



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**CITY OF BOWLING GREEN  
WOOD COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

City of Bowling Green  
Wood County  
304 North Church Street  
Bowling Green, Ohio 43402-2399

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Bowling Green (the City) as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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 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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Bowling Green, Wood County, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the City taken as a whole. The comparative enterprise fund financial statements listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. The schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

November 21, 2002

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**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Combined Balance Sheet  
All Fund Types and Account Groups  
December 31, 2001**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Assets and other debits:</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$3,909,432	\$5,718,181	\$44,704	\$7,745,452
Cash and cash equivalents in segregated accounts		2,268		
Cash and cash equivalents with fiscal agent		19,350	2,313	
Receivables:				
Property taxes	1,336,221	519,641		
Municipal income taxes	1,290,497	808,786		1,204,550
Other local taxes	26,655			
Special assessments	260,247			
Accounts	109,978	3,463		
Intergovernmental	961,180	664,027		9,519
Accrued interest	275,335			
Interfund	109,945			
Notes		748,658		
Due from other funds				
Materials and supplies inventory				
Prepaid items	68,505			
Restricted assets:				
Cash and cash equivalents with escrow agents		2,709		227,536
Fixed assets (net, where applicable, of accumulated depreciation)				
Investment in joint venture				
<u>Other debits:</u>				
Amount to be provided from general governmental resources				
<b>Total assets and other debits</b>	<b>\$8,347,995</b>	<b>\$8,487,083</b>	<b>\$47,017</b>	<b>\$9,187,057</b>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
\$10,242,947	\$40,447	\$52,627			\$27,753,790
		206,974			209,242
					21,663
					1,855,862
					3,303,833
					26,655
		363,219			623,466
2,871,064	10,738				2,995,243
					1,634,726
					275,335
					109,945
					748,658
51,112	34,886				85,998
1,014,285					1,014,285
47,298					115,803
19,771					250,016
75,698,382	48,435		\$24,446,787		100,193,604
8,890,918					8,890,918
				\$20,936,637	20,936,637
<b>\$98,835,777</b>	<b>\$134,506</b>	<b>\$622,820</b>	<b>\$24,446,787</b>	<b>\$20,936,637</b>	<b>\$171,045,679</b>

(continued)

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Combined Balance Sheet  
All Fund Types and Account Groups  
December 31, 2001  
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, fund equity, and other credits:</b>				
<u>Liabilities:</u>				
Accounts payable	\$236,430	\$128,982		\$270,600
Contracts payable	17,538	24,067		510,403
Accrued wages payable	161,292	68,654		
Compensated absences payable	58,049	22,036		
Retainage payable		2,709		227,536
Intergovernmental payable	55,013	13,814		1,708
Interfund payable				
Due to other funds	36,548	14,807		10,459
Deferred revenue	3,012,445	1,361,725		357,038
Undistributed assets				
Matured interest payable			\$313	
Matured bonds payable			2,000	
Accrued interest payable				
Notes payable				
Capital leases payable				
General obligation bonds payable				
OWDA loans payable				
AMP-Ohio payable				
<b>Total liabilities</b>	<b>3,577,315</b>	<b>1,636,794</b>	<b>2,313</b>	<b>1,377,744</b>
<u>Fund equity and other credits:</u>				
Investment in general fixed assets				
Retained earnings				
Contributed capital				
Fund balance:				
Reserved for notes receivable		748,658		
Reserved for non-expendable trust				
Reserved for encumbrances	393,563	254,330		1,841,371
Unreserved	4,377,117	5,847,301	44,704	5,967,942
<b>Total fund equity and other credits</b>	<b>4,770,680</b>	<b>6,850,289</b>	<b>44,704</b>	<b>7,809,313</b>
<b>Total liabilities, fund equity, and other credits</b>	<b>\$8,347,995</b>	<b>\$8,487,083</b>	<b>\$47,017</b>	<b>\$9,187,057</b>

*See accompanying notes to the general purpose financial statements*

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$3,293,336	\$1,577				\$3,930,925
					552,008
104,835	4,971				339,752
958,053	47,573			\$881,819	1,967,530
19,771					250,016
168,854	9,770			382,908	632,067
109,945					109,945
23,553	631				85,998
					4,731,208
		\$570,193			570,193
					313
					2,000
96,173					96,173
12,861,500				8,290,000	21,151,500
100,238					100,238
				11,000	11,000
				11,370,910	11,370,910
8,906,976					8,906,976
26,643,234	64,522	570,193		20,936,637	54,808,752
			\$24,446,787		24,446,787
5,088,785	8,257				5,097,042
67,103,758	61,727				67,165,485
					748,658
		5,950			5,950
					2,489,264
		46,677			16,283,741
72,192,543	69,984	52,627	24,446,787		116,236,927
<b>\$98,835,777</b>	<b>\$134,506</b>	<b>\$622,820</b>	<b>\$24,446,787</b>	<b>\$20,936,637</b>	<b>\$171,045,679</b>

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
All Governmental Fund Types and Expendable Trust Fund  
For the Year Ended December 31, 2001**

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
<b>Revenues:</b>						
Property taxes	\$1,295,168	\$667,701				\$1,962,869
Municipal income taxes	5,029,894	3,150,228		\$4,694,575		12,874,697
Other local taxes	1,203,635					1,203,635
Special assessments	233,491		\$146	5,513		239,150
Intergovernmental	2,273,614	1,970,927		548,604		4,793,145
Charges for services	648,453	405,296		16,367		1,070,116
Fees, licenses, and permits	60,076	8,288		4,706		73,070
Fines and forfeitures	581,440	35,967		121,832		739,239
Interest	656,666	83,951		21,323		761,940
Other	155,106	73,457		79,405	\$1,567	309,535
<b>Total revenues</b>	<b>12,137,543</b>	<b>6,395,815</b>	<b>146</b>	<b>5,492,325</b>	<b>1,567</b>	<b>24,027,396</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of persons and property	4,827,548	2,699,693				7,527,241
Public health	139,512	61,899				201,411
Community environment	309,986	1,010,214				1,320,200
Leisure time activities		1,027,763				1,027,763
Basic utility services	545,762					545,762
Transportation	1,694,265	1,092,472				2,786,737
General government	4,473,137	81,317		241,767		4,796,221
Other					628	628
Capital outlay				5,092,941		5,092,941
<b>Debt service:</b>						
Principal retirement		100,000		10,146,161		10,246,161
Interest and fiscal charges		87,000	40,266	1,018,856		1,146,122
<b>Total expenditures</b>	<b>11,990,210</b>	<b>6,160,358</b>	<b>40,266</b>	<b>16,499,725</b>	<b>628</b>	<b>34,691,187</b>
Excess of revenues over (under) expenditures	147,333	235,457	(40,120)	(11,007,400)	939	(10,663,791)
<b>Other financing sources (uses):</b>						
Proceeds of notes				8,290,000		8,290,000
Proceeds of OWDA loans				1,383,398		1,383,398
Operating transfers - in	798	20,000		2,357,991		2,378,789
Operating transfers - out	(1,761,834)	(63,377)		(814,084)	(798)	(2,640,093)
<b>Total other financing sources (uses)</b>	<b>(1,761,036)</b>	<b>(43,377)</b>		<b>11,217,305</b>	<b>(798)</b>	<b>9,412,094</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,613,703)	192,080	(40,120)	209,905	141	(1,251,697)
Fund balances at beginning of year	6,384,383	6,658,209	84,824	7,599,408	11,150	20,737,974
<b>Fund balances at end of year</b>	<b>\$4,770,680</b>	<b>\$6,850,289</b>	<b>\$44,704</b>	<b>\$7,809,313</b>	<b>\$11,291</b>	<b>\$19,486,277</b>

See accompanying notes to the general purpose financial statements

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget (Non-GAAP Budgetary Basis) and Actual  
All Governmental Fund Types and Expendable Trust Fund  
For the Year Ended December 31, 2001**

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property taxes	\$1,258,393	\$1,268,513	\$10,120	\$695,917	\$667,696	(\$28,221)
Municipal income taxes	5,085,625	5,027,166	(58,459)	3,186,977	3,148,517	(38,460)
Other local taxes	1,132,445	1,106,333	(26,112)			
Special assessments	240,500	233,491	(7,009)			
Intergovernmental	2,124,764	2,283,491	158,727	1,985,937	1,593,683	(392,254)
Charges for services	593,527	642,909	49,382	423,296	401,713	(21,583)
Fees, licenses, and permits	47,250	60,576	13,326	6,300	8,238	1,938
Fines and forfeitures	545,000	521,484	(23,516)	29,500	32,563	3,063
Interest	800,000	951,729	151,729	63,902	83,991	20,089
Other	23,351	155,106	131,755	161,369	71,666	(89,703)
Revolving loan payments				74,781	214,470	139,689
<b>Total revenues</b>	<b>11,850,855</b>	<b>12,250,798</b>	<b>399,943</b>	<b>6,627,979</b>	<b>6,222,537</b>	<b>(405,442)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of persons and property	5,396,767	4,851,722	545,045	2,884,862	2,700,117	184,745
Public health	227,211	139,591	87,620	128,903	61,783	67,120
Community environment	566,541	321,837	244,704	1,161,498	984,694	176,804
Leisure time activities				1,323,747	1,046,602	277,145
Basic utility services	678,410	560,807	117,603			
Transportation	2,138,466	1,759,621	378,845	1,362,674	1,116,940	245,734
General government	5,359,670	4,744,696	614,974	65,032	43,708	21,324
Capital outlay						
<b>Debt service:</b>						
Principal retirement				100,000	100,000	
Interest and fiscal charges				87,000	87,000	
<b>Total expenditures</b>	<b>14,367,065</b>	<b>12,378,274</b>	<b>1,988,791</b>	<b>7,113,716</b>	<b>6,140,844</b>	<b>972,872</b>
Excess of revenues over (under) expenditures	(2,516,210)	(127,476)	2,388,734	(485,737)	81,693	567,430
<b>Other financing sources (uses):</b>						
Other financing sources	5,500		(5,500)		3,185	3,185
<b>Other financing uses:</b>						
Proceeds of notes						
Proceeds of OWDA loans						
Advances - in		17,500	17,500			
Advances - out				(17,500)	(17,500)	
Operating transfers - in	798	798		44,621	20,000	(24,621)
Operating transfers - out	(1,800,248)	(1,761,834)	38,414	(83,377)	(63,377)	20,000
<b>Total other financing sources (uses)</b>	<b>(1,793,950)</b>	<b>(1,743,536)</b>	<b>50,414</b>	<b>(56,256)</b>	<b>(57,692)</b>	<b>(1,436)</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(4,310,160)	(1,871,012)	2,439,148	(541,993)	24,001	565,994
Fund balances at beginning of year	4,598,313	4,598,313		5,237,631	5,237,631	
Prior year encumbrances appropriated	731,027	731,027		185,254	185,254	
<b>Fund balances at end of year</b>	<b>\$1,019,180</b>	<b>\$3,458,328</b>	<b>\$2,439,148</b>	<b>\$4,880,892</b>	<b>\$5,446,886</b>	<b>\$565,994</b>

(continued)

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget (Non-GAAP Budgetary Basis) and Actual  
All Governmental Fund Types and Expendable Trust Fund  
For the Year Ended December 31, 2001  
(Continued)**

	Debt Service			Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property taxes						
Municipal income taxes				\$4,746,273	\$4,692,030	(\$54,243)
Other local taxes						
Special assessments		\$146	\$146		5,513	5,513
Intergovernmental				1,185,837	691,131	(494,706)
Charges for services				14,000	15,319	1,319
Fees, licenses, and permits					4,706	4,706
Fines and forfeitures				118,000	113,361	(4,639)
Interest					23,946	23,946
Other					1,385	1,385
Revolving loan payments						
<b>Total revenues</b>		<b>146</b>	<b>146</b>	<b>6,064,110</b>	<b>5,547,391</b>	<b>(516,719)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of persons and property						
Public health						
Community environment						
Leisure time activities						
Basic utility services						
Transportation						
General government				196,337	187,911	8,426
Capital outlay				14,541,499	6,410,723	8,130,776
<b>Debt service:</b>						
Principal retirement				10,145,645	10,145,631	14
Interest and fiscal charges	\$40,999	40,266	733	1,079,401	1,018,856	60,545
<b>Total expenditures</b>	<b>40,999</b>	<b>40,266</b>	<b>733</b>	<b>25,962,882</b>	<b>17,763,121</b>	<b>8,199,761</b>
Excess of revenues over (under) expenditures	(40,999)	(40,120)	879	(19,898,772)	(12,215,730)	7,683,042
<b>Other financing sources (uses):</b>						
Other financing sources				65,125	78,020	12,895
Other financing uses						
Proceeds of notes				8,290,000	8,290,000	
Proceeds of OWDA loans				4,124,000	1,383,398	(2,740,602)
Advances - in						
Advances - out						
Operating transfers - in				2,320,953	2,357,461	36,508
Operating transfers - out	(40,299)		40,299	(814,084)	(814,084)	
<b>Total other financing sources (uses)</b>	<b>(40,299)</b>		<b>40,299</b>	<b>13,985,994</b>	<b>11,294,795</b>	<b>(2,691,199)</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(81,298)	(40,120)	41,178	(5,912,778)	(920,935)	4,991,843
Fund balances at beginning of year	84,824	84,824		3,171,908	3,171,908	
Prior year encumbrances appropriated				3,649,562	3,649,562	
<b>Fund balances at end of year</b>	<b>\$3,526</b>	<b>\$44,704</b>	<b>\$41,178</b>	<b>\$908,692</b>	<b>\$5,900,535</b>	<b>\$4,991,843</b>

See accompanying notes to the general purpose financial statements

Expendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			\$1,954,310	\$1,936,209	(\$18,101)
			13,018,875	12,867,713	(151,162)
			1,132,445	1,106,333	(26,112)
			240,500	239,150	(1,350)
			5,296,538	4,568,305	(728,233)
			1,030,823	1,059,941	29,118
			53,550	73,520	19,970
			692,500	667,408	(25,092)
			863,902	1,059,666	195,764
\$1,000	\$1,567	\$567	185,720	229,724	44,004
			74,781	214,470	139,689
1,000	1,567	567	24,543,944	24,022,439	(521,505)
			8,281,629	7,551,839	729,790
			356,114	201,374	154,740
			1,728,039	1,306,531	421,508
			1,323,747	1,046,602	277,145
			678,410	560,807	117,603
			3,501,140	2,876,561	624,579
			5,621,039	4,976,315	644,724
			14,541,499	6,410,723	8,130,776
			10,245,645	10,245,631	14
			1,207,400	1,146,122	61,278
			47,484,662	36,322,505	11,162,157
1,000	1,567	567	(22,940,718)	(12,300,066)	10,640,652
			70,625	81,205	10,580
(1,000)	(628)	372	(1,000)	(628)	372
			8,290,000	8,290,000	
			4,124,000	1,383,398	(2,740,602)
				17,500	17,500
			(17,500)	(17,500)	
			2,366,372	2,378,259	11,887
(798)	(798)		(2,738,806)	(2,640,093)	98,713
(1,798)	(1,426)	372	12,093,691	9,492,141	(2,601,550)
(798)	141	939	(10,847,027)	(2,807,925)	8,039,102
11,150	11,150		13,103,826	13,103,826	
			4,565,843	4,565,843	
<b>\$10,352</b>	<b>\$11,291</b>	<b>\$939</b>	<b>\$6,822,642</b>	<b>\$14,861,744</b>	<b>\$8,039,102</b>

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**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Combined Statement of Revenues, Expenses, and Changes in Fund Equity  
All Proprietary Fund Types and Nonexpendable Trust Fund  
For the Year Ended December 31, 2001**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
<u>Operating revenues:</u>				
Charges for services	\$30,563,973	\$326,814	\$1,462	\$30,892,249
Fines and forfeitures	453			453
Other	1,300,936	887		1,301,823
Total operating revenues	<u>31,865,362</u>	<u>327,701</u>	<u>1,462</u>	<u>32,194,525</u>
<u>Operating expenses, excluding depreciation:</u>				
Purchased power	19,184,998			19,184,998
Plant operation	1,964,891			1,964,891
Plant maintenance	763,175			763,175
Distribution operation	1,201,033			1,201,033
Distribution maintenance	2,033,511			2,033,511
Customer account collection	499,070			499,070
Administrative and general	2,400,575			2,400,575
Other	110,462	317,487		427,949
Total operating expenses	<u>28,157,715</u>	<u>317,487</u>		<u>28,475,202</u>
Operating income before depreciation	3,707,647	10,214	1,462	3,719,323
Depreciation	3,877,269	17,962		3,895,231
Operating income (loss)	<u>(169,622)</u>	<u>(7,748)</u>	<u>1,462</u>	<u>(175,908)</u>
<u>Non-operating revenues (expenses):</u>				
Other local taxes	914,860			914,860
Excise taxes expense	(914,860)			(914,860)
Interest revenue	385,776			385,776
Interest expense	(1,063,795)			(1,063,795)
Capital contributions	5,993,082			5,993,082
Loss on disposal of fixed assets	(59,975)			(59,975)
Investment in joint venture	(1,207,597)			(1,207,597)
Total non-operating revenues (expenses)	<u>4,047,491</u>			<u>4,047,491</u>
Income (loss) before operating transfers	3,877,869	(7,748)	1,462	3,871,583
Operating transfers - in	291,170			291,170
Operating transfers - out	(29,866)			(29,866)
Net income (loss)	4,139,173	(7,748)	1,462	4,132,887
Retained earnings/fund balance at beginning year - Restated Note 3	949,612	16,005	39,874	1,005,491
Retained earnings/fund balance at end of year	5,088,785	8,257	41,336	5,138,378
Contributed capital at beginning and end of year	67,103,758	61,727		67,165,485
<b>Total fund equity at end of year</b>	<b><u>\$72,192,543</u></b>	<b><u>\$69,984</u></b>	<b><u>\$41,336</u></b>	<b><u>\$72,303,863</u></b>

*See accompanying notes to the general purpose financial statements*

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Combined Statement of Revenues, Expenses, and Changes in Fund Balances  
Budget (Non-GAAP Budgetary Basis) and Actual  
All Proprietary Fund Types and Nonexpendable Trust Fund  
For the Year Ended December 31, 2001**

	Enterprise			Internal Service		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Charges for services	\$31,956,704	\$30,327,978	(\$1,628,726)	\$320,000	\$295,543	(\$24,457)
Other local taxes	970,983	914,860	(56,123)			
Interest revenue	435,030	484,582	49,552			
Proceeds of notes	18,100,324	16,611,500	(1,488,824)			
Other	925,455	1,300,936	375,481		887	887
<b>Total revenues</b>	<b>52,388,496</b>	<b>49,639,856</b>	<b>(2,748,640)</b>	<b>320,000</b>	<b>296,430</b>	<b>(23,570)</b>
<u>Expenses:</u>						
Purchased power	20,220,783	19,048,322	1,172,461			
Plant operation	2,999,009	2,781,929	217,080			
Plant maintenance	850,870	789,410	61,460			
Distribution operation	6,611,526	4,881,091	1,730,435			
Distribution maintenance	2,153,016	1,985,263	167,753			
Customer account collection	590,663	512,012	78,651			
Administrative and general	4,455,630	3,576,631	878,999			
Other	131,796	109,976	21,820	407,163	377,767	29,396
Debt service:						
Principal retirement	19,006,692	17,740,625	1,266,067			
Interest expense	777,405	1,160,876	(383,471)			
<b>Total expenses</b>	<b>57,797,390</b>	<b>52,586,135</b>	<b>5,211,255</b>	<b>407,163</b>	<b>377,767</b>	<b>29,396</b>
Excess of revenues over (under) expenses	(5,408,894)	(2,946,279)	2,462,615	(87,163)	(81,337)	5,826
Operating transfers - in	30,000	291,170	261,170			
Operating transfers - out	(29,336)	(29,336)				
Excess of revenues over (under) expenses and operating transfers	(5,408,230)	(2,684,445)	2,723,785	(87,163)	(81,337)	5,826
Fund balances at beginning of year	8,755,306	8,755,306		118,785	118,785	
Prior year encumbrances appropriated	1,835,154	1,835,154		722	722	
<b>Fund balances at end of year</b>	<b>\$5,182,230</b>	<b>\$7,906,015</b>	<b>\$2,723,785</b>	<b>\$32,344</b>	<b>\$38,170</b>	<b>\$5,826</b>

*See accompanying notes to the general purpose financial statements*

Nonexpendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$1,000	\$1,462	\$462	\$32,277,704	\$30,624,983	(\$1,652,721)
			970,983	914,860	(56,123)
			435,030	484,582	49,552
			18,100,324	16,611,500	(1,488,824)
			925,455	1,301,823	376,368
1,000	1,462	462	52,709,496	49,937,748	(2,771,748)
			20,220,783	19,048,322	1,172,461
			2,999,009	2,781,929	217,080
			850,870	789,410	61,460
			6,611,526	4,881,091	1,730,435
			2,153,016	1,985,263	167,753
			590,663	512,012	78,651
			4,455,630	3,576,631	878,999
120		120	539,079	487,743	51,336
			19,006,692	17,740,625	1,266,067
			777,405	1,160,876	(383,471)
120		120	58,204,673	52,963,902	5,240,771
880	1,462	582	(5,495,177)	(3,026,154)	2,469,023
			30,000	291,170	261,170
			(29,336)	(29,336)	
880	1,462	582	(5,494,513)	(2,764,320)	2,730,193
39,874	39,874		8,913,965	8,913,965	
			1,835,876	1,835,876	
<b>\$40,754</b>	<b>\$41,336</b>	<b>\$582</b>	<b>\$5,255,328</b>	<b>\$7,985,521</b>	<b>\$2,730,193</b>

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Combined Statement of Cash Flows  
All Proprietary Fund Types and Nonexpendable Trust Fund  
For the Year Ended December 31, 2001**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
<b>Increases (decreases) in cash and cash equivalents:</b>				
<u>Cash flows from operating activities:</u>				
Cash received from customers	\$30,328,541		\$1,462	\$30,330,003
Cash received from quasi-external operating transactions with other funds		\$295,543		295,543
Cash payments for purchased power	(19,048,322)			(19,048,322)
Cash payments for plant operation	(1,558,626)			(1,558,626)
Cash payments for plant maintenance	(724,000)			(724,000)
Cash payments for distribution operation	(1,019,992)			(1,019,992)
Cash payments for distribution maintenance	(1,947,569)			(1,947,569)
Cash payments for customer account collection	(508,428)			(508,428)
Cash payments for administrative and general	(2,424,442)			(2,424,442)
Cash received from other revenues	1,300,936	887		1,301,823
Cash payments for other expenses	(109,186)	(316,563)		(425,749)
Net cash provided by (used for) operating activities	<u>4,288,912</u>	<u>(20,133)</u>	<u>1,462</u>	<u>4,270,241</u>
<u>Cash flows from non-capital financing activities:</u>				
Cash received from other local taxes	914,860			914,860
Cash payments for contributions	(797,509)			(797,509)
Cash received from operating transfers - in	291,170			291,170
Cash payments for operating transfers - out	(29,866)			(29,866)
Net cash provided by non-capital financing activities	<u>378,655</u>			<u>378,655</u>
<u>Cash flows from capital and related financing activities:</u>				
Acquisition and construction of fixed assets	(3,219,852)	(58,927)		(3,278,779)
Proceeds from the sale of notes	16,611,500			16,611,500
Principal paid on bond anticipation notes	(16,724,000)			(16,724,000)
Interest paid on bond anticipation notes	(675,073)			(675,073)
Principal paid on capital leases	(43,943)			(43,943)
Interest paid on capital leases	(9,134)			(9,134)
Principal paid on OWDA loans	(697,206)			(697,206)
Interest paid on OWDA loans	(54,652)			(54,652)
Principal Paid on AMP-Ohio Payable	(274,946)			(274,946)
Interest Paid on AMP-Ohio Payable	(422,017)			(422,017)
Net cash used for capital and related financing activities	<u>(5,509,323)</u>	<u>(58,927)</u>		<u>(5,568,250)</u>
<u>Cash flows from investing activities:</u>				
Interest	485,000			485,000
Net increase (decrease) in cash and cash equivalents	(356,756)	(79,060)	1,462	(434,354)
Cash and cash equivalents at beginning of year	<u>10,619,474</u>	<u>119,507</u>	<u>39,874</u>	<u>10,778,855</u>
Cash and cash equivalents at end of year	<u>\$10,262,718</u>	<u>\$40,447</u>	<u>\$41,336</u>	<u>\$10,344,501</u>

(continued)

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Combined Statement of Cash Flows  
All Proprietary Fund Types and Nonexpendable Trust Fund  
For the Year Ended December 31, 2001  
(Continued)**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	(\$169,622)	(\$7,748)	\$1,462	(\$175,908)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>				
Depreciation	3,877,269	17,962		3,895,231
<b>Changes in assets and liabilities:</b>				
Increase in accounts receivable	(215,033)	(8,915)		(223,948)
Increase in due from other funds	(20,852)	(22,356)		(43,208)
Decrease in materials and supplies inventory	79,140			79,140
Decrease in prepaid items	5,687			5,687
Increase (decrease) in accounts payable	408,941	(2,473)		406,468
Increase in accrued wages payable	24,852	112		24,964
Increase in compensated absences payable	265,882	1,668		267,550
Decrease in retainage payable	(9,243)			(9,243)
Increase in intergovernmental payable	26,186	1,210		27,396
Increase in due to other funds	15,705	407		16,112
Net cash provided by (used for) operating activities	<u>\$4,288,912</u>	<u>(\$20,133)</u>	<u>\$1,462</u>	<u>\$4,270,241</u>

**Non-cash capital transactions:**

During 2001, the Water and Sewer enterprise funds received fixed assets that were constructed in the City's governmental funds, in the amount of \$4,069,978, and \$1,888,792, respectively. The Electric, Water, Sewer, and Off Street Parking enterprise funds also received fixed assets donated by customers, in the amount of \$9,733, \$5,708, \$17,600, and \$1,271, respectively. Proceeds of bonds issued by AMP-Ohio were used to fund the City's required contribution of \$9,181,922 to a joint venture for the purpose of acquiring, constructing and installing a distributive electric generation project.

**Cash and cash equivalents - all fiduciary fund types:**

Equity in pooled cash and cash equivalents	\$52,627
Cash and cash equivalents in segregated accounts	<u>206,974</u>
Total cash and cash equivalents - all fiduciary fund types	259,601
Cash and cash equivalents - agency funds	(206,974)
Cash and cash equivalents - expendable trust fund	<u>(11,291)</u>
Cash and cash equivalents - nonexpendable trust fund	<u>\$41,336</u>

*See accompanying notes to the general purpose financial statements*

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**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001**

**Note 1 - Description of the City of Bowling Green and the Reporting Entity**

The City of Bowling Green is a charter municipal corporation founded on November 9, 1855, with the charter adopted by the electors on October 31, 1972. The City may exercise all powers of home rule granted under Article XVIII, Section 3, of the Ohio Constitution not in conflict with applicable general laws of Ohio.

The City operates under a Mayor/Administrator/Council form of government. Services provided include police, fire, street maintenance, planning and zoning, parks and recreation, electric, water, sewer, and general administrative services.

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City of Bowling Green consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City of Bowling Green this includes all departments and activities that are directly operated by the elected City officials.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the City of Bowling Green in 2001.

The City participates in a shared risk pool and two joint ventures. These organizations are the Buckeye Ohio Risk Management Agency (BORMA), the Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2), and the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5). These organizations are presented in Notes 22 and 23 to the general purpose financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

A. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories of governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities, except those accounted for in proprietary funds and trust funds, are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the City's governmental fund types:

General Fund. The General fund is the general operating fund of the City. This fund is used to account for all financial resources of the City, except those required to be accounted for in another fund. The General fund balance is available to the City for any purpose provided it is expended or transferred according to an ordinance of the City and/or the general laws of Ohio.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources, other than for major capital projects and expendable trusts, that are legally restricted to expenditure for specified purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, special assessment long-term obligation principal, interest, and related costs.

Capital Projects Funds. These funds are used to account for financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

Proprietary Fund Types:

Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and cash flows. The following are the City's proprietary fund types:

Enterprise Funds - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund - This fund is used to account for the financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. The City's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group. The general fixed assets account group is used to account for all fixed assets of the City, except those accounted for in the proprietary funds. These assets do not represent financial resources available for expenditure.

General Long-Term Obligations Account Group - The general long-term obligations account group is used to account for all unmatured long-term obligations of the City, except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types and the non-expendable trust fund are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund types and nonexpendable trust fund.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: income taxes, state levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, charges for services, fines and forfeitures, and interest.

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there was an enforceable legal claim as of

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

December 31, 2001, but which were levied to finance 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Estimated Resources:

The County Budget Commission reviews the estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include the actual unencumbered fund balances from the preceding year. The certificate of estimated resources may be further amended during the year if the Finance Director determines that revenue to be collected will be greater than or less than prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended official certificate of estimated resources issued during 2001.

Appropriations:

A temporary appropriations ordinance to control the level of expenditures for all funds may be passed on or about January 1 of each year, for the period January 1 to March 31. An annual appropriations ordinance must be passed by April 1 of each year, for the period January 1 to December 31. Appropriations may not exceed estimated resources as established in the

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

amended official certificate of estimated resources. The allocation of appropriations among departments and objects within a fund may be modified during the year with City Council approval. Several supplemental appropriations ordinances were legally enacted by City Council during the year. The budget figures which appear in the statements of budgetary comparisons represent the appropriated budget amounts and all supplemental appropriations.

Budgeted Level of Expenditures:

Administrative control is maintained through the establishment of detailed line-item budgets. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by City Council. For all funds, except enterprise funds, City Council appropriations are made by department and major object levels which include personal services, materials and supplies, contractual services, capital outlay, other expenditures/expenses, and individual accounts for bond and note principal retirement, interest and fiscal charges, and operating transfers. For enterprise funds, City Council appropriations are made by function and object. The appropriations set by City Council must remain fixed unless amended by City Council ordinance. More detailed appropriation allocations may be made by the Finance Director as long as the allocations are within City Council's appropriated amount. Advances-in and advances-out are not required to be budgeted since they represent a short-term cash flow resource and are intended to be repaid.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental fund types and the expendable trust fund and disclosed in the notes to the financial statements for proprietary fund types and the non-expendable trust fund.

Lapsing of Appropriations:

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbered appropriations are carried forward to the succeeding year and are not reappropriated.

D. Cash and Investments

To improve cash management, cash received by the City, except cash in segregated accounts and cash held by fiscal and escrow agents, is pooled. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents" on the combined balance sheet.

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

During fiscal year 2001, investments were limited to repurchase agreements, Federal Home Loan Mortgage Association Notes, Federal Farm Credit Bank Bonds, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Notes, Bowling Green Manuscripts Bonds, and STAR Ohio.

Cash and cash equivalents that are held separately by individual departments of the City, or by fiscal and escrow agents and not held within the City treasury are recorded on the combined balance sheet as "Cash and cash equivalents in segregated accounts" or "Cash and cash equivalents with fiscal and escrow agents", respectively.

Investments are reported at fair value, except for repurchase agreements and non-negotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2001.

The City has allocated interest to various funds according to City Charter and State statutes. Interest revenue credited to the General fund during 2001 was \$656,666, which includes \$470,475 assigned from other City funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

E. Notes Receivable

Notes receivable represent the right to receive repayment for certain loans made by the City. The loans are based upon written agreements between the City and the various loan recipients.

F. Materials and Supplies Inventory

Inventory is presented at the lower of cost or market on a first-in, first-out basis and is expensed when used. Inventory consists of expendable supplies held for consumption.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2001, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

H. Fixed Assets and Depreciation

The fixed asset values were initially determined at December 31, 1985, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were used. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

General Fixed Assets:

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Assets in the general fixed assets account group are not depreciated.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported as these assets are immovable and of value only to the City.

Proprietary Fund Fixed Assets:

Fixed assets associated with proprietary fund activities are accounted for in those funds. Depreciation is calculated using the straight-line method over each asset's estimated useful life. Proprietary fund fixed assets are depreciated on the following basis:

Buildings and Improvements	15 - 25 Years
Furniture, Fixtures, Equipment, and Vehicles	1 - 20 Years
Infrastructure	15 - 50 Years

Capitalization of Interest - Interest is capitalized on proprietary fund fixed assets acquired with tax-exempt debt. The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from the temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset. For 2001, there were no capitalized interest costs incurred on proprietary fund construction projects.

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund receivables/payables".

Receivables and payables arising between funds for goods provided or services rendered are classified as "Due from/to other funds" on the combined balance sheet.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the termination method for governmental fund types and the vesting method for proprietary fund types. For the governmental fund types, an accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. For proprietary fund types, the liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Other Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than thirty-one days after year end are considered not to have used current available expendable resources. Long-term notes, bonds, and long-term loans are recognized as liabilities in the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate fund.

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to the proprietary funds prior to 2001. These assets are recorded at their fair market value on the date contributed and are not subject to repayment.

Capital contributions in 2001 have been recorded as revenues and reported as increases in retained earnings based on guidelines established by GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions".

M. Reserves of Fund Equity

The City records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for notes receivable, non-expendable trust (the amount of the non-expendable contribution), and encumbrances.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Total Columns on Combined Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

**Note 3 - Change in Accounting Principles, Change in the Application of an Accounting Principle, and Correction of Prior Period Error**

A. Change in Accounting Principle

For fiscal year 2001, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. The provisions of GASB Statement No. 33 also require that capital contributions to proprietary funds be recognized as revenues beginning in 2001. For the City, the implementation of these statements had no effect on fund balances/retained earnings as previously reported for the year ended December 31, 2000.

B. Change in the Application of an Accounting Principle

For 2001, the City has increased the threshold amount for capitalizing fixed assets. The threshold amount was increased from \$500 to \$1,000.

Fixed assets and accumulated depreciation in the enterprise funds decreased due to the change in the threshold amount for capitalizing fixed assets. Fixed assets decreased \$345,247, from \$124,817,251 to \$124,472,004, and accumulated depreciation decreased \$268,702, from \$54,318,014 to \$54,049,312. As a result of the restatement, retained earnings as previously reported as of December 31, 2000, decreased \$76,545, from \$1,026,157 to \$949,612.

The fixed assets reported in the general fixed assets account group decreased \$277,654, from \$22,637,881 to \$22,360,227, due to the change in the threshold amount for capitalizing fixed assets. These changes are not material to the financial statements taken as a whole.

C. Correction of Prior Period Error

At the end of fiscal year 2000, the Bowling Green Housing Agency took responsibility to account for their own funds. As a result, this fund was removed from the City's records at the end of fiscal year 2000. However, the City was still legally responsible for this money, and should have included it on the City's financial statements. The effect of the correction is as follows:

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

	Special Revenue Fund
Fund Balance as previously reported	\$6,638,779
Correction of prior period fund balance	19,430
	\$6,658,209
Restated Fund Balance, January 1, 2001	\$6,658,209
Excess of revenues and other financing sources over expenditures and other financing uses as previously reported.	\$516,450
Adjustment	2,931
	\$519,381
Restated Excess of revenues and other financing sources over expenditures and other financing uses as of December 31, 2000	\$519,381

**Note 4 - Accountability**

At December 31, 2001, the Sewer enterprise fund had deficit retained earnings of \$15,685,495 due to accumulated operating losses from prior years. The City has not yet addressed the deficit.

**Note 5 - Budgetary Basis of Accounting**

While reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Proprietary Fund Types and Non-Expendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund (GAAP basis). Material encumbrances are disclosed in the notes to the financial statements for proprietary fund types and the non-expendable trust fund (GAAP basis);

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

4. Proceeds from and principal payments on bond anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis); and
5. For proprietary funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types			
	General	Special Revenue	Capital Projects
GAAP Basis	(\$1,613,703)	\$192,080	\$209,905
<u>Increases (Decreases) Due To</u>			
Revenue Accruals:			
Accrued 2000, Received in Cash 2001	1,453,602	719,825	987,494
Accrued 2001, Not Yet Received in Cash	(1,357,613)	(881,659)	(857,031)
Expenditure Accruals:			
Accrued 2000, Paid in Cash 2001	(536,104)	(175,618)	(212,819)
Accrued 2001, Not Yet Paid in Cash	564,870	500,477	793,170
Cash Adjustments:			
Unrecorded Activity 2000	51,354	26,834	3,263
Unrecorded Activity 2001	(34,088)	(6,449)	(640)
Changes in Prepaid Items	186		
Notes Receivable:			
Additions		(283,750)	
Reductions		214,470	
Advances - In	17,500		
Advances - Out		(17,500)	
Excess of Revenues Under Expenditures of Nonbudgeted Activity		137	
Encumbrances Outstanding at Year End (Budget Basis)	(417,016)	(264,846)	(1,844,277)
Budget Basis	(\$1,871,012)	\$24,001	(\$920,935)

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

Net Income (Loss)/Excess of Revenues  
Under Expenses and Operating Transfers  
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$4,139,173	(\$7,748)
<u>Increases (Decreases) Due to</u>		
Revenue Accruals:		
Accrued 2000, Received in Cash 2001	2,785,515	14,353
Accrued 2001, Not Yet Received in Cash	(2,922,176)	(45,624)
Expense Accruals:		
Accrued 2000, Paid in Cash 2001	(3,992,913)	(63,598)
Accrued 2001, Not Yet Paid in Cash	4,754,749	64,522
Cash Adjustments:		
Unrecorded Activity 2001	(981)	
Changes in Materials and Supplies Inventory	79,140	
Changes in Prepaid Items	5,687	
Acquisition of Fixed Assets	(3,219,852)	(58,927)
Depreciation Expense	3,877,269	17,962
Loss on Disposal of Fixed Assets	59,975	
Notes Payable		
Additions	16,611,500	
Reductions	(16,724,000)	
Capital Lease Principal Retirement	(43,943)	
OWDA Loans Principal Retirement	(697,206)	
Investment in Joint Venture	932,651	
Capital Contributions	(5,993,082)	
Encumbrances Outstanding at Year End (Budget Basis)	(2,335,951)	(2,277)
Budget Basis	(\$2,684,445)	(\$81,337)

**Note 6 - Deposits and Investments**

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that City Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

6. The State Treasurer's investment pool (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State as to which there is no default of principal, interest, or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the City had \$9,336 in undeposited cash on hand which is included on the balance sheet of the City as part of "Equity in pooled cash and cash equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At year end, the carrying amount of the City's deposits was \$21,510,875 and the bank balance was \$22,445,155. Of the bank balance, \$770,014 was covered by federal depository insurance and \$21,675,136 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered for which the securities are held by the City or the City's agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

	<u>Category 1</u>	<u>Category 3</u>	<u>Fair Value</u>
Federal Farm Credit Bank Bonds		\$501,944	\$501,944
Federal Home Loan Bank Bonds		502,271	502,271
Federal National Mortgage Association Notes		507,450	507,450
Federal Home Loan Mortgage Corporation Notes		505,460	505,460
Bowling Green Manuscript Bonds	\$10,997		10,997
	<u>\$10,997</u>	<u>\$2,017,125</u>	<u>2,028,122</u>
STAR Ohio			<u>4,686,378</u>
Total			<u>\$6,714,500</u>

The classification of cash and cash equivalents and investments on the combined balance sheet is based on the criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$28,234,711	
Cash on Hand	(9,336)	
Investments:		
Federal Farm Credit Bank Bonds	(501,944)	\$501,944
Federal Home Loan Bank Bonds	(502,271)	502,271
Federal National Mortgage Association Notes	(507,450)	507,450
Federal Home Loan Mortgage Corporation Notes	(505,460)	505,460
Bowling Green Manuscript Bonds	(10,997)	10,997
STAR Ohio	(4,686,378)	4,686,378
GASB Statement No. 3	<u>\$21,510,875</u>	<u>\$6,714,500</u>

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

**Note 7 - Receivables**

Receivables at December 31, 2001, consisted of taxes; special assessments; accounts (billings for user charged services, including unbilled utility services); intergovernmental receivables arising from grants, entitlements, and shared revenues; interest; interfund; notes; and services charged to other funds. All receivables are considered fully collectible, including utility services. A summary of utility accounts receivable is as follows:

Electric	\$2,214,990
Water	327,504
Sewer	328,570
Total	\$2,871,064

A summary of the principal items of intergovernmental receivables follows:

Fund Type/Fund/Source	Amounts
<u>General Fund:</u>	
Local Government	\$655,683
Charges for Services	12,739
State of Ohio	122,651
Bowling Green State University	16,642
Estate Tax	94,914
Fines and Forfeitures	57,751
Immobilization Fee	800
Total General Fund	961,180
<u>Special Revenue Funds:</u>	
Street Maintenance and Repair:	
Motor Vehicle License Tax	107,542
Gasoline Tax	170,708
Permissive Motor Vehicle License Tax	75,316
State of Ohio	119
Total Street Maintenance and Repair	353,685
State Highway:	
Gasoline Tax	13,842
Permissive Motor Vehicle License	6,107
Total State Highway	19,949
Transportation:	
Federal Grant	3,851
Ohio Department of Transportation	1,651
Total Transportation	5,502

(Continued)

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

CDBG:	
Housing and Urban Development	1,021
Ohio Department of Development	47,575
	48,596
Total CDBG	
Fire Levy:	
Medical Services Grant	6,570
Law Enforcement Drug:	
Fines and Forfeitures	875
Indigent Drivers Alcohol:	
Fines and Forfeitures	661
Education and Enforcement:	
Fines and Forfeitures	152
Municipal Probation Services:	
Charges for Services	3,391
BG Housing:	
Federal Grant	224,646
	664,027
Total Special Revenue Funds	
<u>Capital Projects Funds:</u>	
Municipal Court Improvement:	
Charges for Services	655
Fines and Forfeitures	8,471
	9,126
Total Municipal Court Improvement	
Municipal Court Computerization:	
Charges for Services	393
	9,519
Total Capital Projects Funds	
	\$1,634,726

**Note 8 - Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the City. Real property tax revenues received in 2001 represent the collection of 2000 taxes. Real property taxes for 2001 were levied after October 1, 2001, on the assessed values as of January 1, 2001, the lien date. These taxes will be collected in and are intended to finance 2002 operations. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1996. Real property taxes are payable annually or semiannually. The first payment is due on December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

Public utility real and tangible personal property taxes for 2001 were levied after October 1, 2001, on the assessed values as of December 31, 2000, the lien date. These taxes will be collected in and are intended to finance 2002 operations. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2000 (other than public utility property) represent the collection of 2001 taxes. Tangible personal property taxes received in 2001 were levied after October 1, 2000, on the true value as of December 31, 2000. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. The first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Bowling Green. The County Auditor periodically remits to the City its portion of the taxes collected.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2001, and for which there was an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2001 operations.

The full tax rate for all City operations for the year ended December 31, 2001, was \$5.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2001 property tax receipts were based are as follows:

Category	Amount
Real Estate:	
Residential/Agricultural	\$211,335,000
Commercial/Industrial	126,291,860
Public Utility Real	11,480
Public Utility Personal	6,041,210
Tangible Personal	46,935,619
Total	\$390,615,169

**Note 9 - Municipal Income Taxes**

The City levies and collects an income tax of 1.92 percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 50 percent of the tax paid to another municipality, not to exceed 50 percent of the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and individual taxpayers are also required to pay their estimated taxes at least quarterly and file a final return annually.

**CITY OF BOWLING GREEN  
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**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

The City, by ordinance, allocates 1.5 percent of the income tax revenues and expenditures for collecting, administering, and enforcing the tax to the General fund (.75); Playground and Recreation (.05) special revenue fund; and the Capital Improvement (.13), Sewer and Water Capital Improvement (.50), and Street Repair Capital Improvement (.07) capital projects funds. The remaining .42 percent is split between the Police Levy (.14) and Fire Levy (.28) special revenue funds.

**Note 10 - Notes Receivable**

Notes receivable represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under the Federal Community Development Block Grant program. The notes have an annual interest rate of 3 percent and are repaid over periods ranging from five to twenty years. A summary of the changes in notes receivable during 2001 follows:

Special Revenue Fund	Balance 12/31/00	New Loans	Repayments	Balance 12/31/01
<b>CDBG</b>				
Revolving Loan Program	\$389,811	\$8,750	\$60,876	\$337,685
Home Program	289,567	210,000	142,347	357,220
Downtown Revolving Loan Program		65,000	11,247	53,753
<b>Total Notes Receivable</b>	<b>\$679,378</b>	<b>\$283,750</b>	<b>\$214,470</b>	<b>\$748,658</b>

**Note 11 - Fixed Assets**

A. General Fixed Assets

A summary of the changes in general fixed assets during 2001 is as follows:

	Balance 12/31/00	Additions	Reductions	Balance 12/31/01
Land and Improvements	\$2,736,769	\$749,815	\$7,241	\$3,479,343
Buildings and Improvements	11,588,450	2,068,824	1,386	13,655,888
Furniture, Fixtures, Equipment, and Vehicles	6,684,708	1,060,151	433,303	7,311,556
Construction in Progress	1,350,300		1,350,300	
<b>Total</b>	<b>\$22,360,227</b>	<b>\$3,878,790</b>	<b>\$1,792,230</b>	<b>\$24,446,787</b>

Construction in progress is deleted when the assets are substantially completed or are placed in service and are presented as additions to the appropriate asset class.

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(Continued)**

**B. Proprietary Fund Fixed Assets**

A summary of the proprietary funds' fixed assets at December 31, 2001, is as follows:

	Enterprise	Internal Service
Land and Improvements	\$2,129,383	
Buildings and Improvements	45,088,359	
Furniture, Fixtures, Equipment, and Vehicles	7,892,041	\$102,090
Infrastructure	71,013,283	
Construction in Progress	2,975,197	
Total	129,098,263	102,090
Less Accumulated Depreciation	(53,399,881)	(53,655)
Total Fixed Assets Net of Accumulated Depreciation	\$75,698,382	\$48,435

**Note 12 - Interfund Assets/Liabilities**

As of December 31, 2001, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type Fund	Interfund		Due to/from Other Funds	
	Receivable	Payable	Receivable	Payable
General Fund	\$109,945			\$36,548
Special Revenue Funds				
Street Maintenance and Repair				11,863
Playground and Recreation				838
CDBG				78
Police Levy				2,028
Total Special Revenue Funds				14,807
Capital Projects Funds				
Sewer and Water Capital Improvement				6,280
Street Repair Capital Improvement				4,179
Total Capital Projects Funds				10,459

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Fund Type/Fund	Interfund		Due to/from Other Funds	
	Receivable	Payable	Receivable	Payable
Enterprise Funds				
Electric		\$109,945	\$12,981	\$3,772
Water			8,478	4,171
Sewer			29,653	15,463
Parking Meter				147
Total Enterprise Funds		<u>109,945</u>	<u>51,112</u>	<u>23,553</u>
Internal Service Fund				
Engineering			34,886	631
Total All Funds	<u>\$109,945</u>	<u>\$109,945</u>	<u>\$85,998</u>	<u>\$85,998</u>

**Note 13 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2001, the City contracted with the Buckeye Ohio Risk Management Agency (BORMA) for property, liability, and crime insurance. The BORMA program has a zero deductible, except for property damage which is \$1,000, and boiler and machinery which is \$1,000 to \$15,000. Coverage provided by BORMA is as follows:

Property	
Building and Contents	\$258,650,705
Flood Annual Aggregate	20,000,000
Earthquake Annual Aggregate	20,000,000
Boiler and Machinery	50,000,000
General Liability	
Per Occurrence	1,000,000
Annual Aggregate	1,000,000
Employee Benefit Liability	1,000,000
Ohio Stop Gap Liability	1,000,000
Public Official Liability	
Per Occurrence	1,000,000
Annual Aggregate	1,000,000
Law Enforcement Professional Liability	1,000,000
Automobile	
Liability	1,000,000
Uninsured Motorist	1,000,000

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For the Year Ended December 31, 2001  
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Crime	
Employee Dishonesty and Faithful Performance	\$1,000,000
Computer Fraud	500,000
Depositor's Forgery	500,000
Money and Securities	500,000
Excess Liability	
Per Occurrence	9,000,000
Annual Aggregate	9,000,000

Settled claims have not exceeded this coverage in any of the past three years, and there has not been a significant reduction in coverage from the prior year.

The City participates in the Buckeye Ohio Risk Management Agency (BORMA), a shared risk pool among several cities in Northern Ohio. The City pays monthly premiums for health care coverage for its employees and for property, liability, and crime insurance. BORMA is responsible for the management and operations of the programs. Member cities agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage provided under the respective programs. In the event of deficiencies, member cities are subject to supplemental assessments of up to 25 percent of the premiums paid during the year for health insurance and in an amount equal to the annual premiums for property, liability, and crime insurance. Upon withdrawal from BORMA, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal from the respective program.

Workers' compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 14 - Contractual Commitments**

As of December 31, 2001, the City had contractual commitments as follows:

<u>Project</u>	<u>Outstanding Balance</u>
Main/Wooster Street	\$249,584
Granulated Activated Carbon System	241,754
Mitchell Road	289,498

**Note 15 - Defined Benefit Pension Plans**

A. Public Employees Retirement System

The City contributes to the Public Employees Retirement System of Ohio (the "System"), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. The System provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are

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**Notes to the General-Purpose Financial Statements  
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established by Chapter 145 of the Ohio Revised Code. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 13.55 percent; 9.25 percent was the portion used to fund pension obligations for 2001, an increase from 6.54 percent in 2000. For 2000, the System instituted a temporary employer rate rollback. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's contributions to the System for the years ended December 31, 2001, 2000, and 1999, were \$804,509, \$542,309, and \$714,768, respectively; 75 percent has been contributed for 2001 and 100 percent has been contributed for 2000 and 1999. The unpaid contribution for 2001, in the amount of \$199,316, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. Ohio Police and Fire Pension Fund**

The City contributes to the Ohio Police and Fire Pension Fund (the Fund), a cost-sharing multiple employer defined benefit pension plan administered by the Fund's Board of Trustees. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police (12 percent was the portion used to fund pension obligations for 2001, a decrease from 12.25 for 2000); and 24 percent for firefighters (16.5 percent was the portion used to fund pension obligations for 2001, a decrease from 16.75 for 2000). Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2001, 2000, and 1999, were \$661,007, \$587,223, and \$556,848, respectively; 76 percent has been contributed for 2001 and 100 percent has been contributed for 2000 and 1999. The unpaid contribution for 2001, in the amount of \$159,219, is recorded as a liability within the respective funds and the general long-term obligations account group.

**Note 16 - Postemployment Benefits**

**A. Public Employees Retirement System**

The Public Employees Retirement System of Ohio (the "System") provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other

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Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the System is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate was 13.55 percent of covered payroll; 4.3 percent was the portion used to fund health care for 2001. In 2000, the employer contribution rate was 10.84 percent of covered payroll; 4.3 percent was the portion used to fund health care.

Benefits are advance funded using the entry age normal cost method. Significant actuarial assumptions include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually, and an additional increase in total payroll of .54 percent to 5.1 percent based on additional pay increases. Health care premiums were assumed to increase 4.75 percent annually.

OPB are financed through employer contributions and investment earnings. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

At December 31, 2001, the total number of benefit recipients eligible for OPB through the System was 411,076. As of December 31, 2001, the actuarial value of net assets available for future OPB payments was \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial liability were \$14,364.6 million and \$2,628.7 million, respectively. The City's actual contributions for 2001 which were used to fund OPB were \$373,988.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (the "Fund") provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check, or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen, whether or not the child is attending school, or under the age of twenty-two if attending school full-time or on a two-thirds basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Fund's Board of Trustees to provide health care coverage and states that health care costs paid from the Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate was 19.5 percent of covered payroll and the firefighter employer contribution rate was 24 percent; 7.5 percent was the portion used to fund health care for 2001. The portion used to fund health care was 7.25 percent in 2000. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2000, was 12,853 for police and 10,037 for firefighters. The City's actual contributions for 2001 that

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were used to fund postemployment benefits were \$149,465 for police and \$191,756 for fire. The Fund's total health care expenses for the year ended December 31, 2000, (the latest information available), were \$106,160,054, which was net of member contributions of \$5,657,431.

**Note 17 - Other Employee Benefits**

A. Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy permits vacation leave to be carried forward with supervisory approval. Employees are paid for earned unused vacation leave at the time of termination of employment.

Sick leave is earned at a rate of four and six-tenths hours for every eighty hours worked. Current policy permits sick leave to be accumulated without limit. Each employee, except those covered by the Bowling Green Employees Organization policy, at the time of retirement from active service with the City, is paid for all of their earned unused sick leave, with no maximum. Employees covered by the Bowling Green Employees Organization policy, at the time of retirement from active service with the City are paid 25 percent of their earned unused sick leave, up to a maximum of thirty days.

B. Health Insurance

Health insurance is provided to all City employees through the Buckeye Ohio Risk Management Agency (BORMA). The cost of premiums for single and family coverage is shared between the City and its employees. The plan provides for a \$100 single and \$300 family deductible for all employees.

**Note 18 - Short-Term Obligations**

Short-term obligations activity for the year ended December 31, 2001, was as follows:

	Interest Rate	Balance 12/31/00	Additions	Reductions	Balance 12/31/01
Enterprise Funds:					
Electric Fund					
Electric System	3.25%	\$915,000	\$885,000	\$915,000	\$885,000
Real Estate Acquisition	2.63%	215,000	115,000	215,000	115,000
Electric System Improvement - BGSU	2.25%	3,859,000	3,616,500	3,859,000	3,616,500
Electric System Improvement - 1999	2.25%	3,950,000	7,500,000	7,700,000	3,750,000
Total Electric Fund		<u>8,939,000</u>	<u>12,116,500</u>	<u>12,689,000</u>	<u>8,366,500</u>

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	Interest Rate	Balance 12/31/00	Additions	Reductions	Balance 12/31/01
Water Fund					
Water System Improvement	2.63%	350,000	250,000	350,000	250,000
Sewer Fund					
Wastewater Treatment Plant Improvement	2.63%	1,330,000	1,180,000	1,330,000	1,180,000
Sewage System Improvement	3.25%	<u>2,215,000</u>	<u>2,945,000</u>	<u>2,215,000</u>	<u>2,945,000</u>
Total Sewer Fund		<u>3,545,000</u>	<u>4,125,000</u>	<u>3,545,000</u>	<u>4,125,000</u>
Off Street Parking Fund					
Real Estate Acquisition	2.63%	<u>140,000</u>	<u>120,000</u>	<u>140,000</u>	<u>120,000</u>
Total Notes Payable		<u>\$12,974,000</u>	<u>\$16,611,500</u>	<u>\$16,724,000</u>	<u>\$12,861,500</u>

According to Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. The City's notes are bond anticipation notes and are supported by the full faith and credit of the City. The liability for all notes is presented in the fund which received the proceeds and had a maturity of one year.

**Note 19 - Long-Term Obligations**

Long-term obligations activity for the year ended December 31, 2001, was as follows:

	Interest Rate	Balance 12/31/00	Additions	Reductions	Balance 12/31/01
General Long-Term Obligations Account Group:					
<u>General Obligation Bond Anticipation Notes</u>					
Research Park Drive	2.63%	\$480,000	\$445,000	\$480,000	\$445,000
Municipal Court Construction	2.63%	4,480,000	4,020,000	4,480,000	4,020,000
West Side Fire Station Construction	3.25%	900,000	800,000	900,000	800,000
Aquatic Complex Improvement	3.25%	160,000	125,000	160,000	125,000
Central Business District Revitalization	3.35%	<u>3,000,000</u>	<u>2,900,000</u>	<u>3,000,000</u>	<u>2,900,000</u>
Total General Obligation Bond Anticipation Notes		<u>9,020,000</u>	<u>8,290,000</u>	<u>9,020,000</u>	<u>8,290,000</u>
<u>General Obligation Bonds</u>					
1997 Carter Park Improvement (Pee-Wee)	5.00%	<u>22,000</u>		<u>11,000</u>	<u>11,000</u>
<u>Ohio Water Development Authority Loans</u>					
1980 Wastewater Treatment	7.82%	101,783		101,783	
1980 Fairview-Meeker Gorrel	8.38%	32,407		32,407	
1985 Water System	8.97%	1,704,834		253,820	1,451,014
1988 Dunbridge Road	8.31%	929,082		94,348	834,734
1988 Sludge Lagoon/Reservoir	8.05%	834,044		216,385	617,659
1994 Second Water Transmission Main	5.77%	3,700,440		112,186	3,588,254

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**Notes to the General-Purpose Financial Statements  
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	Interest Rate	Balance 12/31/00	Additions	Reductions	Balance 12/31/01
1997 Wintergarden/Sand Ridge Sewer	3.20%	447,149		220,026	227,123
1999 Granular Activated Carbon System	5.50%	3,206,861	57,082	172,854	3,091,089
1999 Central Business District - Heritage 2000	3.00%	234,721	816,055		1,050,776
2001 Wintergarden Heights/Sand Ridge Sewer	3.20%		510,261		510,261
Total Ohio Water Development Authority Loans		<u>11,191,321</u>	<u>1,383,398</u>	<u>1,203,809</u>	<u>11,370,910</u>
<u>Other Long-Term Obligations</u>					
Compensated Absences Payable		816,783	65,036		881,819
Intergovernmental Payable		359,300	382,908	359,300	382,908
Promissory Note Payable		11,352		11,352	
Total Other Long-Term Obligations		<u>1,187,435</u>	<u>447,944</u>	<u>370,652</u>	<u>1,264,727</u>
Total General Long-Term Obligations		<u>21,420,756</u>	<u>10,121,342</u>	<u>10,605,461</u>	<u>20,936,637</u>
Enterprise Funds:					
<u>Ohio Water Development Authority Loans</u>					
Sewer Fund					
1980 Wastewater Treatment	7.82%	697,206		697,206	
<u>Other Long-Term Obligations</u>					
AMP-Ohio Payable	4.6-5.0%		9,181,922	274,946	8,906,976
Compensated Absences Payable		692,171	265,882		958,053
Capital Leases Payable		144,181		43,943	100,238
Total Other Long-Term Obligations		<u>836,352</u>	<u>9,447,804</u>	<u>318,885</u>	<u>9,965,267</u>
Total Enterprise Funds		<u>1,533,558</u>	<u>9,447,804</u>	<u>1,016,095</u>	<u>9,965,267</u>
Total Long-Term Obligations		<u>\$22,954,314</u>	<u>\$19,969,146</u>	<u>\$11,621,556</u>	<u>\$30,901,904</u>

Bond anticipation notes are supported by the full faith and credit of the City of Bowling Green. The City's long-term bond anticipation notes are presented in the general long-term obligations account group and are payable from unvoted property tax revenues.

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for refinancing bond anticipation notes. General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. All general obligation bonds will be paid from General fund and capital projects fund resources.

The OWDA loans represent amounts borrowed from the Ohio Water Development Authority for construction of water and sewer system improvements. The intention is to repay the loans with income tax revenues of the Sewer and Water Capital Improvement capital projects fund to the extent such resources are available. A portion of the wastewater treatment OWDA loans will be paid from resources of the Sewer enterprise fund.

The City is a participant, with thirty-six other subdivisions within the State of Ohio, in Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2), a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. During 2001, AMP-Ohio issued bonds, in the amount of \$50,260,000, to acquire fixed assets for JV2. Under

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a financing agreement between the participants of JV2 and AMP-Ohio, the participants have agreed to pay the debt service requirements of the bonds. Payments are to be made solely from resources of the City's Electric enterprise fund. At December 31, 2001, the City's requirement under the agreement was \$8,906,976 and is reflected as a liability in the City Electric enterprise fund.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

The intergovernmental payable, representing the City's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

The promissory note, for the purchase of land for the municipal courts, will be paid from the Municipal Court Capital Improvement capital projects fund.

Capital lease obligations will be paid from the fund that maintains custody of the related asset.

Under State statutes, the fund balance of the Special Assessment debt service fund is not available to pay other long-term obligations of the general long-term obligations account group. The balance can be used to pay other general obligation notes upon City Council ordinance or may be transferred to the General fund with the approval of the Court of Common Pleas.

The City's overall debt margin was \$32,713,593 at December 31, 2001.

The Granular Activated Carbon System, the Central Business District - Heritage 2000, and the Wintergarden Heights/Sand Ridge Sewer projects, funded by OWDA loans, have not been completed. An amortization schedule for the repayment of these loans will not be available until the projects are completed, and therefore, they are not included in the following schedule.

Principal and interest requirements to retire the general long-term obligations outstanding at December 31, 2001, were as follows:

Year	Bond Anticipation Notes	General Obligation Bonds	OWDA Loans	AMP-Ohio Payable	Total
2002	\$8,534,419	\$11,550	\$1,420,114	\$696,962	\$10,663,045
2003			1,187,527	731,770	1,919,297
2004			1,045,762	731,786	1,777,548
2005			904,000	731,259	1,635,259
2006			700,629	731,104	1,431,733
2007-2011			1,885,838	3,656,985	5,542,823
2012-2016			1,628,505	3,656,692	5,285,197
2017-2020			977,103	2,925,941	3,903,044
Total	<u>\$8,534,419</u>	<u>\$11,550</u>	<u>\$9,749,478</u>	<u>\$13,862,499</u>	<u>\$32,157,946</u>

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The City is a participant in the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) which has issued Certificates of Beneficial Interest. The debt service payments are obligations of the joint venture's participants, payable from each participant's municipal electric utility systems, subject only to the prior payment of the operation and maintenance expenses. In case of default by a participant, the remaining participants become liable for that participant's debt service payments. The Certificates of Beneficial Interest are fully insured in case of total default by all of the participants. No defaults have occurred to date. For accounting purposes, the obligation for repayment of the Certificates is reflected in the financial statement of the joint venture.

The debt associated with the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) is 15.73 percent of \$141,700,000 or approximately \$22,289,410. Principal payments are made on February 15 of each year. The total principal retirements and the portion that will be paid by the City are as follows:

Year	Certificates of Beneficial Interest	City of Bowling Green Percentage
2002	\$3,280,000	\$515,944
2003	3,445,000	541,899
2004	3,620,000	569,426
2005	3,800,000	597,740
2006	4,000,000	629,200
2007 - 2024	123,555,000	19,435,201
Total	\$141,700,000	\$22,289,410

The City has issued industrial revenue bonds and multi-family housing revenue bonds which are summarized in the following table:

	Date of Issue	Amount of Issue
Industrial Revenue Bonds		
Lamson and Session Company	6/28/1995	\$2,780,000
Multi-Family Housing Revenue Bonds		
Bowling Green Village Series 2001 A	6/1/2001	3,320,000
Bowling Green Village Series 2001 B	6/1/2001	500,000

For obligations issued during 2001 and after, the amount outstanding at year end was \$3,820,000.

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The City is not obligated in any way to pay debt and related charges on industrial revenue bonds and multi-family housing revenue bonds from any of its funds, and therefore, they have been excluded entirely from the City's financial statements. There has not been and there is not currently any condition of default under the bonds or the related financing documents.

**Note 20 - Capital Leases - Lessee Disclosure**

The City has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as a reduction of the liability in the enterprise funds. Equipment has been capitalized in the Water and Sewer enterprise funds, in the amount of \$484,790. This amount represents the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the enterprise funds. The equipment has a carrying value of \$297,324. Principal payments in 2001 were \$43,943 in the enterprise funds.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2001.

Year Ending December 31,	Enterprise
2002	\$29,253
2003	29,253
2004	29,253
2005	29,254
Total Minimum Lease Payments	117,013
Less Amount Representing Interest	(16,775)
Present Value of Minimum Lease Payments	\$100,238

**Note 21 - Segment Information - Enterprise Funds**

The City's enterprise funds account for the provision of electric, water, sewer, and parking. Financial segment information as of and for the year ended December 31, 2001, was as follows:

	Electric	Water	Sewer	Parking Meter	Off Street Parking	Total
Operating Revenues	\$25,124,919	\$3,205,631	\$3,425,208	\$100,252	\$9,352	\$31,865,362
Depreciation Expense	939,417	960,951	1,950,823	0	26,078	3,877,269
Operating Income (Loss)	1,656,636	(386,442)	(1,412,880)	4,910	(31,846)	(169,622)
Investment in Joint Venture	(1,207,597)	0	0	0	0	(1,207,597)
Current Capital Contributions	9,733	4,075,686	1,906,392	0	1,271	5,993,082

(Continued)

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

	Electric	Water	Sewer	Parking Meter	Off Street Parking	Total
Operating Transfers - In	61,170	0	0	0	30,000	291,170
Operating Transfers - Out	0	(9,668)	(10,198)	(10,000)	0	(29,866)
Net Income (Loss)	17,955	3,769,658	364,813	(7,140)	(6,113)	4,139,173
Fixed Assets:						
Additions	2,231,724	5,268,137	2,363,056	0	1,271	9,864,188
Reductions	2,268,922	2,624,462	342,495	2,050	0	5,237,929
Net Working Capital	(3,998,065)	3,167,832	(1,598,343)	65,749	(111,380)	(2,474,207)
Long-Term Liabilities						
Compensated Absences	431,091	245,850	247,006	16,777	0	940,724
Capital Leases	0	0	77,490	0	0	77,490
AMP-Ohio Payable	8,906,976	0	0	0	0	8,906,976
Total Assets	33,950,058	27,651,517	36,115,873	158,935	959,394	98,835,777
Total Equity	13,156,322	27,011,804	31,047,502	138,522	838,393	72,192,543
Encumbrances Outstanding at Year End (Budget Basis)	1,224,444	219,883	890,834	790	0	2,335,951

**Note 22 - Shared Risk Pool**

The Buckeye Ohio Risk Management Agency (BORMA) is a public entity shared risk pool among several cities in Northern Ohio. BORMA was formed as an Ohio not-for-profit corporation and operates a health insurance program and a property, crime, and liability insurance program. Each member appoints one person to represent the City on the Board of Directors for a term of one year for participation in the health insurance program and three years for participation in the property, crime, and liability insurance program. Each member city's control over the budgeting and financing of BORMA is limited to its voting authority and any representation it may have on the Board of Directors.

Participation in BORMA is by written application subject to approval of the Board of Directors and the payment of premiums. Member cities must remain members for cycles of three years. A member may withdraw from a program by giving a forty day notice prior to the beginning of the next cycle. BORMA does not have any outstanding debt obligations as of December 31, 2001. Financial information may be obtained from Arthur J. Gallagher & Co., Crown Centre Building, 5005 Rockside Road, 10th Floor, Cleveland, Ohio 44131-2157.

**Note 23 - Joint Ventures**

**A. Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)**

The City is a participant, with thirty-six other subdivisions within the State of Ohio, in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2) was created for that purpose. On dissolution of the joint venture, the net assets of JV2 will be shared by the participants on a percentage basis. The JV2 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit, on a monthly basis,

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

those costs incurred from using electricity generated by the joint venture. In accordance with the joint venture agreement, the City remitted \$1,029,668 to the joint venture for 2001. During 2001, AMP-Ohio issued bonds, in the amount of \$50,260,000, to acquire fixed assets for JV2. Under a financing agreement between the participants of JV2 and AMP-Ohio, the participants have agreed to pay the debt service requirements of the bonds. Payments are to be made solely from resources of the City's Electric enterprise fund. At December 31, 2001, the City's requirement under the agreement was \$8,906,976 and is reflected as a liability in the City Electric enterprise fund. The City's net investment and its share of the operating results of JV2 are reported in the City's Electric enterprise fund. The City's equity interest in JV2 was \$7,873,407 at December 31, 2001. Financial information for JV2 may be obtained from AMP-Ohio, 2600 Airport Drive, Columbus, Ohio 43219, or from the City's utility department.

**B. Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)**

The City is a participant, with forty-two other subdivisions within the State of Ohio, in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia (on the Ohio River at the Belleville Locks and Dam) and receive electricity from its operation. The Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) was created for that purpose. On dissolution of the joint venture, the net assets of JV5 will be shared by the participants on a percentage basis. The JV5 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit, on a monthly basis, those costs incurred from using electricity generated by the joint venture and a portion of the \$141,700,000 Certificates of Beneficial Interest debt that was issued to construct the fixed asset. In accordance with the joint venture agreement, the City remitted \$3,006,593 to the joint venture for 2001. The City's net investment and its share of the operating results of JV5 are reported in the City's Electric enterprise fund. The City's equity interest in JV5 was \$1,017,511 at December 31, 2001. Financial information for JV5 may be obtained from AMP-Ohio, 2600 Airport Drive, Columbus, Ohio 43219, or from the City's utility department.

**Note 24 - Contingent Liabilities**

**A. Litigation**

As of December 31, 2001, the City was a party to various legal proceedings seeking damages or injunctive relief arising in the course of ordinary business. The ultimate disposition of these proceedings is not presently determinable, but will not, in the opinion of the City Attorney, have a material adverse effect on the overall financial condition of the City.

**B. Federal and State Grants**

For the period January 1, 2001, to December 31, 2001, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements  
For the Year Ended December 31, 2001  
(Continued)**

**Note 25 - Subsequent Events**

On March 28, 2002, the City issued bond anticipation notes, in the amount of \$2,800,000, to retire notes previously issued, in the amount of \$2,900,000, for the Central Business District Revitalization Project. The notes have an interest rate of 2.1 percent and mature on March 27, 2003.

On June 13, 2002, the City issued bond anticipation notes, in the amount of \$875,000, to retire notes previously issued, in the amount of \$885,000, for the Electric System Improvement. The notes have an interest rate of 2.75 percent and mature on June 12, 2003.

On June 13, 2002, the City issued bond anticipation notes, in the amount of \$2,870,000, to retire notes previously issued, in the amount of \$2,945,000, for the Sewer System Improvement. The notes have an interest rate of 2.75 percent and mature on June 12, 2003.

On June 13, 2002, the City issued bond anticipation notes, in the amount of \$700,000, to retire notes previously issued, in the amount of \$800,000, for the West Side Fire Station. The notes have an interest rate of 2.75 percent and mature on June 12, 2003.

On June 13, 2002, the City issued bonds, in the amount of \$90,000, to retire notes previously issued, in the amount of \$125,000, for the Aquatics Complex. The bonds have an interest rate of 4 percent and have maturity dates of June 1, 2003; June 1, 2004; and June 1, 2005.

On March 18, 2002 the City passed an ordinance authorizing the Bowling Green Housing Agency to form a consortium with the Henry Metropolitan Housing Authority for the purpose of consolidating the administration of the Section 8 Rental Assistance Program and other rental assistance programs in accordance with the agreement. Effective June 30, 2002 the City will no longer be responsible for reporting the financial activity of the Bowling Green Housing Agency as a result of this consortium.

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**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Comparative Balance Sheet  
Enterprise Funds  
December 31, 2001 and 2000**

	<u>Electric</u>		<u>Water</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<u>Current assets:</u>				
Equity in pooled cash and cash equivalents	\$4,353,905	\$5,026,144	\$3,083,854	\$2,987,359
Receivables:				
Accounts	2,214,990	2,020,711	327,504	310,493
Accrued interest				43,554
Due from other funds	12,981	575	8,478	12,645
Materials and supplies inventory	859,282	939,151	126,654	141,329
Prepaid items	16,446	18,427	15,205	17,154
Total current assets	<u>7,457,604</u>	<u>8,005,008</u>	<u>3,561,695</u>	<u>3,512,534</u>
<u>Non-current assets:</u>				
Cash and cash equivalents with escrow agents	2,640	2,577		
Fixed assets (net of accumulated depreciation)	17,598,896	16,378,789	24,089,822	20,472,929
Investment in joint venture	8,890,918	916,593		
Total non-current assets	<u>26,492,454</u>	<u>17,297,959</u>	<u>24,089,822</u>	<u>20,472,929</u>
Total assets	<u><u>\$33,950,058</u></u>	<u><u>\$25,302,967</u></u>	<u><u>\$27,651,517</u></u>	<u><u>\$23,985,463</u></u>
<u>Current liabilities:</u>				
Accounts payable	\$2,808,760	\$2,705,784	\$60,597	\$72,499
Accrued wages payable	47,132	31,562	28,257	23,930
Compensated absences payable	7,206	7,347	4,865	6,320
Retainage payable	2,640	2,577		
Intergovernmental payable	78,917	57,570	43,887	39,568
Interfund payable	109,945			
Due to other funds	3,772	3,110	4,171	1,446
Accrued interest payable	30,797	102,616	2,086	5,238
Notes payable	8,366,500	8,939,000	250,000	350,000
Capital leases payable				22,581
OWDA loans payable				
Total current liabilities	<u>11,455,669</u>	<u>11,849,566</u>	<u>393,863</u>	<u>521,582</u>
<u>Non-current liabilities:</u>				
Compensated absences payable	431,091	290,087	245,850	188,432
Capital leases payable				
AMP-Ohio payable	8,906,976			
Total non-current liabilities	<u>9,338,067</u>	<u>290,087</u>	<u>245,850</u>	<u>188,432</u>
Total liabilities	<u>20,793,736</u>	<u>12,139,653</u>	<u>639,713</u>	<u>710,014</u>
<u>Fund equity:</u>				
Retained earnings (deficit)	12,781,535	12,788,527	7,016,530	3,280,175
Contributed capital	374,787	374,787	19,995,274	19,995,274
Total fund equity	<u>13,156,322</u>	<u>13,163,314</u>	<u>27,011,804</u>	<u>23,275,449</u>
<b>Total liabilities and fund equity</b>	<b><u><u>\$33,950,058</u></u></b>	<b><u><u>\$25,302,967</u></u></b>	<b><u><u>\$27,651,517</u></u></b>	<b><u><u>\$23,985,463</u></u></b>

Sewer		Parking Meter		Off Street Parking		Totals	
2001	2000	2001	2000	2001	2000	2001	2000
\$2,726,182	\$2,491,737	\$69,385	\$73,199	\$9,621	\$12,021	\$10,242,947	\$10,590,460
328,570	324,827					2,871,064	2,656,031
	55,670						99,224
29,653	17,040					51,112	30,260
28,349	12,945					1,014,285	1,093,425
15,647	17,404					47,298	52,985
3,128,401	2,919,623	69,385	73,199	9,621	12,021	14,226,706	14,522,385
17,131	26,437					19,771	29,014
32,970,341	32,581,339	89,550	91,600	949,773	974,580	75,698,382	70,499,237
						8,890,918	916,593
32,987,472	32,607,776	89,550	91,600	949,773	974,580	84,609,071	71,444,844
<u>\$36,115,873</u>	<u>\$35,527,399</u>	<u>\$158,935</u>	<u>\$164,799</u>	<u>\$959,394</u>	<u>\$986,601</u>	<u>\$98,835,777</u>	<u>\$85,967,229</u>
\$423,859	\$106,097	\$120	\$15			\$3,293,336	\$2,884,395
28,112	23,229	1,334	1,262			104,835	79,983
5,258	5,084		92			17,329	18,843
17,131	26,437					19,771	29,014
44,015	35,897	2,035	2,227			168,854	135,262
						109,945	
15,463	3,246	147	46			23,553	7,848
62,289	83,305			1,001	2,095	96,173	193,254
4,125,000	3,545,000			120,000	140,000	12,861,500	12,974,000
22,748	21,362					22,748	43,943
	697,206						697,206
4,743,875	4,546,863	3,636	3,642	121,001	142,095	16,718,044	17,063,748
247,006	179,314	16,777	15,495			940,724	673,328
77,490	100,238					77,490	100,238
						8,906,976	
324,496	279,552	16,777	15,495			9,925,190	773,566
5,068,371	4,826,415	20,413	19,137	121,001	142,095	26,643,234	17,837,314
(15,685,495)	(16,032,013)	137,822	144,962	838,393	844,506	5,088,785	1,026,157
46,732,997	46,732,997	700	700			67,103,758	67,103,758
31,047,502	30,700,984	138,522	145,662	838,393	844,506	72,192,543	68,129,915
<u>\$36,115,873</u>	<u>\$35,527,399</u>	<u>\$158,935</u>	<u>\$164,799</u>	<u>\$959,394</u>	<u>\$986,601</u>	<u>\$98,835,777</u>	<u>\$85,967,229</u>

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Comparative Statement of Revenues, Expenses, and Changes in Fund Equity  
Enterprise Funds  
For the Years Ended December 31, 2001 and 2000**

	<u>Electric</u>		<u>Water</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<u>Operating revenues:</u>				
Charges for services	\$24,161,029	\$23,034,138	\$3,142,035	\$2,703,605
Fines and forfeitures				
Other	963,890	618,014	63,596	37,198
Total operating revenues	<u>25,124,919</u>	<u>23,652,152</u>	<u>3,205,631</u>	<u>2,740,803</u>
<u>Operating expenses, excluding depreciation:</u>				
Purchased power	19,184,998	20,141,711		
Plant operation			902,879	762,545
Plant maintenance			327,556	268,237
Distribution operation	888,462	696,580	244,059	369,581
Distribution maintenance	1,218,161	1,088,466	421,202	427,781
Customer account collection	302,635	323,433	98,552	90,629
Administrative and general	934,610	1,576,747	636,874	504,866
Other				
Total operating expenses	<u>22,528,866</u>	<u>23,826,937</u>	<u>2,631,122</u>	<u>2,423,639</u>
Operating income (loss) before depreciation	2,596,053	(174,785)	574,509	317,164
Depreciation	939,417	920,127	960,951	772,939
Operating income (loss)	<u>1,656,636</u>	<u>(1,094,912)</u>	<u>(386,442)</u>	<u>(455,775)</u>
<u>Non-operating revenues (expenses):</u>				
Other local taxes	914,860			
Excise tax expense	(914,860)			
Interest revenue	168,362	222,600	110,487	182,402
Interest expense	(823,096)	(345,354)	(14,669)	(19,677)
Capital contributions	9,733		4,075,686	
Loss on disposal of fixed assets	(47,253)	(4,053)	(5,736)	(1,158)
Investment in joint venture	(1,207,597)	311,220		
Total non-operating revenues (expenses)	<u>(1,899,851)</u>	<u>184,413</u>	<u>4,165,768</u>	<u>161,567</u>
Income (loss) before operating transfers	(243,215)	(910,499)	3,779,326	(294,208)
Operating transfers - in	261,170	30,000		
Operating transfers - out			(9,668)	(20,000)
Net income (loss)	17,955	(880,499)	3,769,658	(314,208)
Retained earnings (deficit) at beginning of year	12,763,580	13,669,026	3,246,872	3,594,383
Retained earnings (deficit) at end of year	<u>12,781,535</u>	<u>12,788,527</u>	<u>7,016,530</u>	<u>3,280,175</u>
Contributed capital at beginning of year	374,787	374,787	19,995,274	18,808,998
Contributed from governmental funds				1,182,856
Contributed from customers				3,420
Contributed capital at end of year	<u>374,787</u>	<u>374,787</u>	<u>19,995,274</u>	<u>19,995,274</u>
<b>Total fund equity at end of year</b>	<b><u>\$13,156,322</u></b>	<b><u>\$13,163,314</u></b>	<b><u>\$27,011,804</u></b>	<b><u>\$23,275,449</u></b>

Sewer		Parking Meter		Off Street Parking		Totals	
2001	2000	2001	2000	2001	2000	2001	2000
\$3,165,588	\$2,912,185	\$95,321	\$140,656			\$30,563,973	\$28,790,584
		453				453	
259,620	220,629	4,478		9,352	9,563	1,300,936	885,404
3,425,208	3,132,814	100,252	140,656	9,352	9,563	31,865,362	29,675,988
						19,184,998	20,141,711
1,062,012	636,898					1,964,891	1,399,443
435,619	420,622					763,175	688,859
68,512	100,323					1,201,033	1,166,484
394,148	358,289					2,033,511	1,874,536
97,883	47,146					499,070	461,208
829,091	733,482					2,400,575	2,815,095
		95,342	95,405	15,120	14,314	110,462	109,719
2,887,265	2,296,760	95,342	95,405	15,120	14,314	28,157,715	28,657,055
537,943	836,054	4,910	45,251	(5,768)	(4,751)	3,707,647	1,018,933
1,950,823	1,942,664			26,078	9,761	3,877,269	3,645,491
(1,412,880)	(1,106,610)	4,910	45,251	(31,846)	(14,512)	(169,622)	(2,626,558)
						914,860	
						(914,860)	
106,927	169,408					385,776	574,410
(220,492)	(262,162)			(5,538)	(6,368)	(1,063,795)	(633,561)
1,906,392				1,271		5,993,082	
(4,936)	(40,763)	(2,050)			(780)	(59,975)	(46,754)
						(1,207,597)	311,220
1,787,891	(133,517)	(2,050)		(4,267)	(7,148)	4,047,491	205,315
375,011	(1,240,127)	2,860	45,251	(36,113)	(21,660)	3,877,869	(2,421,243)
				30,000	30,000	291,170	60,000
(10,198)	(10,000)	(10,000)	(10,000)			(29,866)	(40,000)
364,813	(1,250,127)	(7,140)	35,251	(6,113)	8,340	4,139,173	(2,401,243)
(16,050,308)	(14,781,886)	144,962	109,711	844,506	836,166	949,612	3,427,400
(15,685,495)	(16,032,013)	137,822	144,962	838,393	844,506	5,088,785	1,026,157
46,732,997	45,294,956	700				67,103,758	64,478,741
	1,438,041		700				2,621,597
							3,420
46,732,997	46,732,997	700	700			67,103,758	67,103,758
<b>\$31,047,502</b>	<b>\$30,700,984</b>	<b>\$138,522</b>	<b>\$145,662</b>	<b>\$838,393</b>	<b>\$844,506</b>	<b>\$72,192,543</b>	<b>\$68,129,915</b>

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Comparative Statement of Cash Flows  
Enterprise Funds  
For the Years Ended December 31, 2001 and 2000**

	Electric		Water	
	2001	2000	2001	2000
<b>Increases (decreases) in cash and cash equivalents:</b>				
<u>Cash flows from operating activities:</u>				
Cash received from customers	\$23,954,344	\$22,813,492	\$3,129,191	\$2,653,132
Cash payments for purchased power	(19,048,322)	(18,824,254)		
Cash payments for plant operation			(893,174)	(744,252)
Cash payments for plant maintenance			(297,857)	(264,555)
Cash payments for distribution operation	(730,272)	(874,009)	(226,472)	(318,222)
Cash payments for distribution maintenance	(1,162,722)	(1,107,053)	(405,446)	(427,643)
Cash payments for customer account collection	(308,493)	(332,688)	(100,336)	(92,843)
Cash payments for administrative and general	(923,132)	(918,442)	(635,781)	(497,256)
Cash payments for quasi-external operating transactions with other funds		(638,193)		
Cash received from other revenues	963,890	618,014	63,596	37,198
Cash payments for other expenses				
Net cash provided by (used for) operating activities	<u>2,745,293</u>	<u>736,867</u>	<u>633,721</u>	<u>345,559</u>
<u>Cash flows from non-capital financing activities:</u>				
Cash received from other local taxes	914,860			
Cash payments for contributions	(797,509)			
Cash received from operating transfers - in	261,170	30,000		
Cash payments for operating transfers - out			(9,668)	(20,000)
Net cash provided by (used for) noncapital financing activities	<u>378,521</u>	<u>30,000</u>	<u>(9,668)</u>	<u>(20,000)</u>
<u>Cash flows from capital and related financing activities:</u>				
Acquisition and construction of fixed assets	(2,221,991)	(801,676)	(541,197)	(535,440)
Proceeds from sale of notes	12,116,500	8,939,000	250,000	350,000
Principal paid on bond anticipation notes	(12,689,000)	(7,694,100)	(350,000)	(450,000)
Interest paid on bond anticipation notes	(472,898)	(304,301)	(16,579)	(17,453)
Principal paid on capital leases			(22,581)	(21,404)
Interest paid on capital leases			(1,242)	(2,419)
Principal paid on OWDA loans				
Interest paid on OWDA loans				
Interest paid on AMP-Ohio Payable	(422,017)			
Principal paid on AMP-Ohio Payable	(274,946)			
Net cash provided by (used for) capital and related financing activities	<u>(3,964,352)</u>	<u>138,923</u>	<u>(681,599)</u>	<u>(676,716)</u>
<u>Cash flows from investing activities:</u>				
Interest	168,362	222,600	154,041	211,343
Net increase (decrease) in cash and cash equivalents	<u>(672,176)</u>	<u>1,128,390</u>	<u>96,495</u>	<u>(139,814)</u>
Cash and cash equivalents at beginning of year	<u>5,028,721</u>	<u>3,900,331</u>	<u>2,987,359</u>	<u>3,127,173</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$4,356,545</u></b>	<b><u>\$5,028,721</u></b>	<b><u>\$3,083,854</u></b>	<b><u>\$2,987,359</u></b>

Sewer		Parking Meter		Off Street Parking		Totals	
2001	2000	2001	2000	2001	2000	2001	2000
\$3,149,232	\$2,874,207	\$95,774	\$140,656			\$30,328,541	\$28,481,487
(665,452)	(596,927)					(19,048,322)	(18,824,254)
(426,143)	(401,376)					(1,558,626)	(1,341,179)
(63,248)	(99,354)					(724,000)	(665,931)
(379,401)	(350,482)					(1,019,992)	(1,291,585)
(99,599)	(46,340)					(1,947,569)	(1,885,178)
(865,529)	(700,432)					(508,428)	(471,871)
						(2,424,442)	(2,116,130)
							(638,193)
259,620	220,629	4,478		\$9,352		1,300,936	875,841
		(94,066)	(92,493)	(15,120)	(\$4,751)	(109,186)	(97,244)
909,480	899,925	6,186	48,163	(5,768)	(4,751)	4,288,912	2,025,763
						914,860	
						(797,509)	
				30,000	30,000	291,170	60,000
(10,198)	(10,000)	(10,000)	(10,000)			(29,866)	(40,000)
(10,198)	(10,000)	(10,000)	(10,000)	30,000	30,000	378,655	20,000
(456,664)	(581,284)					(3,219,852)	(1,918,400)
4,125,000	3,545,000			120,000	140,000	16,611,500	12,974,000
(3,545,000)	(3,545,000)			(140,000)	(160,000)	(16,724,000)	(11,849,100)
(178,964)	(124,691)			(6,632)	(6,205)	(675,073)	(452,650)
(21,362)	(38,720)					(43,943)	(60,124)
(7,892)	(125)					(9,134)	(2,544)
(697,206)	(647,215)					(697,206)	(647,215)
(54,652)	(105,174)					(54,652)	(105,174)
						(422,017)	
						(274,946)	
(836,740)	(1,497,209)			(26,632)	(26,205)	(5,509,323)	(2,061,207)
162,597	127,442					485,000	561,385
225,139	(479,842)	(3,814)	38,163	(2,400)	(956)	(356,756)	545,941
2,518,174	2,998,016	73,199	35,036	12,021	12,977	10,619,474	10,073,533
<b>\$2,743,313</b>	<b>\$2,518,174</b>	<b>\$69,385</b>	<b>\$73,199</b>	<b>\$9,621</b>	<b>\$12,021</b>	<b>\$10,262,718</b>	<b>\$10,619,474</b>

(continued)

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Comparative Statement of Cash Flows  
Enterprise Funds  
For the Years Ended December 31, 2001 and 2000  
(Continued)**

	Electric		Water	
	2001	2000	2001	2000
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$1,656,636	(\$1,094,912)	(\$386,442)	(\$455,775)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	939,417	920,127	960,951	772,939
Changes in assets and liabilities:				
Increase in accounts receivable	(194,279)	(220,775)	(17,011)	(41,187)
(Increase) decrease in due from other funds	(12,406)	129	4,167	(9,286)
(Increase) decrease in materials and supplies inventory	79,869	(120,393)	14,675	48,449
(Increase) decrease in prepaid items	1,981	(4,781)	1,949	(4,983)
Increase (decrease) in accounts payable	102,976	1,314,204	(11,902)	33,722
Increase (decrease) in accrued wages payable	15,570	(4,756)	4,327	1,493
Increase (decrease) in compensated absences payable	140,863	(36,630)	55,963	7,611
Increase (decrease) in retainage payable	63	2,577		
Increase (decrease) in intergovernmental payable	13,941	(18,307)	4,319	(6,395)
Increase (decrease) in due to other funds	662	384	2,725	(1,029)
<b>Net cash provided by (used for) operating activities</b>	<b>\$2,745,293</b>	<b>\$736,867</b>	<b>\$633,721</b>	<b>\$345,559</b>

Sewer		Parking Meter		Off Street Parking		Totals	
2001	2000	2001	2000	2001	2000	2001	2000
(\$1,412,880)	(\$1,106,610)	\$4,910	\$45,251	(\$31,846)	(\$14,512)	(\$169,622)	(\$2,626,558)
1,950,823	1,942,664			26,078	9,761	3,877,269	3,645,491
(3,743)	(30,469)					(215,033)	(292,431)
(12,613)	(7,509)					(20,852)	(16,666)
(15,404)	(522)					79,140	(72,466)
1,757	(5,177)					5,687	(14,941)
317,762	80,987	105	15			408,941	1,428,928
4,883	3,103	72	(303)			24,852	(463)
67,866	11,308	1,190	3,182			265,882	(14,529)
(9,306)	16,882					(9,243)	19,459
8,118	(5,018)	(192)	27			26,186	(29,693)
12,217	286	101	(9)			15,705	(368)
<b>\$909,480</b>	<b>\$899,925</b>	<b>\$6,186</b>	<b>\$48,163</b>	<b>(\$5,768)</b>	<b>(\$4,751)</b>	<b>\$4,288,912</b>	<b>\$2,025,763</b>

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**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2001**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF JUSTICE - OFFICE OF JUSTICE PROGRAMS</b>			
Bulletproof Vest Partnership Program	01-Grant	16.607	\$3,071
Local Law Enforcement Block Grant	99-LB-VX-8896 2000-LB-BX-0124 2001-LB-BX-2220	16.592	8,187 4,856
Total Local Law Enforcement Block Grant			<u>13,043</u>
Total U.S. Department of Justice			<u><b>16,114</b></u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Community Development Block Grants/Entitlement Grant	B-99-MC-39-0025 B-00-MC-39-0025 B-01-MC-39-0025	14.218	362,485 145,937
Revolving Loan	B-01-MC-39-0025	14.218	65,000
			<u>573,422</u>
Section 8 Housing Choice Vouchers	OHO85VO	14.871	479,394
Total U.S. Department of Housing and Urban Development			<u><b>1,052,816</b></u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed through Ohio Department of Transportation:</i>			
Formula Grants for Other Than Urbanized Areas	RPT-4087-016-991 RPT-0087-018-992	20.509	119,487 68,556
Total U.S. Department of Transportation			<u><b>188,043</b></u>
<b>Total</b>			<u><b>\$1,256,973</b></u>

*The accompanying notes are an integral part of this schedule.*

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Notes to the Schedule of Federal Awards Expenditures  
Fiscal Year Ended December 31, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting except for expenditures of assistance for the Section 8 Housing Choice Vouchers program, which is presented on an accrual basis.

**NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). A new program was established in 2001 to assist downtown businesses who had experienced business interruption during the downtown revitalization program. These loans were granted for a maximum amount of \$10,000, for a period of 36 months at an interest rate of 3%. No collateral was required for these working capital loans. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property, business assets to include equipment, inventory, receivables, and personal assets. At December 31, 2001, the gross amount of loans outstanding under this program was \$411,000. Delinquent amounts due are \$7,987.

**NOTE C - DOWNPAYMENT ASSISTANCE (HOME) REVOLVING LOAN PROGRAMS**

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2001, the gross amount of loans outstanding under this program was \$337,685.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of Bowling Green  
Wood County  
304 North Church Street  
Bowling Green, Ohio 43402-2399

To the City Council:

We have audited the financial statements of the City of Bowling Green as of and for the year ended December 31, 2001, and have issued our report thereon dated November 21, 2002. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated November 21, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated November 21, 2002.

City of Bowling Green  
Wood County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, City Council, 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

November 21, 2002



STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Bowling Green  
Wood County  
304 North Church Street  
Bowling Green, Ohio 43402-2399

To the City Council:

**Compliance**

We have audited the compliance of the City of Bowling Green 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 its major federal program for the year ended December 31, 2001. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City'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; 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City'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 on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001.

**Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, City Council, 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

November 21, 2002

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Schedule of Findings  
OMB Circular A -133 §.505  
December 31, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Section 8 Housing Vouchers, CFDA #14.871
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**Schedule of Prior Audit Findings  
OMB Circular A -133 §.315 (b)  
December 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-20187-001	Ohio Revised Code § 5705.41(D), the fiscal officer did not certify the availability of funds prior to expenditure.	No	Partially corrected, the city is continuing to make improvement. This comment was placed in the management letter for this fiscal year.
2001-20187-002	Fixed asset listing had not been updated	Yes	The City completed their fixed asset listing in 2001.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CITY OF BOWLING GREEN**

**WOOD COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 10, 2002**