



Mary Taylor, CPA
Auditor of State

**CITY OF BOWLING GREEN
WOOD COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Wood County, Ohio (the City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Wood County, Ohio, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Playground and Recreation 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 December 18, 2009, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The comparative enterprise fund financial statements listed in the table of contents provides additional information and is not a required part of the basic financial statements. The federal awards expenditure schedule is 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 basic financial statements. We subjected the comparative enterprise fund financial statements and the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 18, 2009

**CITY OF BOWLING GREEN
WOOD COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The discussion and analysis of the City of Bowling Green's financial performance provides an overview of the City's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2008 are as follows:

In total, the City's net assets increased \$4,911,314, or over 3 percent. Governmental activities had a decrease in net assets of almost 4 percent and business-type activities had an increase of 7 percent.

A review of the enterprise funds reflects operating income for the Electric fund and an operating loss for the Water and Sewer funds. All three funds continue to reflect positive net assets at year end.

One important aspect to consider with the Water and Sewer funds is that governmental funds finance a significant portion of water and sewer infrastructure improvements through a portion of the City's income tax. Of the one and one half percent income tax that is divided by ordinance between various funds, the Sewer and Water Improvement fund receives 33.3 percent of the proceeds.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of Bowling Green's financial position.

The statement of net assets and the statement of activities provide information about the activities of the City as a whole, presenting both an aggregate and a longer-term view of the City.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the City's most significant funds individually and the City's non-major funds in a single column. The City's major funds are the General, Playground and Recreation, Sewer and Water Improvement, Electric, Water, and Sewer funds.

REPORTING THE CITY AS A WHOLE

The statement of net assets and the statement of activities reflect how the City did financially during 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

**CITY OF BOWLING GREEN
WOOD COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited
(Continued)

These statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the City as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors can include changes in the City's property tax base and the condition of the City's capital assets (buildings; streets; electric, water, and sewer lines). These factors must be considered when assessing the overall health of the City.

In the statement of net assets and the statement of activities, the City is divided into two types of activities:

Governmental Activities - Most of the City's programs and services are reported here, including security of persons and property (police, fire, and ambulance), public health, leisure time activities, community environment, basic utility services, transportation, and general government (court and other). These services are primarily funded by property and income taxes and from intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The City's electric, water, and sewer services are reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the City's major funds, the General, Playground and Recreation, Sewer and Water Improvement, Electric, Water, and Sewer funds. While the City uses many funds to account for its financial transactions, these are the most significant.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories; governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - The City's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the City's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services being provided.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

**CITY OF BOWLING GREEN
WOOD COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited
(Continued)

Proprietary Funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The City uses enterprise funds to account for electric, water, and sewer operations. Internal service funds are an accounting device used to accumulate and allocate internal costs among the City's other programs and activities. The internal service fund accounts for engineering services that are provided to the other departments of the City or to other governmental units.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the City's programs. These funds also use the accrual basis of accounting.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 presents a summary of the City's net assets for 2008 and 2007.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<u>Assets</u>						
Current and Other Assets	\$27,237,218	\$30,145,833	\$28,368,651	\$24,505,273	\$55,605,869	\$54,651,106
Investment in Joint Venture			11,714,002	12,063,846	11,714,002	12,063,846
Capital Assets, Net	44,749,481	45,173,466	85,062,530	84,179,197	129,812,011	129,352,663
Total Assets	<u>71,986,699</u>	<u>75,319,299</u>	<u>125,145,183</u>	<u>120,748,316</u>	<u>197,131,882</u>	<u>196,067,615</u>
<u>Liabilities</u>						
Current and Other Liabilities	4,636,708	4,508,659	6,247,380	7,216,376	10,884,088	11,725,035
Long-Term Liabilities	22,852,596	24,650,586	16,503,569	17,711,679	39,356,165	42,362,265
Total Liabilities	<u>27,489,304</u>	<u>29,159,245</u>	<u>22,750,949</u>	<u>24,928,055</u>	<u>50,240,253</u>	<u>54,087,300</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	35,491,952	35,200,027	76,701,757	74,488,491	112,193,709	109,688,518
Restricted	14,688,811	16,830,665			14,688,811	16,830,665
Unrestricted (Deficit)	(5,683,368)	(5,870,638)	25,692,477	21,331,770	20,009,109	15,461,132
Total Net Assets	<u>\$44,497,395</u>	<u>\$46,160,054</u>	<u>\$102,394,234</u>	<u>\$95,820,261</u>	<u>\$146,891,629</u>	<u>\$141,980,315</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited
(Continued)

As reflected in the above table, there was an almost 4 percent decrease (\$1,662,659) in overall net assets from the prior year for governmental activities. Although this decrease is not considered significant, there were a couple changes of note. The decrease in current and other assets was primarily due to a decrease in cash and cash equivalents, a combination of cash carryover spending and spending resources for construction/improvement activities. The spending of resources related to construction/improvement activities is also reflected in the decrease in restricted net assets.

Business-type activities reflect an increase in net assets of \$6.6 million (or 7 percent). Note the \$3.8 million increase in current and other assets as well as the corresponding increase in unrestricted net assets. This can be attributed to the Electric Fund which had a \$4.8 million operating income for 2008. Although both operating revenues and operating expenses decreased in the Electric fund from 2007, revenues still exceed expenses.

Table 2 reflects the change in net assets for 2008 and 2007.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,645,237	\$3,163,171	\$43,063,103	\$45,713,681	\$46,708,340	\$48,876,852
Operating Grants, Contributions, and Interest	2,172,292	2,095,700		4,000	2,172,292	2,099,700
Capital Grants, Contributions, and Interest	293,721	731,098	541,281	941,265	835,002	1,672,363
Total Program Revenues	<u>6,111,250</u>	<u>5,989,969</u>	<u>43,604,384</u>	<u>46,658,946</u>	<u>49,715,634</u>	<u>52,648,915</u>
General Revenues						
Property Taxes-General Purposes	1,706,115	1,720,370			1,706,115	1,720,370
Property Taxes-Playground and Recreation	580,128	586,703			580,128	586,703
Municipal Income Taxes	15,318,669	15,628,743			15,318,669	15,628,743
Other Local Taxes	2,013,052	2,126,261			2,013,052	2,126,261
Grants and Entitlements not Restricted to Specific Programs	2,518,081	1,865,923			2,518,081	1,865,923
Franchise Fees	294,780	287,378			294,780	287,378
Interest	631,449	1,036,604	620,145	612,410	1,251,594	1,649,014
Other	267,440	251,941	1,204,077	1,546,989	1,471,517	1,798,930
Total General Revenues	<u>23,329,714</u>	<u>23,503,923</u>	<u>1,824,222</u>	<u>2,159,399</u>	<u>25,153,936</u>	<u>25,663,322</u>
Total Revenues	<u>29,440,964</u>	<u>29,493,892</u>	<u>45,428,606</u>	<u>48,818,345</u>	<u>74,869,570</u>	<u>78,312,237</u>
<u>Program Expenses</u>						
Security of Persons and Property						
Police	5,405,172	5,315,701			5,405,172	5,315,701
Fire/Ambulance	5,796,073	5,520,080			5,796,073	5,520,080
Public Health	82,845	72,936			82,845	72,936
Leisure Time Activities	1,911,118	1,837,455			1,911,118	1,837,455
Community Environment	1,251,101	1,415,441			1,251,101	1,415,441
Basic Utility Services	903,205	980,669			903,205	980,669
Transportation	6,289,365	6,005,149			6,289,365	6,005,149
General Government						
Court	1,958,929	1,781,342			1,958,929	1,781,342
Other	3,453,307	3,938,107			3,453,307	3,938,107
Internal Service Fund External Portion	43,682	43,817			43,682	43,817
Interest and Fiscal Charges	885,935	961,917			885,935	961,917

**CITY OF BOWLING GREEN
WOOD COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited
(Continued)

Table 2
Change in Net Asset
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<u>Program Expenses (continued)</u>						
Electric			\$32,771,358	\$34,666,088	\$32,771,358	\$34,666,088
Water			4,262,047	4,185,320	4,262,047	4,185,320
Sewer			4,944,119	4,622,928	4,944,119	4,622,928
Total Expenses	\$27,980,732	\$27,872,614	41,977,524	43,474,336	69,958,256	71,346,950
Increase in Net Assets Before Transfers	1,460,232	1,621,278	3,451,082	5,344,009	4,911,314	6,965,287
Transfers	(3,122,891)	(575,779)	3,122,891	575,779		
Increase (Decrease) in Net Assets	(1,662,659)	1,045,499	6,573,973	5,919,788	4,911,314	6,965,287
Net Assets Beginning of Year	46,160,054	45,114,555	95,820,261	89,900,473	141,980,315	135,015,028
Net Assets End of Year	\$44,497,395	\$46,160,054	\$102,394,234	\$95,820,261	\$146,891,629	\$141,980,315

For governmental activities, program revenues increased slightly from the prior year (2 percent), there was a general increase in a number of areas for charges for services and capital grants and contributions decreased, the result of a grant received from ODOT in the prior year. General revenues remained very comparable to the prior year with decrease of less than 1 percent; however, there was a sizable increase in unrestricted grants and contributions. In 2009, the City received over \$400,000 in estate taxes. There was also a fairly large decrease in interest revenue, a reflection of economic conditions. By far, the City's largest revenue source is municipal income taxes which provides 66 percent of general revenues and 52 percent of total revenues overall.

The largest governmental activities expenses continue to be related to the police and fire departments, combining for 40 percent of overall expenses.

As expected, program revenues make up a significant portion of the total revenues for business-type activities (96 percent). The decrease in charges for services, of a little over \$2.6 million, is primarily due to a decrease in sales of electric and the effect of the power cost adjustment in the Electric Fund. The decrease in capital grants and contributions was due to a decrease in the capital assets donated by developers and private contractors.

Expenses for business-type activities decreased a little over 3 percent from the prior year and are generally the result of the decrease in the cost of electricity in the Electric Fund.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

**CITY OF BOWLING GREEN
WOOD COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited
(Continued)

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Security of Persons and Property				
Police	\$5,405,172	\$5,315,701	\$5,154,798	\$5,137,819
Fire/Ambulance	5,796,073	5,520,080	5,551,553	5,274,606
Public Health	82,845	72,936	45,768	31,568
Leisure Time Activities	1,911,118	1,837,455	966,613	1,101,701
Community Environment	1,251,101	1,415,441	875,743	891,757
Basic Utility Services	903,205	980,669	851,658	871,134
Transportation	6,289,365	6,005,149	4,063,623	3,605,768
General Government				
Court	1,958,929	1,781,342	324,186	321,402
Other	3,453,307	3,938,107	3,153,089	3,685,670
Internal Service Fund External Portion	43,682	43,817	(3,484)	(697)
Interest and Fiscal Charges	885,935	961,917	885,935	961,917
Total Expenses	<u>\$27,980,732</u>	<u>\$27,872,614</u>	<u>\$21,869,482</u>	<u>\$21,882,645</u>

While overall general revenues provided for 78 percent of the services provided through governmental activities, a review of the table above reflects how some services require this support more than others. For instance, over 95 percent of police, almost 96 percent of fire, over 94 percent of basic utilities, and over 91 percent of general government-other activities must be provided for through general revenues. However, several programs are able to utilize program revenues to help offset the costs of providing the service. The leisure time activities program costs are supported by admission and sports fees, rentals, and concessions charges. The transportation program receives charges for services in the form of permissive motor vehicle license fees and operating grants in the form of State levied motor vehicle and gas taxes.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund, the Playground and Recreation special revenue fund, and the Sewer and Water Improvement capital projects fund. For 2008, the General Fund had a 41 percent decrease in fund balance, due to expenditures and transfers out exceeding revenues for the year.

The Playground and Recreation Fund had a significant improvement in its fund balance. Revenues exceeded expenditures for the year.

Fund balance in the Sewer and Water Improvement Fund decreased 14 percent. This is due to spending resources for capital improvement projects.

**CITY OF BOWLING GREEN
WOOD COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited
(Continued)

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds are the Electric, Water, and Sewer funds. A review of the statement of revenues, expenses, and change in fund net assets reveals an operating income for the Electric Fund, while the Water and Sewer funds had operating losses. When considering the Water and Sewer funds, the one-half percent income tax that contributes to various water and sewer improvements must also be taken into account. During 2008, capital asset contributions from the Sewer and Water Improvement capital projects fund were \$1,189,143 in the Water Fund and \$1,933,748 in the Sewer Fund.

During 2008, the Electric fund realized a little more than 20 percent increase in net assets. Although operating revenues decreased from the prior year (by \$2.5 million) and expenses also decreased (by \$865,000) from 2007, revenues were still greater than expenses, thus allowing for the increase in net assets.

Both the Water and Sewer funds had an insignificant change in net assets, less than 3 percent each.

BUDGETARY HIGHLIGHTS

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is passed by City Council by January 1 of each year. The City has been adopting a permanent appropriations ordinance prior to the start of a new year since 1999.

The City's most significant budgeted fund is the General Fund. For revenues, modifications from the original budget to the final budget and from the final budget to actual revenues were not significant.

For expenditures, modifications from the original budget to the final budget have been minimal as departments keep within their budgets. The change from the final budgeted expenditures to actual expenditures was a little over \$1 million, with no significant changes in any one line item.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2008, was \$35,491,952 and \$76,701,757, respectively (net of accumulated depreciation and related debt). This investment in capital assets includes land; land improvements; buildings; equipment; vehicles; streets; and electric, water, and sewer lines. Additions to governmental capital assets for 2008 consisted primarily of new vehicles and street improvements. Disposals were minimal. The most significant change for business-type activities was the addition of water and sewer lines. For further information regarding the City's capital assets, refer to Note 11 to the basic financial statements.

**CITY OF BOWLING GREEN
WOOD COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2008
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(Continued)

Debt - At December 31, 2008, the City had \$9,466,961 in outstanding general obligation bonds and \$11,748,466 in OWDA loans payable from governmental activities. Business-type activities had \$3,266,000 in bond anticipation notes and \$4,942,508 in general obligation bonds outstanding at year end. In addition, business-type activities, specifically the Electric enterprise fund, owed AMP-Ohio \$10,451,091, as part of the City's agreement as a participant in the Ohio Municipal Electric Generation Agency Joint Ventures 2 and 6, to pay debt issued by AMP-Ohio to acquire capital assets for the joint ventures.

As well as the debt outlined above, the City's long-term obligations also include compensated absences and capital leases. For further information regarding the City's debt, refer to Notes 18, 19, and 20 to the basic financial statements.

CURRENT ISSUES

The City has started preliminary plans for designing and constructing a new hydraulically designed water intake at the current Maumee River location. This project began in 2007 and is extending into 2009. The total project cost is anticipated at \$4.5 million and will be paid from the Water and Sewer Improvement capital projects fund through a combination of cash on hand and a loan from either the Ohio Water Development Authority or the Ohio EPA Water Supply Revolving Loan Account. Additionally, changes to the filtration system and the ultra violet disinfection units at the waste water treatment plant were started in 2008 and are anticipated to be completed in 2009. This \$4 million project will also be financed with an Ohio Water Development Authority loan, cash on hand, and an Ohio Public Works Commission Grant.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those interested in our City's financial well-being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Brian Bushong, Finance Director, 304 North Church Street, Bowling Green, Ohio 43402-2399.

**City of Bowling Green
Statement of Net Assets
December 31, 2008**

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$17,007,086	\$21,472,734	\$38,479,820
Cash and Cash Equivalents in Segregated Accounts	2,531		2,531
Cash and Cash Equivalents with Escrow Agents	9,016		9,016
Cash and Cash Equivalents with Fiscal Agents		1,363,714	1,363,714
Accounts Receivable	529,928	3,818,356	4,348,284
Accrued Interest Receivable	173,133	215,318	388,451
Due from Other Governments	1,846,896	39,736	1,886,632
Municipal Income Taxes Receivable	3,710,583		3,710,583
Other Local Taxes Receivable	50,048	127,766	177,814
Internal Balances	63,969	(63,969)	
Prepaid Items	133,107		133,107
Materials and Supplies Inventory		1,214,766	1,214,766
Property Taxes Receivable	2,406,762		2,406,762
Notes Receivable	618,041		618,041
Special Assessments Receivable	563,647		563,647
Unamortized Bond Issuance Cost	122,471	66,908	189,379
Nondepreciable Capital Assets	3,590,728	4,340,724	7,931,452
Depreciable Capital Assets, Net	41,158,753	80,721,806	121,880,559
Investment in Joint Venture		11,714,002	11,714,002
Total Assets	71,986,699	125,145,183	197,131,882
<u>Liabilities</u>			
Accrued Wages Payable	670,663	262,326	932,989
Accounts Payable	291,560	2,456,817	2,748,377
Contracts Payable	396,504		396,504
Due to Other Governments	887,332	234,138	1,121,470
Accrued Interest Payable	32,392	28,099	60,491
Notes Payable		3,266,000	3,266,000
Deferred Revenue	2,308,972		2,308,972
Retainage Payable	49,285		49,285
Long-Term Liabilities			
Due Within One Year	1,794,042	1,612,850	3,406,892
Due in More Than One Year	21,058,554	14,890,719	35,949,273
Total Liabilities	27,489,304	22,750,949	50,240,253
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	35,491,952	76,701,757	112,193,709
Restricted for			
Debt Service	606,355		606,355
Capital Projects	9,464,621		9,464,621
Street Maintenance and Repair	858,555		858,555
Community Development	828,348		828,348
Police Levy	1,352,264		1,352,264
Fire Levy	803,532		803,532
Other Purposes	775,136		775,136
Unrestricted (Deficit)	(5,683,368)	25,692,477	20,009,109
Total Net Assets	\$44,497,395	\$102,394,234	\$146,891,629

See Accompanying Notes to the Basic Financial Statements

**City of Bowling Green
Statement of Activities
For the Year Ended December 31, 2008**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$5,405,172	\$176,396	\$73,978	
Fire/Ambulance	5,796,073	242,920	1,600	
Public Health	82,845	36,827	250	
Leisure Time Activities	1,911,118	831,012	113,493	
Community Environment	1,251,101	10,640	364,718	
Basic Utility Services	903,205	51,547		
Transportation	6,289,365	676,848	1,282,567	\$266,327
General Government				
Court	1,958,929	1,388,657	235,686	10,400
Other	3,453,307	183,224	100,000	16,994
Internal Service Fund				
External Portion	43,682	47,166		
Interest and Fiscal Charges	885,935			
Total Governmental Activities	27,980,732	3,645,237	2,172,292	293,721
<u>Business-Type Activities</u>				
Electric	32,771,358	36,151,230		
Water	4,262,047	3,415,117		162,911
Sewer	4,944,119	3,496,756		378,370
Total Business-Type Activities	41,977,524	43,063,103		541,281
Total	\$69,958,256	\$46,708,340	\$2,172,292	\$835,002

General Revenues

Property Taxes Levied for General Purposes
Property Taxes Levied for Playground and Recreation
Municipal Income Taxes Levied for General Purposes
Municipal Income Taxes Levied for Playground and Recreation
Municipal Income Taxes Levied for Police and Fire
Municipal Income Taxes Levied for Sewer and Water Improvement
Municipal Income Taxes Levied for Capital Improvements
Other Local Taxes
Grants and Entitlements not Restricted to Specific Programs
Franchise Taxes
Interest
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$5,154,798)		(\$5,154,798)
(5,551,553)		(5,551,553)
(45,768)		(45,768)
(966,613)		(966,613)
(875,743)		(875,743)
(851,658)		(851,658)
(4,063,623)		(4,063,623)
(324,186)		(324,186)
(3,153,089)		(3,153,089)
3,484		3,484
(885,935)		(885,935)
(21,869,482)		(21,869,482)
	\$3,379,872	3,379,872
	(684,019)	(684,019)
	(1,068,993)	(1,068,993)
	1,626,860	1,626,860
(21,869,482)	1,626,860	(20,242,622)
1,706,115		1,706,115
580,128		580,128
5,983,896		5,983,896
398,790		398,790
3,350,881		3,350,881
3,989,573		3,989,573
1,595,529		1,595,529
2,013,052		2,013,052
2,518,081		2,518,081
294,780		294,780
631,449	620,145	1,251,594
267,440	1,204,077	1,471,517
23,329,714	1,824,222	25,153,936
(3,122,891)	3,122,891	
20,206,823	4,947,113	25,153,936
(1,662,659)	6,573,973	4,911,314
46,160,054	95,820,261	141,980,315
<u>\$44,497,395</u>	<u>\$102,394,234</u>	<u>\$146,891,629</u>

**City of Bowling Green
Balance Sheet
Governmental Funds
December 31, 2008**

	General	Playground and Recreation	Sewer and Water Improvement	Other Governmental	Total Governmental Funds
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$1,997,739	\$386,607	\$6,537,190	\$7,849,859	\$16,771,395
Cash and Cash Equivalents in Segregated Accounts				2,531	2,531
Accounts Receivable	528,495	425		800	529,720
Accrued Interest Receivable	173,133				173,133
Due from Other Governments	1,292,657	42,639	13,962	497,338	1,846,596
Municipal Income Taxes Receivable	1,449,355	96,526	966,139	1,198,563	3,710,583
Other Local Taxes Receivable	37,038			13,010	50,048
Interfund Receivable	350,176				350,176
Prepaid Items	125,525	6,608		974	133,107
<u>Restricted Assets</u>					
Equity in Pooled Cash and Cash Equivalents	31,674				31,674
Cash and Cash Equivalents with Escrow Agents			9,016		9,016
Property Taxes Receivable	1,795,099	611,663			2,406,762
Notes Receivable				618,041	618,041
Special Assessments Receivable				563,647	563,647
Total Assets	\$7,780,891	\$1,144,468	\$7,526,307	\$10,744,763	\$27,196,429
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$455,561	\$35,884		\$164,230	\$655,675
Accounts Payable	131,447	11,398	\$54,536	89,845	287,226
Contracts Payable			373,404	23,100	396,504
Due to Other Governments	563,769	50,926		261,504	876,199
Interfund Payable	57,185	235,383	7,064	10,324	309,956
Deferred Revenue	4,150,129	708,075	605,821	1,717,921	7,181,946
Retainage Payable			40,269		40,269
Payable from Restricted Assets					
Retainage Payable			9,016		9,016
Total Liabilities	5,358,091	1,041,666	1,090,110	2,266,924	9,756,791
<u>Fund Balance</u>					
Reserved for Interfund Receivable	173,850				173,850
Reserved for Unclaimed Monies	31,674				31,674
Reserved for Notes Receivable				439,717	439,717
Reserved for Encumbrances	217,652	34,835	2,606,207	825,171	3,683,865
Designated for Compensation Payments				507,175	507,175
Designated for Capital Acquisition				1,140,025	1,140,025
Designated for Roadway Improvements				200,000	200,000
<u>Unreserved Undesignated, Reported in</u>					
General Fund	1,999,624				1,999,624
Special Revenue Funds		67,967		3,073,859	3,141,826
Debt Service Fund				162,061	162,061
Capital Projects Funds			3,829,990	2,129,831	5,959,821
Total Fund Balance	2,422,800	102,802	6,436,197	8,477,839	17,439,638
Total Liabilities and Fund Balance	\$7,780,891	\$1,144,468	\$7,526,307	\$10,744,763	\$27,196,429

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Reconciliation of Total Governmental Fund Balance
to Net Assets of Governmental Activities
December 31, 2008

Total Governmental Fund Balance \$17,439,638

Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental Activities	44,749,481	
Internal Service Fund	(58,707)	
		44,690,774

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	134,094	
Accrued Interest Receivable	164,019	
Due from Other Governments	1,161,074	
Municipal Income Taxes Receivable	2,326,735	
Other Local Taxes Receivable	2,581	
Property Taxes Receivable	128,222	
Special Assessments Receivable	956,249	
		4,872,974

An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities. (16,035)

Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds. 122,471

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued Interest Payable	(32,392)	
General Obligation Bonds Payable	(9,466,961)	
OWDA Loans Payable	(11,748,466)	
Compensated Absences Payable	(1,637,169)	
Compensated Absences Payable-Internal Service Fund	47,009	
		(22,837,979)

An internal service fund is used by management to charge the cost of engineering services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets. 225,552

Net Assets of Governmental Activities \$44,497,395

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Revenues, Expenditures,
and Change in Fund Balance
Governmental Funds
For the Year Ended December 31, 2008

	General	Playground and Recreation	Sewer and Water Improvement	Other Governmental	Total Governmental Funds
Revenues					
Property Taxes	\$1,688,620	\$574,354			\$2,262,974
Municipal Income Taxes	5,960,406	397,227	\$3,973,916	\$4,926,986	15,258,535
Other Local Taxes	2,306,469			169,125	2,475,594
Special Assessments				44,323	44,323
Charges for Services	1,235,370	711,012		315,418	2,261,800
Fees, Licenses, and Permits	28,063		51,457	5,792	85,312
Fines and Forfeitures	626,046			313,692	939,738
Intergovernmental	2,784,546	113,403		1,547,983	4,445,932
Interest	671,020			120,727	791,747
Other	186,145	44,244		161,905	392,294
Total Revenues	15,486,685	1,840,240	4,025,373	7,605,951	28,958,249
Expenditures					
Current:					
Security of Persons and Property					
Police	4,144,984			1,274,421	5,419,405
Fire	2,854,884			2,542,173	5,397,057
Ambulance	121,307			28,163	149,470
Public Health	68,795			8,535	77,330
Leisure Time Activities		1,752,174			1,752,174
Community Environment	849,740			344,143	1,193,883
Basic Utility Services	930,182				930,182
Transportation	2,706,561			2,319,733	5,026,294
General Government					
Court	1,500,535			270,111	1,770,646
Other	2,990,788	16,007	160,218	221,355	3,388,368
Capital Outlay			3,359,533	1,003,499	4,363,032
Debt Service					
Principal Retirement			1,083,080	725,000	1,808,080
Interest and Fiscal Charges			473,276	411,554	884,830
Total Expenditures	16,167,776	1,768,181	5,076,107	9,148,687	32,160,751
Excess of Revenues Over (Under) Expenditures	(681,091)	72,059	(1,050,734)	(1,542,736)	(3,202,502)
Other Financing Sources (Uses)					
Sale of Capital Assets	2,577				2,577
Transfers In				2,248,199	2,248,199
Transfers Out	(1,033,654)	(13,666)	(1,062)	(1,194,158)	(2,242,540)
Total Other Financing Sources (Uses)	(1,031,077)	(13,666)	(1,062)	1,054,041	8,236
Change in Fund Balance	(1,712,168)	58,393	(1,051,796)	(488,695)	(3,194,266)
Fund Balance Beginning of Year	4,134,968	44,409	7,487,993	8,966,534	20,633,904
Fund Balance End of Year	\$2,422,800	\$102,802	\$6,436,197	\$8,477,839	\$17,439,638

See Accompanying Notes to the Basic Financial Statements

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City of Bowling Green
Reconciliation of Statement of Revenues, Expenditures,
and Change in Fund Balance
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2008

Change in Fund Balance - Total Governmental Funds (\$3,194,266)

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.

Capital Outlay	2,361,627	
Capital Contributions	266,327	
Depreciation	(2,967,414)	
Depreciation-Internal Service Fund	<u>1,523</u>	(337,937)

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a loss on disposal of capital assets on the statement of activities.

Sale of Capital Assets	(2,577)	
Loss on Disposal of Capital Assets	<u>(81,948)</u>	(84,525)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Property Taxes	23,269	
Municipal Income Taxes	60,134	
Other Local Taxes	1,363	
Special Assessments	(37,930)	
Charges for Services	15,935	
Fines and Forfeitures	(432)	
Fees, Licenses, and Permits	200	
Intergovernmental	151,108	
Interest	(39,571)	
Other	<u>(4,854)</u>	169,222

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets.

General Obligation Bonds Payable	725,000	
OWDA Loans Payable	<u>1,083,080</u>	1,808,080

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net assets. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities.

Accrued Interest Payable	1,531	
Amortization of Premium	<u>6,454</u>	7,985

Issuance costs are reported as an expenditure when paid in governmental funds but are amortized over the life of the debt on the statement of activities. (9,090)

Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences Payable	(16,544)	
Compensated Absences Payable - Internal Service Fund	<u>(31,629)</u>	(48,173)

(continued)

City of Bowling Green
 Reconciliation of Statement of Revenues, Expenditures,
 and Change in Fund Balance
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2008
 (continued)

The internal service fund used by management to charge the cost of engineering services to individual funds is not reported on the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year.

Allocated to Activities	\$28,220	
Transfers Out - Internal Service Fund	<u>(5,659)</u>	22,561

The internal service fund used by management to charge the cost of engineering services to an external agency is reported on the statement of activities. The change for the external portion is reported for the year.

3,484

Change in Net Assets of Governmental Activities

(\$1,662,659)

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$1,613,186	\$1,613,186	\$1,688,620	\$75,434
Municipal Income Taxes	6,028,012	6,028,012	5,984,947	(43,065)
Other Local Taxes	481,000	2,459,656	2,312,738	(146,918)
Charges for Services	3,080,899	1,130,899	1,213,953	83,054
Fees, Licenses, and Permits	37,110	37,110	28,363	(8,747)
Fines and Forfeitures	525,500	525,500	617,424	91,924
Intergovernmental	2,133,854	2,133,854	2,577,023	443,169
Interest	792,000	792,000	754,387	(37,613)
Other	90,001	90,001	186,354	96,353
Total Revenues	14,781,562	14,810,218	15,363,809	553,591
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	4,298,009	4,232,096	4,147,089	85,007
Fire	2,927,442	2,937,918	2,820,789	117,129
Ambulance	208,706	170,729	146,901	23,828
Public Health	78,895	78,895	68,202	10,693
Community Environment	969,736	969,736	852,705	117,031
Basic Utility Services	986,777	995,090	945,292	49,798
Transportation	2,934,720	3,024,304	2,866,131	158,173
General Government				
Court	1,656,238	1,652,142	1,510,032	142,110
Other	3,924,993	3,645,606	3,242,714	402,892
Other	1,000	2,000	1,330	670
Total Expenditures	17,986,516	17,708,516	16,601,185	1,107,331
Excess of Revenues Under Expenditures	(3,204,954)	(2,898,298)	(1,237,376)	1,660,922
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	5,118	5,118		(5,118)
Sale of Capital Assets			2,577	2,577
Transfers In	57,950	57,950	57,950	
Transfers Out	(1,037,413)	(1,039,010)	(1,033,654)	5,356
Total Other Financing Sources (Uses)	(974,345)	(975,942)	(973,127)	2,815
Change in Fund Balance	(4,179,299)	(3,874,240)	(2,210,503)	1,663,737
Fund Balance Beginning of Year	3,595,566	3,595,566	3,595,566	
Prior Year Encumbrances Appropriated	365,686	365,686	365,686	
Fund Balance (Deficit) End of Year	(\$218,047)	\$87,012	\$1,750,749	\$1,663,737

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Playground and Recreation Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$609,867	\$609,867	\$574,354	(\$35,513)
Municipal Income Taxes	401,466	401,729	398,862	(2,867)
Charges for Services	652,100	652,100	708,335	56,235
Intergovernmental	80,025	80,025	113,403	33,378
Other	90,781	97,234	37,065	(60,169)
Total Revenues	1,834,239	1,840,955	1,832,019	(8,936)
<u>Expenditures</u>				
Current:				
Leisure Time Activities	1,840,920	1,857,420	1,785,905	71,515
General Government				
Other	16,555	16,555	15,925	630
Total Expenditures	1,857,475	1,873,975	1,801,830	72,145
Excess of Revenues Over (Under) Expenditures	(23,236)	(33,020)	30,189	63,209
<u>Other Financing Uses</u>				
Transfers Out	(71,507)	(71,879)	(71,616)	263
Change in Fund Balance	(94,743)	(104,899)	(41,427)	63,472
Fund Balance Beginning of Year	306,794	306,794	306,794	
Prior Year Encumbrances Appropriated	80,147	80,147	80,147	
Fund Balance End of Year	\$292,198	\$282,042	\$345,514	\$63,472

See Accompanying Notes to the Basic Financial Statements

**City of Bowling Green
Statement of Fund Net Assets
Proprietary Funds
December 31, 2008**

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Assets</u>					
<u>Current Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$12,605,637	\$5,179,275	\$3,687,822	\$21,472,734	\$204,017
Cash and Cash Equivalents with Fiscal Agents	1,363,714			1,363,714	
Accounts Receivable	3,224,197	290,129	304,030	3,818,356	208
Accrued Interest Receivable	133,185	60,391	21,742	215,318	
Due from Other Governments	36,120	428	3,188	39,736	300
Other Local Taxes Receivable	127,766			127,766	
Interfund Receivable	8,279	23,285	31,466	63,030	40,219
Prepaid Items	44,633	33,598	35,091	113,322	
Materials and Supplies Inventory	973,048	154,455	87,263	1,214,766	
Total Current Assets	18,516,579	5,741,561	4,170,602	28,428,742	244,744
<u>Non-Current Assets</u>					
Unamortized Bond Issuance Cost	7,449	13,122	46,337	66,908	
Nondepreciable Capital Assets	461,950	1,325,089	2,553,685	4,340,724	
Depreciable Capital Assets, Net	13,942,980	27,104,044	39,674,782	80,721,806	58,707
Investment in Joint Venture	11,714,002			11,714,002	
Total Non-Current Assets	26,126,381	28,442,255	42,274,804	96,843,440	58,707
Total Assets	44,642,960	34,183,816	46,445,406	125,272,182	303,451
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	118,390	70,672	73,264	262,326	14,988
Accounts Payable	2,134,034	215,723	107,060	2,456,817	4,334
Due to Other Governments	113,899	55,175	65,064	234,138	11,133
Interfund Payable	126,270	4,694	12,070	143,034	435
Accrued Interest Payable	12,960	3,342	11,797	28,099	
Notes Payable	3,266,000			3,266,000	
General Obligation Bonds Payable	60,000	50,000	180,000	290,000	
Compensated Absences Payable	135,904	89,607	79,816	305,327	
Capital Leases Payable		50,423	29,507	79,930	
AMP Ohio Payable	937,593			937,593	
Total Current Liabilities	6,905,050	539,636	558,578	8,003,264	30,890
<u>Non-Current Liabilities</u>					
General Obligation Bonds Payable	490,290	919,316	3,242,902	4,652,508	
Compensated Absences Payable	253,763	180,962	150,745	585,470	47,009
Capital Leases Payable		108,457	30,786	139,243	
AMP Ohio Payable	9,513,498			9,513,498	
Total Non-Current Liabilities	10,257,551	1,208,735	3,424,433	14,890,719	47,009
Total Liabilities	17,162,601	1,748,371	3,983,011	22,893,983	77,899
<u>Net Assets</u>					
Invested in Capital Assets, Net of Related Debt	10,596,089	27,314,059	38,791,609	76,701,757	58,707
Unrestricted	16,884,270	5,121,386	3,670,786	25,676,442	166,845
Total Net Assets	\$27,480,359	\$32,435,445	\$42,462,395	102,378,199	\$225,552

Net assets reported for business-type activities on the statement of net assets are different because they include a proportionate share of the balance of the internal service fund.

16,035

Net assets of business-type activities

\$102,394,234

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Revenues, Expenses,
and Change in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2008

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Operating Revenues</u>					
Charges for Services	\$34,419,349	3,423,519	\$3,504,534	\$41,347,402	\$468,755
Other	907,537	53,748	242,792	1,204,077	2,905
Total Operating Revenues	<u>35,326,886</u>	<u>3,477,267</u>	<u>3,747,326</u>	<u>42,551,479</u>	<u>471,660</u>
<u>Operating Expenses</u>					
Purchased Power	24,483,321			24,483,321	
Plant Operation		1,646,878	1,605,887	3,252,765	
Distribution Operation	3,442,433	923,520	903,370	5,269,323	
Administrative and General	1,289,423	662,828	1,016,245	2,968,496	
Information and Technology	166,901	55,539	55,533	277,973	
Depreciation	1,141,419	927,099	1,224,425	3,292,943	1,523
Other					435,297
Total Operating Expenses	<u>30,523,497</u>	<u>4,215,864</u>	<u>4,805,460</u>	<u>39,544,821</u>	<u>436,820</u>
Operating Income (Loss)	<u>4,803,389</u>	<u>(738,597)</u>	<u>(1,058,134)</u>	<u>3,006,658</u>	<u>34,840</u>
<u>Non-Operating Revenues (Expenses)</u>					
Excise Taxes	1,739,948			1,739,948	
Excise Taxes Expense	(1,739,948)			(1,739,948)	
Interest Revenue	341,314	157,454	121,377	620,145	
Interest Expense	(166,371)	(51,915)	(152,008)	(370,294)	
Investment in Joint Venture	(349,844)			(349,844)	
Total Non-Operating Revenues (Expenses)	<u>(174,901)</u>	<u>105,539</u>	<u>(30,631)</u>	<u>(99,993)</u>	
Income (Loss) before Contributions and Transfers	4,628,488	(633,058)	(1,088,765)	2,906,665	34,840
Capital Contributions		1,352,054	2,312,118	3,664,172	
Transfers Out					(5,659)
Change in Net Assets	4,628,488	718,996	1,223,353	6,570,837	29,181
Net Assets Beginning of Year	<u>22,851,871</u>	<u>31,716,449</u>	<u>41,239,042</u>		<u>196,371</u>
Net Assets End of Year	<u>\$27,480,359</u>	<u>\$32,435,445</u>	<u>\$42,462,395</u>		<u>\$225,552</u>

The change in net assets reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net income of the internal service fund.

3,136

Change in net assets of business-type activities

\$6,573,973

See Accompanying Notes to the Basic Financial Statements

**City of Bowling Green
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008**

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
Increases (Decreases) in Cash and Cash Equivalents					
<u>Cash Flows from Operating Activities</u>					
Cash Received from Customers	\$34,512,051	\$3,470,361	\$3,651,047	\$41,633,459	
Cash Received from Transactions with Other Funds					\$468,072
Cash Payments for Purchased Power	(25,681,991)			(25,681,991)	
Cash Payments for Plant Operation		(1,648,981)	(1,621,586)	(3,270,567)	
Cash Payments for Distribution Operation	(3,225,473)	(894,328)	(866,876)	(4,986,677)	
Cash Payments for Administrative and General	(1,338,890)	(676,489)	(992,765)	(3,008,144)	
Cash Payments for Information and Technology	(138,066)	(46,022)	(46,022)	(230,110)	
Cash Received from Other Revenues	1,210,537	54,736	243,888	1,509,161	2,905
Cash Payments for Other Expenses					(464,612)
Net Cash Provided by Operating Activities	<u>5,338,168</u>	<u>259,277</u>	<u>367,686</u>	<u>5,965,131</u>	<u>6,365</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Cash Received from Excise Taxes	1,739,948			1,739,948	
Cash Payments for Excise Tax Distribution	(1,739,948)			(1,739,948)	
Transfers Out					(5,659)
Net Cash Used for Noncapital Financing Activities					<u>(5,659)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Principal Paid on Bond Anticipation Notes	(4,216,000)			(4,216,000)	
Principal Paid on General Obligation Bonds	(60,000)	(50,000)	(170,000)	(280,000)	
Principal Paid on Capital Leases		(48,044)	(52,998)	(101,042)	
Interest Paid on Bond Anticipation Notes	(145,920)			(145,920)	
Interest Paid on General Obligation Bonds	(22,025)	(41,600)	(146,662)	(210,287)	
Interest Paid on Capital Leases		(10,243)	(5,097)	(15,340)	
Proceeds of Bond Anticipation Notes	3,266,000			3,266,000	
Acquisition of Capital Assets	(300,588)	(97,829)	(113,687)	(512,104)	
Net Cash Used for Capital and Related Financing Activities	<u>(1,478,533)</u>	<u>(247,716)</u>	<u>(488,444)</u>	<u>(2,214,693)</u>	
<u>Cash Flows from Investing Activities</u>					
Interest	247,112	119,938	125,182	492,232	
Net Increase in Cash and Cash Equivalents	4,106,747	131,499	4,424	4,242,670	706
Cash and Cash Equivalents Beginning of Year	<u>9,862,604</u>	<u>5,047,776</u>	<u>3,683,398</u>	<u>18,593,778</u>	<u>203,311</u>
Cash and Cash Equivalents End of Year	<u>\$13,969,351</u>	<u>\$5,179,275</u>	<u>\$3,687,822</u>	<u>\$22,836,448</u>	<u>\$204,017</u>

(continued)

City of Bowling Green
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008
(continued)

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>					
Operating Income (Loss)	\$4,803,389	(\$738,597)	(\$1,058,134)	\$3,006,658	\$34,840
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</u>					
Depreciation	1,141,419	927,099	1,224,425	3,292,943	1,523
Changes in Assets and Liabilities:					
Decrease in Accounts Receivable	341,998	50,301	150,828	543,127	9,492
(Increase) Decrease in Due from Other Governments	(34,424)	560	(2,092)	(35,956)	(300)
Decrease in Other Local Taxes Receivable	10,518			10,518	
(Increase) Decrease in Interfund Receivable	88,128	(3,031)	(1,127)	83,970	(9,875)
Decrease in Prepaid Items	4,222	209	5,554	9,985	
(Increase) Decrease in Materials and Supplies Inventory	(54,499)	(47,835)	33,392	(68,942)	
Increase in Accrued Wages Payable	28,183	17,624	12,101	57,908	4,529
Increase (Decrease) in Accounts Payable	(144,701)	28,166	21,660	(94,875)	(2,264)
Increase (Decrease) in Due to Other Governments	13,698	2,014	4,621	20,333	(44)
Increase (Decrease) in Interfund Payable	(11,106)	(3,644)	(21,439)	(36,189)	93
Increase (Decrease) in Compensated Absences Payable	10,682	26,411	(2,103)	34,990	(31,629)
Decrease in AMP-Ohio Payable	(859,339)			(859,339)	
Net Cash Provided by Operating Activities	<u>\$5,338,168</u>	<u>\$259,277</u>	<u>\$367,686</u>	<u>\$5,965,131</u>	<u>\$6,365</u>

Non-Cash Capital Financing Activities:

During 2008, the Water and Sewer enterprise funds received capital assets donated by developers and private contractors, in the amount of \$162,911 and \$378,370, respectively. The Water and Sewer enterprise funds also received capital assets that were constructed in the City's governmental funds, in the amount of \$1,189,143 and \$1,933,748, respectively.

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2008

<u>Assets</u>	
Cash and Cash Equivalents in Segregated Accounts	\$284,565
Special Assessments Receivable	<u>185,269</u>
Total Assets	<u><u>\$469,834</u></u>
 <u>Liabilities</u>	
Undistributed Assets	<u><u>\$469,834</u></u>

See Accompanying Notes to the Basic Financial Statements

CITY OF BOWLING GREEN
WOOD COUNTY

NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - DESCRIPTION OF THE CITY OF BOWLING GREEN AND THE REPORTING ENTITY

A. The City

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.

B. Reporting Entity

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 2008.

The City participates in two insurance pools, three joint ventures, and a jointly governed organization. These organizations are the Buckeye Ohio Risk Management Agency (BORMA), the North Central Ohio Municipal Finance Officers' Association Workers' Compensation Group Rating Plan (Plan), the Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2), the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5), the Ohio Municipal Electric Generation Agency Joint Venture 6 (JV6), and the Bowling Green Central Business Special Improvement District, Inc. (SID). These organizations are presented in Notes 22, 23, and 24 to the basic financial statements.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bowling Green have been prepared in conformity with generally accepted accounted principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City does not apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its business-type activities or to its enterprise funds. Following are the more significant of the City's accounting policies.

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the proprietary fund financial statements. Fiduciary funds are reported by type.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the City are reported in three categories; governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - The General Fund accounts for all financial resources, 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 the general laws of Ohio.

Playground and Recreation Fund - The Playground and Recreation Fund accounts for charges for services, property taxes, and income taxes used to maintain parks and playgrounds and to provide recreation activities for the citizens of the City.

Sewer and Water Improvement Fund - The Sewer and Water Improvement Fund accounts for municipal income taxes and debt proceeds used for various sewer and water improvements.

The other governmental funds of the City account for grants and other resources whose use is restricted for a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, change in net assets, financial position, and cash flows. The City reports two types of proprietary funds, enterprise and internal service:

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Electric Fund - The Electric Fund accounts for the provision of electricity to residential and commercial users within the City.

Water Fund - The Water Fund accounts for the provision of water treatment and distribution to residential and commercial users within the City.

Sewer Fund - The Sewer Fund accounts for the provision of sanitary sewer service to residential and commercial users within the City.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Internal Service Fund - The internal service fund accounts for engineering services that are provided to the other departments of the City or to other governmental units.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City did not have any trust funds in 2008. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for special assessments levied and paid to the Bowling Green Central Business Special Improvement District, Inc., monies collected from a fundraising project for the Bowling Green Central Business Special Improvement District, Inc., and fines and fees collected by the Bowling Green Municipal Court (excluding those due to the City of Bowling Green).

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and change in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of revenues, expenses, and change in fund net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows reflects how the City finances and meets the cash flow needs of its proprietary activities.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; proprietary funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenues 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 after 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 year 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, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, and interest.

Deferred Revenues

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at December 31, 2008, but were levied to finance 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures

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.

E. Budgetary Process

All funds, except agency funds, are required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount City Council may appropriate. The appropriations ordinance is City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by City Council. The legal level of control has been established by City Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by City Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by City Council during the year.

F. Cash and Investments

To improve cash management, cash received by the City is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately within departments of the City are recorded as "Cash and Cash Equivalents in Segregated Accounts".

Cash and cash equivalents that are held separately for the City by escrow agents for payment of retainage to contractors upon project completion are recorded as "Cash and Cash Equivalents with Escrow Agents".

Cash and cash equivalents that are held separately for the City by fiscal agents (AMP-Ohio) are recorded as "Cash and Cash Equivalents with Fiscal Agents".

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During 2008, the City invested in nonnegotiable certificates of deposit and Star Ohio. Nonnegotiable certificates of deposit are reported at cost. 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, 2008.

Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2008 was \$671,020, which includes \$564,824 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Unclaimed monies that have a legal restriction on their use are reported as restricted. Resources set aside in separate escrow accounts whose use is limited to the payment of retainage to contractors are also reported as restricted.

J. Unamortized Bond Issuance Costs/Bond Premiums

Issuance costs and bond premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges and are generally paid from debt proceeds. Bond premiums are presented as an addition to the face amount of bonds payable.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net assets and in the respective funds. Capital assets used by the internal service fund are reported in both the governmental activities column on the government-wide statement of net assets and in the fund.

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The City maintains a capitalization threshold of fifteen thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. The City reports all infrastructure, including that acquired prior to 1980. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	25 years	N/A
Buildings	15-50 years	15-50 years
Equipment	1-20 years	1-20 years
Vehicles	3-10 years	3-10 years
Streets	15-40 years	N/A
Electric, Water, Sewer, and Storm Sewer Lines	N/A	15-50 years

L. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net assets. The only interfund balances which remain on the government-wide statement of net assets are those between governmental and business-type activities. These amounts are reflected as "Internal Balances".

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. 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 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 with more than one year of service.

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 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.

N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds and OWDA loans are recognized as liabilities on the governmental fund financial statements when due.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the City, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for maintenance of state highways, various police department related activities, and cemetery maintenance. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of December 31, 2008, there were no net assets restricted by enabling legislation.

P. Fund Balance Reserves and Designations

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance reserves have been established for interfund receivable, unclaimed monies, notes receivable, and encumbrances.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A designation of fund balance represents a self-imposed limitation on the use of available expendable resources by the City. Fund balance designations represent monies set aside by the City for payroll and/or severance related payments, for capital acquisition, and for roadway improvements.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for electric, water, and sewer services, and charges for engineering services in the internal service fund. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

R. Capital Contributions

Capital contributions arise from contributions from other funds and outside contributions of capital assets.

S. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

T. 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.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

For 2008, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" and Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments".

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 49 establishes accounting and financial reporting requirements for pollution remediation obligations by requiring more timely and complete reporting of the obligations and by requiring all governments to account for pollution remediation obligations in the same manner. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 52 establishes consistent standards for reporting land and other real estate held as investments. It requires endowments to report land and other real estate investments at fair value, to report the changes in fair value as investment income, and to disclose the methods and significant assumptions used to determine fair value. The implementation of this statement did not result in any changes to the financial statements.

NOTE 4 - COMPLIANCE

For the year ended December 31, 2008, the General Fund had appropriations in excess of estimated resources plus available balances for the original budget, in the amount of \$218,047. The Finance Director will monitor budgetary transactions to ensure appropriations are within estimated resources.

For the year ended December 31, 2008, the General Fund had expenditures plus encumbrances in excess of appropriations, in the supplies and materials account in the planning department, in the amount of \$2,690. The Finance Director will monitor expenditures to ensure they are within budgeted appropriations.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and change in fund balance 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 Statements of Revenues, Expenditures, and Change in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - for the General Fund and the Playground and Recreation special revenue 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 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 (budget basis) rather than as a reservation of fund balance (GAAP basis).

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

	General	Playground and Recreation
GAAP Basis	(\$1,712,168)	\$58,393
<u>Increases (Decreases) Due To</u>		
Revenue Accruals:		
Accrued 2007, Received in Cash 2008	1,042,074	37,634
Accrued 2008, Not Yet Received in Cash	(1,244,024)	(43,178)
Expenditure Accruals:		
Accrued 2007, Paid in Cash 2008	(1,384,361)	(100,194)
Accrued 2008, Not Yet Paid in Cash	1,207,962	101,791
Cash Adjustments:		
Unrecorded Activity 2007	96,270	2,906
Unrecorded Activity 2008	(17,196)	(5,583)
Prepaid Items	4,458	264
Transfers In	57,950	
Transfers Out		(57,950)
Encumbrances Outstanding at Year End (Budget Basis)	(261,468)	(35,510)
Budget Basis	<u>(\$2,210,503)</u>	<u>(\$41,427)</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

The City follows State statutes regarding its deposit and investment activity. State statutes classify monies held by the City into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the City Council has identified as not required for use within the current five 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.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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.

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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$20,830,824 of the City's bank balance of \$39,877,541 was exposed to custodial credit risk because it 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.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of December 31, 2008, the City had investments in STAR Ohio, with a fair value of \$606,625, and 54.7 average days to maturity.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Finance Director from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within three years from the date of investment unless they are matched to a specific obligation or debt of the City.

STAR Ohio carries a rating of AAA by Standard and Poor's. The City has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2008, consisted of accounts (billings for user charged services, including unbilled utility services); accrued interest; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; interfund; property taxes; notes; and special assessments. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable, in the amount of \$439,717, will not be received within one year. Special assessments receivable, in the amount of \$519,663, will not be received within one year. At December 31, 2008, the amount of delinquent special assessments was \$4,010.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$79,648
Tangible Personal Property Reimbursement	21,911
State of Ohio	5,040
United States Department of Justice	1,401
Charges for Services	49,816

(continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 7 - RECEIVABLES (continued)

Governmental Activities (continued)	
Major Funds (continued)	
General Fund (continued)	
Fees, Licenses, and Permits	\$200
Fines and Forfeitures	42,607
Local Government	635,016
Usage Tax	35,931
Estate Tax	421,087
Total General Fund	1,292,657
Playground and Recreation	
Homestead and Rollback	27,364
Wood County	6,754
Tangible Personal Property Reimbursement	8,521
Total Playground and Recreation	42,639
Sewer and Water Improvement	
Fees, Licenses, and Permits	13,962
Total Major Funds	1,349,258
Nonmajor Funds	
Street Maintenance and Repair	
Gasoline Tax	312,535
Auto Registration	80,650
Motor Vehicle License Tax	21,078
Total Street Maintenance and Repair	414,263
State Highway	
Gasoline Tax	25,341
Auto Registration	6,539
Total State Highway	31,880
ODOT Transportation	
Ohio Department of Transportation	24,193
Community Development Block Grants	
Department of Housing and Urban Development	4,038
Law Enforcement Trust	
Fees, Licenses, and Permits	100
Law Enforcement Drug	
Fines and Forfeitures	1,025
	(continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 7 - RECEIVABLES (continued)

Governmental Activities (continued)	
Nonmajor Funds (continued)	
Indigent Drivers Alcohol	
Fines and Forfeitures	\$782
Education and Enforcement	
Fines and Forfeitures	251
Interlock and Alcohol Monitoring	
Fines and Forfeitures	255
Municipal Probation Services	
Charges for Services	7,007
Municipal Court Computerization	
Charges for Services	459
Municipal Court Special Projects	
Charges for Services	765
Fines and Forfeitures	12,320
Total Municipal Court Special Projects	13,085
Total Nonmajor Funds	497,338
Total Governmental Activities	<u>\$1,846,596</u>
Business Type Activities	
Major Funds	
Electric	
Charges for Services	\$36,120
Water	
Charges for Services	428
Sewer	
Charges for Services	3,188
Total Business Type Activities	<u>\$39,736</u>
Internal Service Fund	
Charges for Services	<u>\$300</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 8 - 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 and Home Investment Partnership Program. The notes have an annual interest rate of 2.6 to 5.5 percent and are to be repaid over periods ranging from three to twenty years. A summary of the changes in notes receivable during 2008 follows:

	Balance December 31, 2007	New Loans	Repayments	Balance December 31, 2008	Due Within One Year
Special Revenue Fund					
CDBG					
Revolving Loan Program	\$464,699	\$200,448	\$157,067	\$508,080	\$151,933
Home Program	138,047		28,086	109,961	26,391
Downtown Revolving Loan Program	3,013		3,013		
Total Notes Receivable	<u>\$605,759</u>	<u>\$200,448</u>	<u>\$188,166</u>	<u>\$618,041</u>	<u>\$178,324</u>

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.

The City, by ordinance, allocates the 1.5 percent income tax as follows: 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 - 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 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due 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
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 10 - PROPERTY TAXES (continued)

Public utility property tax revenues received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2006, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2008 is 6.25 percent. This will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid 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 real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2008, and for which there was an enforceable legal claim. The entire receivable has been deferred since current taxes were not levied to finance 2008 operations and collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while the remainder has been deferred.

The full tax rate for all City operations for the year ended December 31, 2008, was \$5.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	
Agricultural/Residential	\$298,525,320
Commercial/Industrial	199,619,460
Public Utility Real	12,630
Public Utility Personal	1,454,620
Tangible Personal	7,412,235
Total	<u>\$507,024,265</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 11 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$3,293,179			\$3,293,179
Construction in Progress	81,448	\$216,101		297,549
Total Nondepreciable Capital Assets	<u>3,374,627</u>	<u>216,101</u>		<u>3,590,728</u>
Depreciable Capital Assets				
Land Improvements	2,017,598	24,830		2,042,428
Buildings	18,401,591			18,401,591
Equipment	2,139,169	47,999	(\$16,082)	2,171,086
Vehicles	6,991,539	808,384	(379,297)	7,420,626
Streets	49,293,764	1,530,640		50,824,404
Total Depreciable Capital Assets	<u>78,843,661</u>	<u>2,411,853</u>	<u>(395,379)</u>	<u>80,860,135</u>
Less Accumulated Depreciation for				
Land Improvements	(978,604)	(80,793)		(1,059,397)
Buildings	(5,872,689)	(380,422)		(6,253,111)
Equipment	(1,454,115)	(179,335)	16,082	(1,617,368)
Vehicles	(4,275,885)	(590,574)	294,772	(4,571,687)
Streets	(24,463,529)	(1,736,290)		(26,199,819)
Total Accumulated Depreciation	<u>(37,044,822)</u>	<u>(2,967,414)</u>	<u>310,854</u>	<u>(39,701,382)</u>
Total Depreciable Capital Assets, Net	<u>41,798,839</u>	<u>(555,561)</u>	<u>(84,525)</u>	<u>41,158,753</u>
Governmental Activities Capital Assets, Net	<u>\$45,173,466</u>	<u>(\$339,460)</u>	<u>(\$84,525)</u>	<u>\$44,749,481</u>

During 2008, the City accepted contributions of depreciable capital assets for governmental activities with a fair value of \$266,327.

	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$2,067,507	\$705,155		\$2,772,662
Construction in Progress	224,377	1,343,685		1,568,062
Total Nondepreciable Capital Assets	<u>2,291,884</u>	<u>2,048,840</u>		<u>4,340,724</u>

(continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 11 - CAPITAL ASSETS (continued)

	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
Business-Type Activities (continued):				
Depreciable Capital Assets				
Buildings	\$56,908,639	\$76,217		\$56,984,856
Equipment	2,134,959			2,134,959
Vehicles	5,141,686	202,961	(\$275,753)	5,068,894
Electric, Water, Sewer, and Storm Sewer Lines	86,655,905	1,848,258		88,504,163
Total Depreciable Capital Assets	<u>150,841,189</u>	<u>2,127,436</u>	<u>(275,753)</u>	<u>152,692,872</u>
Less Accumulated Depreciation for				
Buildings	(27,704,478)	(1,089,162)		(28,793,640)
Equipment	(1,992,088)	(70,816)		(2,062,904)
Vehicles	(3,849,995)	(393,454)	275,753	(3,967,696)
Electric, Water, Sewer, and Storm Sewer Lines	(35,407,315)	(1,739,511)		(37,146,826)
Total Accumulated Depreciation	<u>(68,953,876)</u>	<u>(3,292,943)</u>	<u>\$275,753</u>	<u>(71,971,066)</u>
Total Depreciable Capital Assets, Net	<u>81,887,313</u>	<u>(1,165,507)</u>		<u>80,721,806</u>
Business-Type Activities Capital Assets, Net	<u>\$84,179,197</u>	<u>\$883,333</u>		<u>\$85,062,530</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property-Police	\$184,474
Security of Persons and Property-Fire	244,742
Security of Persons and Property-Ambulance	43,183
Public Health	6,320
Leisure Time Activities	179,105
Community Environment	8,254
Transportation	2,053,792
General Government-Court	173,116
General Government-Other	74,428
Total Depreciation Expense - Governmental Activities	<u>\$2,967,414</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 12 - INTERFUND BALANCES

Interfund balances at December 31, 2008, consisted of the following individual fund receivables and payables:

Due to General Fund from:

Playground and Recreation	\$231,800
Electric	118,376
Total General Fund	<u>\$350,176</u>

Due to Electric Fund from:

Other Governmental	\$212
Water	2,732
Sewer	5,335
Total Electric Fund	<u>\$8,279</u>

Due to Water Fund from:

General	\$8,110
Playground and Recreation	3,154
Other Governmental	3,619
Electric	2,019
Sewer	6,383
Total Water Fund	<u>\$23,285</u>

Due to Sewer Fund from:

General	\$16,683
Playground and Recreation	429
Other Governmental	6,141
Electric	5,875
Water	1,903
Internal Service	435
Total Sewer Fund	<u>\$31,466</u>

(continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 12 - INTERFUND BALANCES (continued)

Due to Internal Service Fund from:

General	\$32,392
Sewer and Water Improvement	7,064
Other Governmental	352
Water	59
Sewer	352
Total Internal Service Fund	\$40,219

The balances due to the General, Electric, Water, Sewer, and Internal Service funds resulted from the time lag between dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All of these amounts, except for amounts due to the General Fund from the Playground and Recreation special revenue fund, are expected to be received within one year. The following is a summary of the City's future annual debt service requirements to repay the \$231,800 owed by the Playground and Recreation special revenue fund:

Year Ending December 31,	Principal
2009	\$57,950
2010	57,950
2011	57,950
2012	57,950
Total	\$231,800

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 2008, the City contracted with the Buckeye Ohio Risk Management Agency (BORMA) for property, liability, and crime insurance. The BORMA program is subject to a \$150,000 deductible for any property or liability loss. Coverage provided by BORMA is as follows:

Property	
Building and Contents	\$250,000,000
Flood Annual Aggregate	21,000,000
Earthquake Annual Aggregate	21,000,000
Boiler and Machinery	50,000,000
General Liability	
Per Occurrence	2,000,000
Employee Benefit Liability	2,000,000
	(continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 13 - RISK MANAGEMENT (continued)

Ohio Stop Gap Liability	\$2,000,000
Public Official Liability	2,000,000
Law Enforcement Professional Liability	2,000,000
Automobile Liability	2,000,000
Crime	
Employee Dishonesty and Faithful Performance	500,000
Depositor's Forgery	500,000
Money and Securities	500,000
Excess Liability	
Per Occurrence	8,000,000
Annual Aggregate	8,000,000

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 public entity 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. Upon withdrawal from BORMA, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal from the respective program.

For 2008, the City participated in the North Central Ohio Municipal Finance Officers' Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Plan. Each member pays its workers' compensation premiums to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to members that can meet the Plan's selection criteria. The members apply for participation each year. The firm of CompManagement provides administrative, cost control, and actuarial services to the Plan. Each year, the City pays an enrollment fee to the Plan to cover the costs of administering the program.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 14 - CONTRACTUAL COMMITMENTS

At December 31, 2008, the City had contractual commitments as follows:

Company	Project	Amount Remaining on Contract
Aqua-Aerobic Systems, Inc.	Wastewater Treatment Tertiary Filtration Equipment	\$1,383,880
B Hill'z Excavating	Installation of Bypass Manhole	94,000
Badger	Training	1,081,763
Bi-State	2009 Ford F550	67,697
Brint Electric	WWTP Influent Flow Meter	131,740
Corrpro	Installation of Magnesium Anode	133,620
E S Wagner	Construction Services	245,700
Edward Kelly	Grouting	62,551
G E	Lentronics	92,418
HD Supply	Advanced Metering Infrastructure System	2,967,799
Industrial Power	Replace Administration Building HVAC	21,000
Kirk Brothers	WWTP Influent Flow Meter	736,898
Poggemeyer	Construction Services	612,097
Precision	2009 Precision Custom Pumper	499,992
Quinn Concrete	2008 Sidewalk Program	116,529
Reiss	Design Services	451,787
Smith	Wastewater Treatment Plant Concrete	70,000
Stantec	Survey and Construction	272,658
Utility Truck Equipment	New Vehicle Accessories	90,550
Wesco	Vacuum Circuit Breakers	223,266

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 15 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs, and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll, public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2008 was 14 percent of covered payroll. For 2008, a portion of the City's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 was \$778,763, \$905,178, and \$961,383, respectively; 91 percent has been contributed for 2008 and 100 percent has been contributed for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$20,955 made by the City and \$14,968 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a stand-alone financial report that may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2008, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment health care plan. The City's required contribution for pension obligations for police and firefighters for the year ended December 31, 2008, was \$355,306 and \$608,572, for the year ended December 31, 2007, was \$338,370 and \$588,620, for the year ended December 31, 2006, was \$306,940 and \$535,509. For 2008, 71 percent has been contributed for both police and firefighters. The full amount has been contributed for 2007 and 2006.

NOTE 16 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

To qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The amount of the employer contributions which was allocated to fund postemployment health care was 7 percent for 2008.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

The City's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2008, 2007, and 2006 was \$799,718, \$608,808, and \$477,218, respectively; 91 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment healthcare plan administered by OPF. OPF provides healthcare benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium reimbursement, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OPF provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit, or is a spouse or eligible dependent child of such person.

The Ohio Revised Code permits, but does not require, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a stand-alone financial report that may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - OPF's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OPF Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OPF. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2008, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of section 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters for the year ended December 31, 2008, was \$188,103 and \$238,137, for the year ended December 31, 2007, was \$179,137 and \$230,330, and for the year ended December 31, 2006, was \$202,450 and \$255,397. For 2008, 71 percent has been contributed for both police and firefighters. The full amount has been contributed for 2007 and 2006.

NOTE 17 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. City employees earn vacation at varying rates 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 100 percent of earned unused vacation leave upon termination. 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, at the time of retirement from active service with the City, is paid for 25 percent of their earned unused sick leave, with no maximum payment limit, except for those employees under the Bowling Green Police Command Officers' Association. The employees under the Police Command Officers' Association will be paid for 25 percent of their earned unused sick leave up to 1,500 hours and 50 percent of earned unused sick leave in excess of 1,500 hours.

NOTE 18 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2008, were as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
<u>Business-Type Activities</u>					
<u>General Obligation Bond Anticipation Notes</u>					
Electric					
2007 Electric System Improvements	3.5%	\$1,431,000		\$1,431,000	
2007 Electric System Improvements	3.5	2,785,000		2,785,000	
2008 Electric System Improvements	3.0		\$1,081,000		\$1,081,000
2008 Electric System Improvements	3.0		2,185,000		2,185,000
Total Business-Type Activities		<u>\$4,216,000</u>	<u>\$3,266,000</u>	<u>\$4,216,000</u>	<u>\$3,266,000</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 has issued bond anticipation notes with a maturity of one year or less which will be reissued until paid in full or bonds are issued. The City's bond anticipation notes are supported by the full faith and credit of the City.

The bond anticipation notes in the Electric enterprise fund, in the amount of \$1,081,000 and \$2,185,000, were issued on November 25, 2008, to partially retire notes previously issued to pay the costs of improving the City's electric system by constructing a new substation.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 19 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2004 Various Purpose Improvement (Original Issue - \$11,745,000)	3.00%	\$9,625,000		\$665,000	\$8,960,000	\$670,000
Premium		93,415		6,454	86,961	
2006 Park and Recreation (Original Issue - \$480,000)	4.42	480,000		60,000	420,000	60,000
Total General Obligation Bonds		10,198,415		731,454	9,466,961	730,000
Ohio Water Development Authority Loans						
1988 Dunbridge Road Water (Original Issue - \$883,788)	8.31	79,200		79,200		
1994 Second Water Transmission Main (Original Issue - \$3,644,348)	5.77	2,765,353		166,141	2,599,212	87,863
1999 Granular Activated Carbon System (Original Issue - \$2,880,752)	5.50	1,961,142		236,683	1,724,459	123,245
2002 Clearwell and High Service Pump (Original Issue - \$3,942,361)	3.95	2,991,662		234,969	2,756,693	120,977
2004 Wastewater Treatment Plant and Solids Handling Improvements	1.76	5,034,189		366,087	4,668,102	
Total Ohio Water Development Authority Loans		12,831,546		1,083,080	11,748,466	332,085
Other Long-Term Obligations						
Compensated Absences Payable		1,620,625	\$56,750	40,206	1,637,169	731,957
Total Governmental Activities		\$24,650,586	\$56,750	\$1,854,740	\$22,852,596	\$1,794,042
	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<u>Business-Type Activities</u>						
General Obligation Bonds						
2004 Various Purpose Improvement (Original Issue - \$6,215,000)	3.00%	\$5,175,000		\$280,000	\$4,895,000	\$290,000
Premium		50,227		2,719	47,508	
Total General Obligation Bonds		5,225,227		282,719	4,942,508	290,000

(continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<u>Business-Type Activities</u> (continued)						
Other Long-Term Obligations						
Compensated Absences Payable		\$855,807	\$73,178	\$38,188	\$890,797	\$305,327
Capital Leases Payable		320,215		101,042	219,173	79,930
AMP Ohio Payable - JV 2		6,903,796		387,298	6,516,498	406,482
AMP Ohio Payable - JV 6		4,406,634		472,041	3,934,593	531,111
Total Other Long-Term Obligations		<u>12,486,452</u>	<u>73,178</u>	<u>998,569</u>	<u>11,561,061</u>	<u>1,322,850</u>
Total Business-Type Activities		<u>\$17,711,679</u>	<u>\$73,178</u>	<u>\$1,281,288</u>	<u>\$16,503,569</u>	<u>\$1,612,850</u>

2004 Various Purpose Improvement General Obligation Bonds - On May 6, 2004, the City issued \$17,960,000 in unvoted general obligation bonds to retire notes originally issued to finance the following: a new Municipal Court (\$3,510,000), the West Side Fire Station (\$610,000), portions of the Central Business District (\$2,270,000), the Community Center (\$3,950,000), East Wooster Street Improvements (\$1,405,000), the Electric System (\$835,000), the Water System Improvement (\$1,150,000), the Wastewater Treatment Plant (\$1,385,000), and the Sanitary Sewerage System (\$2,845,000). The bonds were issued for a twenty-four year period with maturity beginning December 1, 2004. The interest rate of the bonds range from 3 to 5 percent over the life of the bonds. The bonds will be paid from the Debt Service Fund, and the Electric, Water, and Sewer enterprise funds.

The bonds maturing on or after December 1, 2014, are subject to optional redemption on or after December 1, 2013, by and at the sole option of the City, either in whole or in part (as selected by the City) on any date and in integral multiples of \$5,000, at par, plus accrued interest to the redemption date.

The bonds maturing on December 1, 2018, are subject to mandatory sinking fund redemption, in part by lot, on December 1, 2017, in the amount of \$805,000 (with the balance of \$815,000 to be paid at stated maturity on December 1, 2018) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

The bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption, in part by lot, on December 1, 2019, in the amount of \$745,000 (with the balance of \$785,000 to be paid at stated maturity on December 1, 2020) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

The bonds maturing on December 1, 2023, are subject to mandatory sinking fund redemption, in part by lot, on December 1, 2022, in the amount of \$790,000 (with the balance of \$825,000 to be paid at stated maturity on December 1, 2023) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

The bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption, in part by lot, on December 1, 2024, and December 1, 2025, in the amount of \$210,000 and \$220,000, respectively, (with the balance of \$230,000 to be paid at stated maturity on December 1, 2026) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

The bonds maturing on December 1, 2028, are subject to mandatory sinking fund redemption, in part by lot, on December 1, 2027, in the amount of \$240,000 (with the balance of \$250,000 to be paid at stated maturity on December 1, 2028) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

2006 Park and Recreation General Obligation Bonds - On November 8, 2006, the City issued \$480,000 in unvoted general obligation bonds to retire notes previously issued to purchase real property for park and recreation purposes. The bonds were issued for an eight year period with maturity beginning December 1, 2008. The bonds will be paid from the Greenspace Acquisition capital projects fund.

OWDA Loans Payable - 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. Annual principal and interest payments on the loans are expected to require less than 100 percent of these revenues. The total principal and interest remaining to be paid on the loans is \$13,631,833. Principal and interest paid in the Sewer and Water Capital Improvement capital projects fund for the current year were \$1,083,080 and \$473,276, respectively. Total revenue for the Sewer and Water Capital Improvement capital projects fund was \$4,025,373.

Compensated Absences - The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, the Playground and Recreation, Street Maintenance and Repair, ODOT Transportation, Parking, Police Levy, Fire Levy, and Municipal Probation Services special revenue funds, the Electric, Water, and Sewer enterprise funds, and the Engineering internal service fund.

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

AMP Ohio Payable JV2 - The City is a participant, with thirty-six other subdivisions within the State of Ohio, in the 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 capital 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.

AMP Ohio Payable JV6 - The City is a participant, with ten other subdivisions within the State of Ohio, in the Ohio Municipal Electric Generation Agency Joint Venture 6 (JV6), a joint venture to provide low-polluting capacity electricity to the participants. During 2004, AMP-Ohio issued bonds, in the amount of \$9,861,000, to acquire capital assets for JV6. Under a financing agreement between the participants of JV6 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.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

The AMP-Ohio loans for JV2 and JV6 will be paid solely from the net revenues of the electric system, subject only to the prior payment of operation and maintenance expenses. Annual principal and interest payments on the bonds are expected to require less than 100 percent of these net revenues. The City is required to maintain a debt coverage ratio equal to 110 percent of the sum of JV2 and JV6 debt service and any other outstanding electric system revenue obligations. The remaining principal and interest to be paid on the loans is \$8,776,119 payable through 2020 for JV2 and \$4,380,282 payable through 2016 for JV6. Principal and interest paid for the current year were \$678,948 for JV2 and \$577,465 for JV6. Total net revenues for the Electric enterprise fund were \$5,944,808.

The City's legal debt margin was \$44,019,609 at December 31, 2008.

The Waste Water Treatment Plant and Solids Handling Improvements project funded by an OWDA loan has not been completed. An amortization schedule for the repayment of this loan will not be available until the project is completed and, therefore, is not included in the following schedule.

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2008, were as follows:

Year	General Obligation Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2009	\$730,000	\$388,952	\$332,085	\$176,854
2010	740,000	366,200	686,716	331,163
2011	650,000	341,448	721,402	296,477
2012	660,000	318,145	757,886	259,993
2013	665,000	292,993	796,261	221,619
2014 to 2018	2,570,000	1,118,991	3,332,582	562,142
2019 to 2023	2,215,000	589,039	453,432	35,119
2024 to 2028	1,150,000	174,149		
Total	\$9,380,000	\$3,589,917	\$7,080,364	\$1,883,367

**CITY OF BOWLING GREEN
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**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008, from the enterprise funds were as follows:

Year	General Obligation Bonds		AMP Ohio Payable	
	Principal	Interest	Principal	Interest
2009	\$290,000	\$201,888	\$937,593	\$371,255
2010	295,000	193,188	938,556	370,064
2011	305,000	183,600	943,850	365,210
2012	310,000	172,926	959,596	349,619
2013	325,000	161,301	1,003,911	305,126
2014 to 2018	1,635,000	604,224	4,302,903	846,065
2019 to 2023	1,735,000	249,096	1,364,682	97,971
Total	\$4,895,000	\$1,766,223	\$10,451,091	\$2,705,310

The City has issued industrial revenue bonds, multi-family housing revenue bonds, and Ohio Water Development Authority loans which are summarized in the following table:

	Date of Issue	Amount of Issue	Balance December 31, 2008
Industrial Revenue Bonds			
Lamson and Session Company	6/28/1995	\$2,780,000	\$200,000
Multi-Family Housing Revenue Bonds			
Bowling Green Village Series 2001 A	6/1/2001	3,320,000	3,060,000
Bowling Green Village Series 2001 B	6/1/2001	500,000	495,000
Ohio Water Development Authority Loan			
Hiram College	4/29/04	611,872	611,872

The City is not obligated in any way to pay debt and related charges on industrial revenue bonds, multi-family housing revenue bonds, and Ohio Water Development Authority Loan - Hiram College 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 debt or the related financing documents.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 20 - CAPITAL LEASES - LESSEE DISCLOSURE

The City has entered into capitalized leases for vehicles. 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. Principal payments in 2008 were \$101,042.

	Business-Type Activities
Vehicles	\$602,049
Less Accumulated Depreciation	(495,965)
Carrying Value, December 31, 2008	\$106,084

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, 2008.

Year	Business-Type Activities	
	Principal	Interest
2009	\$79,930	\$10,477
2010	83,705	6,702
2011	55,538	2,749
Total	\$219,173	\$19,928

NOTE 21 - INTERFUND TRANSFERS

During 2008, the General Fund, the Playground and Recreation special revenue fund, and the Sewer and Water Improvement capital projects fund made transfers to other governmental funds, in the amount of \$1,033,654, \$13,666, and \$1,062, respectively, to subsidize activities in other funds and to fund reserve accounts. Other governmental funds made transfers to other governmental funds, in the amount of \$50,000, for transit operations, in the amount of \$562,775, as debt payments came due, and in the amount of \$581,383, to fund reserve accounts. The Engineering internal service fund made transfers to other governmental funds, in the amount of \$5,659, to fund reserve accounts.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 22 - INSURANCE POOLS

A. Buckeye Ohio Risk Management Agency (BORMA)

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 did not have any outstanding debt obligations as of December 31, 2008. Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., 1500 West Third Street, Suite 405, Cleveland, Ohio 44113.

B. North Central Ohio Municipal Finance Officers' Association Workers' Compensation Group Rating Plan

The City participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The North Central Ohio Municipal Finance Officers' Association Workers' Compensation Group Rating Plan was established through the North Central Ohio Municipal Finance Officers' Association (NCOMFOA) as an insurance purchasing pool. Each year, the participating members pay an enrollment fee to the NCOMFOA to cover the costs of administering the program.

NOTE 23 - JOINT VENTURES

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

The City is a participant, with thirty-five 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 (JV2). The City is both a financing participant and an owner participant with percentages of liability and ownership of 18.27 percent and 14.32 percent, respectively. Owner participants own undivided interests, as tenants in common, in JV2 in the amount of their respective project shares. Purchaser participants agree to purchase the output associated with their respective project shares, ownership of which is held in trust for such purchaser participants.

In accordance with the JV2 Agreement (Agreement), the participants jointly undertook (as either financing participants or non-financing participants and as either owner participants or purchaser participants) the acquisition, construction, and equipping of JV2, including such portions of JV2 as have been acquired, constructed, or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the Agreement.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 23 - JOINT VENTURES (continued)

Pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of operation and maintenance expenses of each participant's system, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes, or other indebtedness payable from any revenues of the system. Under the terms of the Agreement, each financing participant is to fix, charge, and collect rates, fees, and charges at least sufficient enough to maintain a debt coverage ratio equal to 110 percent of the sum of JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2008, the City had met its debt coverage obligation.

JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The project consists of 138.65 MW of distributed generation (of which 134.081 MW is the participant's entitlement and 4.569 MW are held in reserve). Upon dissolution of JV2, the net assets will be shared by the participants on a percentage of ownership basis. JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of twenty year fixed rate bonds on behalf of the financing participants of JV2. The net proceeds of the bond issue, in the amount of \$45,904,712, were contributed to JV2. The City's net obligation for these bonds at December 31, 2008, was \$6,516,498 (including previous billings to members, interest payable, and debt service paid and collected).

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 net investment in JV2 was \$5,284,418 at December 31, 2008. Complete financial statements for JV2 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.auditor.state.oh.us.

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

The City is a participant, with forty-one 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 (JV5). The City is a financing participant with an ownership percentage of 15.73 percent. Financing participants own undivided interests, as tenants in common, without right of partition in JV5.

In accordance with the JV5 Agreement (Agreement), the participants jointly undertook, as financing participants, the acquisition, construction, and equipping of JV5, including such portions of JV5 as have been acquired, constructed, or equipped by AMP-Ohio.

Pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of operation and maintenance expenses of each participant's system, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes, or other indebtedness payable from any revenues of the system. Under the terms of the Agreement, each participant is to fix, charge, and collect rates, fees, and charges at least sufficient enough to maintain a debt coverage ratio equal to 110 percent of the sum of JV5 debt service and any other outstanding senior lien electric system revenue obligations. Upon dissolution of JV5, the net assets will be shared by the participants on a percentage of ownership basis. As of December 31, 2008, the City had met its debt coverage obligation.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 23 - JOINT VENTURES (continued)

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, JV5 may take certain actions, including the termination of a defaulting participant's entitlement to power. Each participant may purchase a pro rata share of the defaulting participant's entitlement to power, which together with the share of the other non-defaulting participants, is equal to the defaulting participant's ownership share of the project in kilowatts ("Step Up Power"), provided that the sum of any such increases shall not exceed, without consent of the non-defaulting participants, an accumulated maximum kilowatts equal to 25 percent of such non-defaulting participant's ownership share of the project prior to any such increases.

JV5 was created to construct a 42 MW run-of-the-river hydroelectric plant (including 40 MW of backup generation) and associated transmission facilities and sells electricity from its operations to JV5 participants.

JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001, AMP-Ohio issued \$153,415,000 and \$13,899,981, respectively, of thirty year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the financing participants of JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds were used to construct the JV5 project. On February 17, 2004, the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates, in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from 2005 through 2024.

The City's net investment and its share of operating results of JV5 are reported in the City's Electric enterprise fund. The City's net investment in JV5 was \$1,409,238 at December 31, 2008. Complete financial statements for JV5 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.auditor.state.oh.us.

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (JV6)

The City is a participant, with ten other subdivisions within the State of Ohio, in a joint venture to provide low-polluting capacity electricity to the participants, the Ohio Municipal Electric Generation Agency Joint Venture (JV6). The City is a financing participant with a percentage of ownership of 56.94 percent. Financing participants own undivided interests, as tenants in common, in JV6 in the amount of their respective project shares.

In accordance with the JV6 Agreement (Agreement), the participants jointly undertook (as either financing participants or non-financing participants) the acquisition, construction, and equipping of JV6, including such portions of JV6 as have been acquired, constructed, or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of operation and maintenance expenses of each participant's system, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes, or other indebtedness payable from any revenues of the system. Under the terms of the Agreement, each financing participant is to fix, charge, and collect rates, fees, and charges at least sufficient enough to maintain a debt coverage ratio equal to 110 percent of the sum of JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2008, the City had met their debt coverage obligation.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 23 - JOINT VENTURES (continued)

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, JV6 may take certain actions, including the termination of a defaulting participant's entitlement to power. Each participant may purchase a pro rata share of the defaulting participant's entitlement to power, which together with the share of the other non-defaulting participants, is equal to the defaulting participant's ownership share of the project in kilowatts ("Step Up Power"), provided that the sum of any such increases shall not exceed, without consent of the non-defaulting participants, an accumulated maximum kilowatts equal to 25 percent of such non-defaulting participant's ownership share of the project prior to any such increases.

JV6 was created to provide for low-polluting capacity electricity through wind energy. The project consists of four wind turbines with a nominal capacity of 1.8 MW and related facilities. Upon dissolution of JV6, the net assets will be shared by the participants on a percentage of ownership basis. JV6 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2004, AMP-Ohio issued \$9,861,000 of fifteen year adjustable rate bonds on behalf of the financing participants of JV6. The proceeds of the bond issue were contributed to JV6. The City's net obligation for these bonds at December 31, 2008, was \$3,934,593.

The City's net investment and its share of the operating results of JV6 are reported in the City's Electric enterprise fund. The City's net investment in JV6 was \$5,020,346 at December 31, 2008. Complete financial statements for JV6 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.auditor.state.oh.us.

NOTE 24 - JOINTLY GOVERNED ORGANIZATION

The City participates in the Bowling Green Central Business Special Improvement District, Inc. (SID), a 501(c)(3) not-for-profit corporation established under Chapter 1710 of the Ohio Revised Code. The SID was created to encourage and participate in programs which maintain, improve, and expand the central business district as a viable business, cultural, and recreational community, to provide programming which will preserve the economic well-being and employment opportunities in the central business district, and to encourage and participate in programs to preserve the aesthetic, architectural, and historic character of the central business district.

The SID is governed by an eight member board of trustees consisting of the Chief Executive of the City of Bowling Green and seven members representing businesses within the SID. Financial information can be obtained from the Bowling Green Central Business Special Improvement District, 121 East Wooster Street, Bowling Green, Ohio 43402.

NOTE 25 - CONTINGENT LIABILITIES

There are currently no matters in litigation with the City as defendant.

For the period January 1, 2008, to December 31, 2008, the City received state and federal 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 BASIC FINAICAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 26 - SUBSEQUENT EVENTS

In 2009, the City obtained two new OWDA loans. The loans are for an Intake and Pump Station (amount authorized \$4,109,948) and Waste Water Treatment Plant Tertiary Filtration (amount authorized \$2,826,579) and have an interest rate of 3.52 percent and 4.14 percent, respectively. The actual final amount of these loans cannot be determined until construction is completed.

On March 25, 2009, the City issued bond anticipation notes, in the amount of \$800,000, for street improvements. The notes have an interest rate of 2.75 percent and mature on March 25, 2010.

City of Bowling Green
Comparative Statement of Fund Net Assets
Enterprise Funds
December 31, 2008, and 2007

	Electric		Water	
	2008	2007	2008	2007
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$12,605,637	\$8,531,217	\$5,179,275	\$5,047,776
Cash and Cash Equivalents with Fiscal Agents	1,363,714	1,331,387		
Accounts Receivable	3,224,197	3,566,195	290,129	340,430
Accrued Interest Receivable	133,185	38,983	60,391	22,875
Due from Other Governments	36,120	1,696	428	988
Other Local Taxes Receivable	127,766	138,284		
Interfund Receivable	8,279	96,407	23,285	20,254
Prepaid Items	44,633	48,855	33,598	33,807
Materials and Supplies Inventory	973,048	918,549	154,455	106,620
Total Current Assets	18,516,579	14,671,573	5,741,561	5,572,750
<u>Non-Current Assets</u>				
Unamortized Bond Issuance Cost	7,449	8,270	13,122	13,805
Nondepreciable Capital Assets	461,950	451,543	1,325,089	502,253
Depreciable Capital Assets, Net	13,942,980	14,794,218	27,104,044	27,404,096
Investment in Joint Venture	11,714,002	12,063,846		
Total Non-Current Assets	26,126,381	27,317,877	28,442,255	27,920,154
Total Assets	44,642,960	41,989,450	34,183,816	33,492,904
<u>Current Liabilities</u>				
Accrued Wages Payable	118,390	90,207	70,672	53,048
Accounts Payable	2,134,034	2,278,735	215,723	187,557
Due to Other Governments	113,899	100,201	55,175	53,161
Interfund Payable	126,270	137,376	4,694	8,338
Accrued Interest Payable	12,960	14,772	3,342	3,467
Notes Payable	3,266,000	4,216,000		
General Obligation Bonds Payable	60,000	60,000	50,000	50,000
Compensated Absences Payable	135,904	117,624	89,607	63,640
Capital Leases Payable			50,423	48,044
AMP Ohio Payable	937,593	915,528		
Total Current Liabilities	6,905,050	7,930,443	539,636	467,255
<u>Non-Current Liabilities</u>				
General Obligation Bonds Payable	490,290	550,873	919,316	969,802
Compensated Absences Payable	253,763	261,361	180,962	180,518
Capital Leases Payable			108,457	158,880
AMP Ohio Payable	9,513,498	10,394,902		
Total Non-Current Liabilities	10,257,551	11,207,136	1,208,735	1,309,200
Total Liabilities	17,162,601	19,137,579	1,748,371	1,776,455
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	10,596,089	10,427,158	27,314,059	26,693,428
Unrestricted	16,884,270	12,424,713	5,121,386	5,023,021
Total Net Assets	\$27,480,359	\$22,851,871	\$32,435,445	\$31,716,449

Sewer		Totals	
2008	2007	2008	2007
\$3,687,822	\$3,683,398	\$21,472,734	\$17,262,391
		1,363,714	1,331,387
304,030	454,858	3,818,356	4,361,483
21,742	25,547	215,318	87,405
3,188	1,096	39,736	3,780
		127,766	138,284
31,466	30,339	63,030	147,000
35,091	40,645	113,322	123,307
87,263	120,655	1,214,766	1,145,824
<u>4,170,602</u>	<u>4,356,538</u>	<u>28,428,742</u>	<u>24,600,861</u>
46,337	48,661	66,908	70,736
2,553,685	1,338,088	4,340,724	2,291,884
39,674,782	39,688,999	80,721,806	81,887,313
		11,714,002	12,063,846
<u>42,274,804</u>	<u>41,075,748</u>	<u>96,843,440</u>	<u>96,313,779</u>
<u>46,445,406</u>	<u>45,432,286</u>	<u>125,272,182</u>	<u>120,914,640</u>
73,264	61,163	262,326	204,418
107,060	85,400	2,456,817	2,551,692
65,064	60,443	234,138	213,805
12,070	33,509	143,034	179,223
11,797	12,222	28,099	30,461
		3,266,000	4,216,000
180,000	170,000	290,000	280,000
79,816	91,244	305,327	272,508
29,507	52,998	79,930	101,042
		937,593	915,528
<u>558,578</u>	<u>566,979</u>	<u>8,003,264</u>	<u>8,964,677</u>
3,242,902	3,424,552	4,652,508	4,945,227
150,745	141,420	585,470	583,299
30,786	60,293	139,243	219,173
		9,513,498	10,394,902
<u>3,424,433</u>	<u>3,626,265</u>	<u>14,890,719</u>	<u>16,142,601</u>
<u>3,983,011</u>	<u>4,193,244</u>	<u>22,893,983</u>	<u>25,107,278</u>
38,791,609	37,367,905	76,701,757	74,488,491
3,670,786	3,871,137	25,676,442	21,318,871
<u>\$42,462,395</u>	<u>\$41,239,042</u>	<u>\$102,378,199</u>	<u>\$95,807,362</u>

City of Bowling Green
Comparative Statement of Revenues, Expenses, and Change in Fund Net Assets
Enterprise Funds
For the Years Ended December 31, 2008, and 2007

	Electric		Water	
	2008	2007	2008	2007
<u>Operating Revenues</u>				
Charges for Services	\$34,419,349	\$36,368,783	\$3,423,519	\$3,603,776
Other	907,537	1,515,850	53,748	58,470
Total Operating Revenues	<u>35,326,886</u>	<u>37,884,633</u>	<u>3,477,267</u>	<u>3,662,246</u>
<u>Operating Expenses</u>				
Purchased Power	24,483,321	26,294,006		
Plant Operation			1,646,878	1,675,429
Distribution Operation	3,442,433	2,544,285	923,520	939,029
Customer Account Collection		412,018		136,731
Administrative and General	1,289,423	872,095	662,828	446,137
Information and Technology	166,901	124,222	55,539	41,380
Depreciation	1,141,419	1,141,999	927,099	911,019
Total Operating Expenses	<u>30,523,497</u>	<u>31,388,625</u>	<u>4,215,864</u>	<u>4,149,725</u>
Operating Income (Loss)	<u>4,803,389</u>	<u>6,496,008</u>	<u>(738,597)</u>	<u>(487,479)</u>
<u>Non-Operating Revenues (Expenses)</u>				
Grants		4,000		
Excise Taxes	1,739,948	1,784,399		
Excise Taxes Expense	(1,739,948)	(1,784,399)		
Interest Revenue	341,314	220,142	157,454	227,620
Interest Expense	(166,371)	(860,612)	(51,915)	(44,152)
Investment in Joint Venture	(349,844)	(639,901)		
Total Non-Operating Revenues (Expenses)	<u>(174,901)</u>	<u>(1,276,371)</u>	<u>105,539</u>	<u>183,468</u>
Income (Loss) Before Contributions	4,628,488	5,219,637	(633,058)	(304,011)
Capital Contributions			1,352,054	251,591
Change in Net Assets	4,628,488	5,219,637	718,996	(52,420)
Net Assets Beginning of Year	<u>22,851,871</u>	<u>17,632,234</u>	<u>31,716,449</u>	<u>31,768,869</u>
Net Assets End of Year	<u>\$27,480,359</u>	<u>\$22,851,871</u>	<u>\$32,435,445</u>	<u>\$31,716,449</u>

Sewer		Totals	
2008	2007	2008	2007
\$3,504,534	\$3,723,372	\$41,347,402	\$43,695,931
242,792	254,900	1,204,077	1,829,220
<u>3,747,326</u>	<u>3,978,272</u>	<u>42,551,479</u>	<u>45,525,151</u>
		24,483,321	26,294,006
1,605,887	1,601,715	3,252,765	3,277,144
903,370	712,008	5,269,323	4,195,322
	137,281		686,030
1,016,245	799,506	2,968,496	2,117,738
55,533	41,379	277,973	206,981
<u>1,224,425</u>	<u>1,201,610</u>	<u>3,292,943</u>	<u>3,254,628</u>
<u>4,805,460</u>	<u>4,493,499</u>	<u>39,544,821</u>	<u>40,031,849</u>
<u>(1,058,134)</u>	<u>(515,227)</u>	<u>3,006,658</u>	<u>5,493,302</u>
			4,000
		1,739,948	1,784,399
		(1,739,948)	(1,784,399)
121,377	164,648	620,145	612,410
(152,008)	(162,930)	(370,294)	(1,067,694)
		<u>(349,844)</u>	<u>(639,901)</u>
<u>(30,631)</u>	<u>1,718</u>	<u>(99,993)</u>	<u>(1,091,185)</u>
<u>(1,088,765)</u>	<u>(513,509)</u>	<u>2,906,665</u>	<u>4,402,117</u>
<u>2,312,118</u>	<u>1,265,453</u>	<u>3,664,172</u>	<u>1,517,044</u>
<u>1,223,353</u>	<u>751,944</u>	<u>6,570,837</u>	<u>5,919,161</u>
<u>41,239,042</u>	<u>40,487,098</u>	<u>95,807,362</u>	<u>89,888,201</u>
<u>\$42,462,395</u>	<u>\$41,239,042</u>	<u>\$102,378,199</u>	<u>\$95,807,362</u>

City of Bowling Green
Comparative Statement of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2008, and 2007

	<u>Electric</u>		<u>Water</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Increases (Decreases) in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$34,512,051	\$36,616,551	\$3,470,361	\$3,629,520
Cash Payments for Purchased Power	(25,681,991)	(27,074,728)		
Cash Payments for Plant Operation			(1,648,981)	(1,646,836)
Cash Payments for Distribution Operation	(3,225,473)	(2,781,994)	(894,328)	(884,389)
Cash Payments for Customer Account Collection		(430,637)		(143,353)
Cash Payments for Administrative and General	(1,338,890)	(770,171)	(676,489)	(415,076)
Cash Payments for Information and Technology	(138,066)	(140,533)	(46,022)	(46,818)
Cash Received from Other Revenues	1,210,537	1,231,923	54,736	43,469
Net Cash Provided by Operating Activities	<u>5,338,168</u>	<u>6,650,411</u>	<u>259,277</u>	<u>536,517</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Grants		2,500		
Cash Received from Excise Taxes	1,739,948	1,784,399		
Cash Payments for Excise Tax Distribution	<u>(1,739,948)</u>	<u>(1,784,399)</u>		
Net Cash Provided by Noncapital Financing Activities		<u>2,500</u>		
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Paid on Bond Anticipation Notes	(4,216,000)	(4,916,000)		
Principal Paid on General Obligation Bonds	(60,000)	(60,000)	(50,000)	(50,000)
Principal Paid on Capital Leases			(48,044)	
Interest Paid on Bond Anticipation Notes	(145,920)	(181,387)		
Interest Paid on General Obligation Bonds	(22,025)	(23,825)	(41,600)	(43,100)
Interest Paid on Capital Leases			(10,243)	
Proceeds of Bond Anticipation Notes	3,266,000	4,216,000		
Acquisition of Capital Assets	<u>(300,588)</u>	<u>(593,625)</u>	<u>(97,829)</u>	<u>(314,216)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(1,478,533)</u>	<u>(1,558,837)</u>	<u>(247,716)</u>	<u>(407,316)</u>
<u>Cash Flows from Investing Activities</u>				
Interest	<u>247,112</u>	<u>(470,456)</u>	<u>119,938</u>	<u>237,495</u>
Net Increase in Cash and Cash Equivalents	4,106,747	4,623,618	131,499	366,696
Cash and Cash Equivalents Beginning of Year	<u>9,862,604</u>	<u>5,238,986</u>	<u>5,047,776</u>	<u>4,681,080</u>
Cash and Cash Equivalents End of Year	<u>\$13,969,351</u>	<u>\$9,862,604</u>	<u>\$5,179,275</u>	<u>\$5,047,776</u>

Sewer		Totals	
2008	2007	2008	2007
\$3,651,047	\$3,723,926	\$41,633,459	\$43,969,997
		(25,681,991)	(27,074,728)
(1,621,586)	(1,654,705)	(3,270,567)	(3,301,541)
(866,876)	(693,889)	(4,986,677)	(4,360,272)
	(143,732)		(717,722)
(992,765)	(799,544)	(3,008,144)	(1,984,791)
(46,022)	(46,818)	(230,110)	(234,169)
243,888	254,852	1,509,161	1,530,244
367,686	640,090	5,965,131	7,827,018
			2,500
		1,739,948	1,784,399
		(1,739,948)	(1,784,399)
			2,500
		(4,216,000)	(4,916,000)
(170,000)	(170,000)	(280,000)	(280,000)
(52,998)	(50,627)	(101,042)	(50,627)
		(145,920)	(181,387)
(146,662)	(151,762)	(210,287)	(218,687)
(5,097)	(7,469)	(15,340)	(7,469)
		3,266,000	4,216,000
(113,687)	(121,456)	(512,104)	(1,029,297)
(488,444)	(501,314)	(2,214,693)	(2,467,467)
125,182	177,697	492,232	(55,264)
4,424	316,473	4,242,670	5,306,787
3,683,398	3,366,925	18,593,778	13,286,991
<u>\$3,687,822</u>	<u>\$3,683,398</u>	<u>\$22,836,448</u>	<u>\$18,593,778</u>

(continued)

City of Bowling Green
Comparative Statement of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2008, and 2007
(continued)

	<u>Electric</u>		<u>Water</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>				
Operating Income (Loss)	\$4,803,389	\$6,496,008	(\$738,597)	(\$487,479)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>				
Depreciation	1,141,419	1,141,999	927,099	911,019
<u>Changes in Assets and Liabilities:</u>				
(Increase) Decrease in Accounts Receivable	341,998	(45,337)	50,301	37,560
(Increase) Decrease in Due from Other Governments	(34,424)	27	560	(14)
(Increase) Decrease in Other Local Taxes Receivable	10,518	(11,112)		
(Increase) Decrease in Interfund Receivable	88,128	9,151	(3,031)	(11,657)
(Increase) Decrease in Prepaid Items	4,222	(11,322)	209	(13,708)
(Increase) Decrease in Materials and Supplies Inventory	(54,499)	(93,191)	(47,835)	17,689
Increase in Accrued Wages Payable	28,183	10,521	17,624	5,137
Increase (Decrease) in Accounts Payable	(144,701)	(125,740)	28,166	79,244
Increase in Due to Other Governments	13,698	10,693	2,014	3,823
Increase (Decrease) in Interfund Payable	(11,106)	12,189	(3,644)	3,669
Decrease in Retainage Payable				(15,146)
Increase (Decrease) in Compensated Absences Payable	10,682	26,845	26,411	6,380
Decrease in AMP-Ohio Payable	(859,339)	(770,320)		
Net Cash Provided by Operating Activities	<u>\$5,338,168</u>	<u>\$6,650,411</u>	<u>\$259,277</u>	<u>\$536,517</u>

Sewer		Totals	
2008	2007	2008	2007
(\$1,058,134)	(\$515,227)	\$3,006,658	\$5,493,302
1,224,425	1,201,610	3,292,943	3,254,628
150,828	(6,993)	543,127	(14,770)
(2,092)	(48)	(35,956)	(35)
		10,518	(11,112)
(1,127)	7,547	83,970	5,041
5,554	(9,746)	9,985	(34,776)
33,392	(56,159)	(68,942)	(131,661)
12,101	7,805	57,908	23,463
21,660	62,780	(94,875)	16,284
4,621	3,338	20,333	17,854
(21,439)	(29,690)	(36,189)	(13,832)
			(15,146)
(2,103)	(25,127)	34,990	8,098
		(859,339)	(770,320)
<u>\$367,686</u>	<u>\$640,090</u>	<u>\$5,965,131</u>	<u>\$7,827,018</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Assistance			
Community Development Block Grants/Entitlement Grants (CDBG)			
Entitlement Grant	N/A	14.218	\$298,752
CDBG Revolving Loans	N/A	14.218	<u>202,062</u>
Total Community Development Block Grants			500,814
<i>Passed through Ohio Department of Development</i>			
HOME Revolving Loans	N/A	14.239	<u>98,770</u>
Total U.S. Department of Housing and Urban Development			<u>599,584</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Formula Grants for Other than Urbanized Areas	RPT-4087-026-071	20.509	13,430
	RPT-4087-027-082	20.509	734
	RPT-4087-027-081	20.509	<u>200,242</u>
Total Formula Grants for Other than Urbanized Areas			<u>214,406</u>
Total Federal Awards Expenditures			<u><u>\$813,990</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

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. The Federal Department of Housing and Urban Development (HUD) granted 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) when drawn from HUD. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, and are also included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property, business assets to include equipment, inventory and receivables, and personal assets. At December 31, 2008, the gross amounts of loans outstanding under this program were \$508,080.

Activity in the CDBG revolving loan fund during 2008 is as follows:

Beginning loans receivable balance as of January 1, 2008	\$464,699
Loans made:	200,448
Loan principal repaid:	<u>(157,067)</u>
Ending Loans receivable balance as of December 31, 2008	508,080
Administrative costs expended during 2008	<u>1,614</u>
Other grants administered through the 14.228 program	<u>\$298,752</u>
Total CDBG 14.218 program expenditures	<u><u>\$500,814</u></u>

NOTE C – DOWNPAYMENT ASSISTANCE (HOME) LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) granted money for these loans to the City, passed through the Ohio Department of Development. The initial loan of this money would be recorded as a disbursement on the accompanying Federal Awards Expenditures Schedule (the Schedule). Loans repaid, including interest are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are also included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2008, the gross amounts of loans outstanding under this program were \$109,961. The City made no new loans under this program in 2008.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2008**

NOTE D – DOWN-PAYMENT ASSISTANCE AND/OR OWNER-OCCUPIED REHABILITATION

The City has established a revolving loan program to provide zero interest, forgivable, deferred payment loans to low-moderate income households and to eligible persons. The Federal Department of Housing and Urban Development (HUD) granted money for these loans to the City, passed through the Ohio Department of Development. The initial loan of this money would be recorded as a disbursement on the accompanying Federal Awards Expenditures Schedule (the Schedule). Loans repaid, including interest are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, and are also included as disbursements on the Schedule.

The City paid \$95,511 for new loans and \$3,259 in administrative expenditures under this program in 2008.

NOTE E - 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.

NOTE F – FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS

Cash receipts from the U.S. Department of Transportation are commingled with local and State grants. It is assumed federal monies are expended first.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Wood County, (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 18, 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the City's management in a separate letter dated December 18, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance that we reported to the City's management in a separate letter dated December 18, 2009.

We intend this report solely for the information and use of the audit committee, management, City Council, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 18, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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, Wood County (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 of Bowling Green complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the City's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated December 18, 2009.

We intend this report solely for the information and use of the audit committee, management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 18, 2009

**CITY OF BOWLING GREEN
WOOD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Program:	Community Development Block Grants/Entitlement Grants CFDA # 14.218
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

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
JANUARY 5, 2010**