to contribute an actuarially determined rate. The rate for the fiscal year ended June 30, 2019 was 21.48%. The contribution requirements of plan members and the Commission are established and may be amended by the Board of Trustees of the Kentucky Retirement Systems each biennium.

Annual Pension Cost

The Commission's current year annual pension cost of \$161,303 for CERS was equal to the 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 subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Commission.

The required contribution was determined as part of the June 30, 2018 actuarial valuation using the entry age normal actual cost method. Total Commission contributions to CERS were \$161,303 for 2019; \$132,032 for 2018; \$129,428 for 2017; \$115,936 for 2016; \$112,931 for 2015; \$108,935 for 2014; and \$106,066 for 2013 which was equal to the required contributions for each respective fiscal year.

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

NOTE 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 14, 2019, the date the financial statements were available to issue.

CITY-COUNTY PLANNING COMMISSION OF WARREN COUNTY, KY
BUDGET TO ACTUAL COMPARISON
Year Ended June 30, 2019

	2018-2019 Original Budget	2018-2019 Amended Budget	2018-2019 Actual	Variance
Cash balance, beginning	\$ 549,345	\$ 549,345	\$ 549,345	\$ 0
Receipts				
City contribution	481,000	481,000	481,000	-0-
County contribution	481,000	481,000	481,000	-0-
4 Cities contribution	4,800	4,800	4,800	-0-
MPO related funds	125,000	125,000	96,668	(28,332)
Transit planning funds	55,000	131,000	131,371	371
Construction fees	100,000	100,000	404,200	304,200
Program fees	100,000	100,000	101,446	1,446
Sales	1,000	1,000	435	(565)
Interest income	3,000	3,000	7,495	4,495
Total receipts	1,350,800	1,426,800	1,708,415	281,615
Total receipts plus beginning balance	1,900,145	1,976,145	2,257,760	281,615
Disbursements				
Personnel				
Salaries	796,717	796,717	757,646	(39,071)
FICA & Medicare	60,297	60,297	53,229	(7,068)
Retirement	171,135	171,135	161,303	(9,832)
Health insurance	91,968	91,968	83,957	(8,011)
Dental insurance	5,685	5,685	5,149	(536)
Vision insurance	1,231	1,231	1,117	(114)
Workers compensation insurance	9,500	9,500	5,145	(4,355)
Education	8,739	8,739	8,739	-0-
Unemployment insurance	1,200	1,200	14	(1,186)
Total personnel	1,146,472	1,146,472	1,076,299	(70,173)
Office				
Advertising	37,500	37,500	30,572	(6,928)
Postage and shipping	7,000	7,000	4,477	(2,523)
Dues and membership	2,500	2,500	1,930	(570)
Utilities	7,000	7,000	8,170	1,170
Equipment maintenance	11,000	11,000	4,208	(6,792)
Supplies	9,000	9,000	7,842	(1,158)
Televising meetings	6,000	6,000	2,812	(3,188)
Recording fees	12,000	12,000	9,751	(2,249)
Computer software	8,000	8,000	12,225	4,225
Miscellaneous grant projects	-0-	6,000	6,001	1
Total office	100,000	106,000	87,988	(18,012)

CITY-COUNTY PLANNING COMMISSION OF WARREN COUNTY, KY
BUDGET TO ACTUAL COMPARISON (CONTINUED)
Year Ended June 30, 2019

	2018-2019 Original Budget	2018-2019 Amended Budget	2018-2019 Actual	Variance
MPO expenses				
Training and travel	\$ 4,000	\$ 4,000	\$ 3,840	\$ (160)
Transit planning funds	55,000	125,000	125,000	-0-
Miscellaneous	900	4,200	4,200	-0-
Total MPO expenses	59,900	133,200	133,040	(160)
Contractual services				
Audit fees	5,000	5,000	4,760	(240)
Attorney - CCPC	39,000	39,000	24,420	(14,580)
Attorney - Board of Adjustments	5,000	5,000	2,856	(2,144)
Insurance	29,500	29,500	28,908	(592)
911 Aerial contract	7,500	7,500	7,500	-0-
Building lease	65,000	65,000	65,000	-0-
Total contractual services	151,000	151,000	133,444	(17,556)
Travel				
Fuel and maintenance	6,500	6,500	6,995	495
Meetings and conferences	10,000	10,000	5,514	(4,486)
Total travel	16,500	16,500	12,509	(3,991)
Commission expenses				
Planning commission	28,200	28,200	26,400	(1,800)
Board of Adjustments	6,300	6,300	4,650	(1,650)
FICA & Medicare	2,639	2,639	2,368	(271)
Total commission expenses	37,139	37,139	33,418	(3,721)
Miscellaneous expenses	-0-	-0-	72	72
Capital expenditures	389,134	385,834	-0-	(385,834)
Total disbursements	1,900,145	1,976,145	1,476,770	(499,375)
Cash balance, ending	\$ -0-	\$ -0-	\$ 780,990	\$ 780,990

CITY-COUNTY PLANNING COMMISSION OF WARREN COUNTY, KY
BUDGET TO ACTUAL COMPARISON (CONTINUED)
Year Ended June 30, 2019

Explanation of difference between budgetary receipts and disbursements and the statement of revenues collected and expenses paid arising from cash transactions is as follows:

Actual amount of receipts (budgetary basis) from budget to actual comparison schedule:	\$ 2,257,760
Differences:	
The Commission does not budget for surety bond deposits as these funds cannot be used for operating expenses.	802,840
As part of the Commission's funds available to spend on operations is the cash carryover from the previous year.	<u>(549,345)</u>
Total receipts on the statement of revenues collected and expenses paid arising from cash transactions	<u>\$ 2,511,255</u>

Actual amount of disbursements (budgetary basis) from budget to actual comparison schedule:	\$ 1,476,770
Differences:	
The Commission does not budget for surety bond redemptions as these funds cannot be used for operating expenses.	<u>340,806</u>
Total disbursements on the statement of revenues collected and expenses paid arising from cash transactions	<u>\$ 1,817,576</u>

Budgetary Information

Budget Policy:

The Commission adopts a budget annually in June before the beginning of each fiscal year. The Commission typically only amends the budget one time, at the end of the fiscal year.

Budget Basis:

The budget is prepared on the cash basis of accounting and excludes surety deposits and redemptions since they are not part of operations.

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

To the City-County Planning Commission
Bowling Green, KY

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 statement of the governmental activities of the City-County Planning Commission of Warren County, KY, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprise the City-County Planning Commission of Warren County, KY's basic financial statement and have issued our report thereon dated August 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City-County Planning Commission of Warren County, KY'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 statement, but not for the purpose of expressing an opinion on the effectiveness of the City-County Planning Commission of Warren County, KY's internal control. Accordingly, we do not express an opinion on the effectiveness of the City-County Planning Commission of Warren County, KY'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 statement 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 the City-County Planning Commission of Warren County, KY's financial statement is 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.

Hensley & Throneberry, CPAs
August 14, 2019