



**CITY OF BOWLING GREEN
WOOD COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF BOWLING GREEN
WOOD COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Bowling Green, Wood County, (the City) as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Bowling Green, Wood County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, sweeping flourish at the end.

Jim Petro
Auditor of State

October 5, 2000

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**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS:				
Assets:				
Equity in pooled cash and cash equivalents	\$4,675,311	\$4,802,936	\$83,362	\$6,098,768
Cash and cash equivalents in segregated accounts		2,650		
Cash and cash equivalents with fiscal and escrow agents		2,190	2,313	188,860
Receivables:				
Property and other taxes	793,989	402,008		
Municipal income tax	957,058	599,849		893,319
Accounts	153,470	1,957		
Intergovernmental	237,150	191,246		
Special assessments	240,926	54	3,641	101
Accrued interest	113,210			
Notes		718,623		
Due from other funds	67,029	2,453		9,889
Materials and supplies inventory				
Prepaid items	56,249	475		
Fixed assets (net, where applicable, of accumulated depreciation)				
Investment in joint venture				
Other debits:				
Amount available in debt service fund for retirement of special assessment bonds				
Amount to be provided from general governmental resources				
Total assets and other debits	<u>\$7,294,392</u>	<u>\$6,724,441</u>	<u>\$89,316</u>	<u>\$7,190,937</u>

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$10,063,978	\$181,972	\$48,969			\$25,955,296
		259,028			261,678
9,555					202,918
					1,195,997
					2,450,226
2,363,600	4,933				2,523,960
					428,396
					244,722
86,199					199,409
					718,623
13,594	4,157				97,122
1,020,959					1,020,959
38,044	71				94,839
69,497,464	38,846		\$23,213,757		92,750,067
605,373					605,373
				\$2,000	2,000
				18,541,721	18,541,721
\$83,698,766	\$229,979	\$307,997	\$23,213,757	\$18,543,721	\$147,293,306

(Continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, FUND EQUITY, AND OTHER CREDITS:				
Liabilities:				
Accounts payable	\$114,994	\$43,310		\$145,329
Contracts payable		59,222		821,931
Accrued wages payable	116,857	39,238		
Compensated absences payable	20,052	2,974		
Retainage payable		2,190		207,408
Intergovernmental payable	72,296	26,194		258
Due to other funds	7,299	2,097		
Deferred revenue	1,198,896	426,887	\$3,641	37,071
Undistributed assets				
Matured interest payable			2,313	
Accrued interest payable				
Notes payable				
Capital leases payable				
General obligation bonds payable				
Special assessment debt with governmental commitment				
OWDA loans payable				
Promissory note payable				
Total liabilities	1,530,394	602,112	5,954	1,211,997
Fund equity and other credits:				
Investment in general fixed assets				
Contributed capital				
Retained earnings				
Fund balance:				
Reserved for notes receivable		718,623		
Reserved for non-expendable trust				
Reserved for encumbrances	242,580	320,097		3,039,430
Unreserved (deficit)	5,521,418	5,083,609	83,362	2,939,510
Total fund equity and other credits	5,763,998	6,122,329	83,362	5,978,940
Total liabilities, fund equity, and other credits	\$7,294,392	\$6,724,441	\$89,316	\$7,190,937

The notes to the general-purpose financial statements are an integral part of this statement.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$1,455,467	\$2,136				\$1,761,236
					881,153
80,446	5,150				241,691
706,700	55,704			\$812,093	1,597,523
9,555					219,153
164,955	12,919			369,002	645,624
8,216	139	\$79,371			97,122
					1,666,495
		179,657			179,657
					2,313
120,061					120,061
11,849,100				6,800,000	18,649,100
53,704					53,704
				33,000	33,000
				2,000	2,000
1,344,421				10,479,646	11,824,067
				47,980	47,980
<u>15,792,625</u>	<u>76,048</u>	<u>259,028</u>		<u>18,543,721</u>	<u>38,021,879</u>
			\$23,213,757		23,213,757
64,478,741	61,727				64,540,468
3,427,400	92,204				3,519,604
					718,623
		5,950			5,950
					3,602,107
		43,019			13,670,918
<u>67,906,141</u>	<u>153,931</u>	<u>48,969</u>	<u>23,213,757</u>		<u>109,271,427</u>
<u>\$83,698,766</u>	<u>\$229,979</u>	<u>\$307,997</u>	<u>\$23,213,757</u>	<u>\$18,543,721</u>	<u>\$147,293,306</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Property and other taxes	\$976,444	\$594,271
Municipal income tax	4,793,325	2,995,729
Intergovernmental	2,068,281	1,710,308
Charges for services	1,830,068	372,462
Fees, licenses, and permits	59,033	6,929
Fines and forfeitures	513,411	54,745
Special assessments	238,359	1,773
Interest	815,509	77,995
Other	67,779	59,934
Total revenues	11,362,209	5,874,146
Expenditures:		
Current:		
Security of persons and property	3,807,927	2,307,872
Public health	191,113	68,188
Community environment	189,553	650,903
Leisure time activities		757,637
Basic utility services	503,681	
Transportation	1,231,760	1,048,925
General government	3,024,920	10,447
Capital outlay		
Debt service:		
Principal retirement		75,892
Interest and fiscal charges		
Total expenditures	8,948,954	4,919,864
Excess of revenues over (under) expenditures	2,413,255	954,282
Other financing sources (uses):		
Proceeds of notes		
Proceeds of OWDA loan		
Operating transfers - in	1,328	619,705
Operating transfers - out	(699,275)	(371,160)
Total other financing sources (uses)	(697,947)	248,545
Excess of revenues and other financing sources over (under) expenditures and other financing uses	1,715,308	1,202,827
Fund balances at beginning of year	4,048,690	4,919,502
Fund balances at end of year	\$5,763,998	\$6,122,329

The notes to the general-purpose financial statements are an integral part of this statement.

<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Projects</u>	<u>Fund Type</u> <u>Expendable</u> <u>Trust</u>	
			\$1,570,715
	\$4,474,090		12,263,144
	207,543		3,986,132
	20,594		2,223,124
	8,722		74,684
	116,827		684,983
\$44,172	12,905		297,209
0	170,628		1,064,132
0	112,961	\$3,023	243,697
<u>44,172</u>	<u>5,124,270</u>	<u>3,023</u>	<u>22,407,820</u>
			6,115,799
			259,301
			840,456
			757,637
			503,681
			2,280,685
	148,473		3,183,840
	8,882,492		8,882,492
44,000	1,358,623		1,478,515
2,919	822,715		825,634
<u>46,919</u>	<u>11,212,303</u>		<u>25,128,040</u>
<u>(2,747)</u>	<u>(6,088,033)</u>	<u>3,023</u>	<u>(2,720,220)</u>
	6,800,000		6,800,000
	1,766,569		1,766,569
	798,630		1,419,663
	<u>(377,900)</u>	<u>(1,328)</u>	<u>(1,449,663)</u>
	<u>8,987,299</u>	<u>(1,328)</u>	<u>8,536,569</u>
(2,747)	2,899,266	1,695	5,816,349
86,109	3,079,674	9,160	12,143,135
<u>\$83,362</u>	<u>\$5,978,940</u>	<u>\$10,855</u>	<u>\$17,959,484</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Property and other taxes	\$952,252	\$991,188	\$38,936
Municipal income tax	4,325,538	4,774,680	449,142
Intergovernmental	2,003,726	2,219,990	216,264
Charges for services	1,811,468	1,818,100	6,632
Fees, licenses, and permits	28,300	59,058	30,758
Fines and forfeitures	375,000	516,568	141,568
Special assessments	241,000	238,359	(2,641)
Interest	525,000	693,586	168,586
Other	10,552	61,890	51,338
Revolving loan payments			
Total revenues	10,272,836	11,373,419	1,100,583
Expenditures:			
Current:			
Security of persons and property	4,347,013	3,893,820	453,193
Public health	267,298	201,349	65,949
Community environment	350,913	256,645	94,268
Leisure time activities			
Basic utility services	630,546	521,018	109,528
Transportation	1,639,955	1,345,399	294,556
General government	4,920,130	3,086,691	1,833,439
Capital outlay			
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	12,155,855	9,304,922	2,850,933
Excess of revenues over (under) expenditures	(1,883,019)	2,068,497	3,951,516
Other financing sources (uses):			
Other financing sources	5,500	4,949	(551)
Other financing uses			
Proceeds of notes			
Proceeds of OWDA loan			
Advances - in		8,963	8,963
Advances - out	(8,963)	(8,963)	
Operating transfers - in	1,328	1,328	
Operating transfers - out	(835,675)	(699,275)	136,400
Total other financing sources (uses)	(837,810)	(692,998)	144,812
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(2,720,829)	1,375,499	4,096,328
Fund balances at beginning of year	2,486,130	2,486,130	
Prior year encumbrances appropriated	459,244	459,244	
Fund balances at end of year	\$224,545	\$4,320,873	\$4,096,328

Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$634,615	\$582,716	(\$51,899)			
2,710,381	2,984,043	273,662			
2,295,331	1,673,524	(621,807)			
405,822	374,879	(30,943)			
8,050	7,384	(666)			
29,500	54,214	24,714			
1,923	1,773	(150)	\$48,069	\$44,172	(\$3,897)
28,900	46,849	17,949			
60,660	9,413	(51,247)			
112,235	325,403	213,168			
6,287,417	6,060,198	(227,219)	48,069	44,172	(3,897)
2,703,197	2,377,981	325,216			
118,085	72,495	45,590			
1,553,392	1,080,123	473,269			
1,012,645	822,386	190,259			
1,240,561	1,146,983	93,578			
11,244	10,633	611			
			44,000	44,000	
			2,919	2,919	
6,639,124	5,510,601	1,128,523	46,919	46,919	
(351,707)	549,597	901,304	1,150	(2,747)	(3,897)
	5,240	5,240			
10,962	8,963	(1,999)			
(8,963)	(8,963)				
792,489	619,705	(172,784)			
(474,682)	(371,160)	103,522			
319,806	253,785	(66,021)			
(31,901)	803,382	835,283	1,150	(2,747)	(3,897)
3,540,223	3,540,223		86,109	86,109	
104,942	104,942				
\$3,613,264	\$4,448,547	\$835,283	\$87,259	\$83,362	(\$3,897)

(Continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

	<u>Capital Projects</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Property and other taxes			
Municipal income tax	\$4,037,457	\$4,456,687	\$419,230
Intergovernmental	170,001	207,543	37,542
Charges for services	11,000	20,138	9,138
Fees, licenses, and permits		8,722	8,722
Fines and forfeitures	85,000	117,669	32,669
Special assessments	20,000	12,905	(7,095)
Interest	125,000	183,550	58,550
Other		15,529	15,529
Revolving loan payments			
Total revenues	<u>4,448,458</u>	<u>5,022,743</u>	<u>574,285</u>
Expenditures:			
Current:			
Security of persons and property			
Public health			
Community environment			
Leisure time activities			
Basic utility services			
Transportation			
General government	161,766	153,214	8,552
Capital outlay	18,852,117	11,943,845	6,908,272
Debt service:			
Principal retirement	7,141,623	7,108,623	33,000
Interest and fiscal charges	915,534	842,860	72,674
Total expenditures	<u>27,071,040</u>	<u>20,048,542</u>	<u>7,022,498</u>
Excess of revenues over (under) expenditures	<u>(22,622,582)</u>	<u>(15,025,799)</u>	<u>7,596,783</u>
Other financing sources (uses):			
Other financing sources	82,908	97,432	14,524
Other financing uses			
Proceeds of notes	6,940,000	6,800,000	(140,000)
Proceeds of OWDA loan	7,607,500	1,766,569	(5,840,931)
Advances - in			
Advances - out			
Operating transfers - in	778,730	798,630	19,900
Operating transfers - out	(391,644)	(377,900)	13,744
Total other financing sources (uses)	<u>15,017,494</u>	<u>9,084,731</u>	<u>(5,932,763)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(7,605,088)</u>	<u>(5,941,068)</u>	<u>1,664,020</u>
Fund balances at beginning of year	4,196,489	4,196,489	
Prior year encumbrances appropriated	4,337,954	4,337,954	
Fund balances at end of year	<u>\$929,355</u>	<u>\$2,593,375</u>	<u>\$1,664,020</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Expendable Trust		
Budget	Actual	Variance Favorable (Unfavorable)
\$1,000	\$3,023	\$2,023
1,000	3,023	2,023
1,000	3,023	2,023
(1,000)		1,000
(1,328)	(1,328)	
(2,328)	(1,328)	1,000
(1,328)	1,695	3,023
9,160	9,160	
\$7,832	\$10,855	\$3,023

Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)
\$1,586,867	\$1,573,904	(\$12,963)
11,073,376	12,215,410	1,142,034
4,469,058	4,101,057	(368,001)
2,228,290	2,213,117	(15,173)
36,350	75,164	38,814
489,500	688,451	198,951
310,992	297,209	(13,783)
678,900	923,985	245,085
72,212	89,855	17,643
112,235	325,403	213,168
21,057,780	22,503,555	1,445,775
7,050,210	6,271,801	778,409
385,383	273,844	111,539
1,904,305	1,336,768	567,537
1,012,645	822,386	190,259
630,546	521,018	109,528
2,880,516	2,492,382	388,134
5,093,140	3,250,538	1,842,602
18,852,117	11,943,845	6,908,272
7,185,623	7,152,623	33,000
918,453	845,779	72,674
45,912,938	34,910,984	11,001,954
(24,855,158)	(12,407,429)	12,447,729
88,408	107,621	19,213
(1,000)		1,000
6,940,000	6,800,000	(140,000)
7,607,500	1,766,569	(5,840,931)
10,962	17,926	6,964
(17,926)	(17,926)	
1,572,547	1,419,663	(152,884)
(1,703,329)	(1,449,663)	253,666
14,497,162	8,644,190	(5,852,972)
(10,357,996)	(3,763,239)	6,594,757
10,318,111	10,318,111	
4,902,140	4,902,140	
\$4,862,255	\$11,457,012	\$6,594,757

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Operating revenues:				
Charges for services	\$26,884,299	\$438,414	\$2,362	\$27,325,075
Other	886,159	607		886,766
Total operating revenues	<u>27,770,458</u>	<u>439,021</u>	<u>2,362</u>	<u>28,211,841</u>
Operating expenses, excluding depreciation:				
Purchased power	16,085,510			16,085,510
Plant operation	1,091,078			1,091,078
Plant maintenance	591,231			591,231
Distribution operation	383,357			383,357
Distribution maintenance	1,825,244			1,825,244
Customer account collection	535,338			535,338
Administrative and general	3,223,268			3,223,268
Other	106,179	406,909	22	513,110
Total operating expenses	<u>23,841,205</u>	<u>406,909</u>	<u>22</u>	<u>24,248,136</u>
Operating income before depreciation	3,929,253	32,112	2,340	3,963,705
Depreciation	3,666,941	15,846		3,682,787
Operating income	<u>262,312</u>	<u>16,266</u>	<u>2,340</u>	<u>280,918</u>
Non-operating revenues (expenses):				
Investment in joint venture	121,074			121,074
Interest income	470,389			470,389
Interest expense	(556,885)			(556,885)
Loss on disposal of fixed assets	(185,957)			(185,957)
Total non-operating revenues (expenses)	<u>(151,379)</u>			<u>(151,379)</u>
Income before operating transfers	110,933	16,266	2,340	129,539
Operating transfers - in	60,000			60,000
Operating transfers - out	(30,000)			(30,000)
Net income	140,933	16,266	2,340	159,539
Retained earnings/fund balance at beginning of year	3,286,467	75,938	35,774	3,398,179
Retained earnings/fund balance at end of year	<u>3,427,400</u>	<u>92,204</u>	<u>38,114</u>	<u>3,557,718</u>
Contributed capital at beginning of year	62,872,899	59,874		62,932,773
Contributed from governmental funds	877,761	1,853		879,614
Contributed from customers	728,081			728,081
Contributed capital at end of year	<u>64,478,741</u>	<u>61,727</u>		<u>64,540,468</u>
Total fund equity at end of year	<u>\$67,906,141</u>	<u>\$153,931</u>	<u>\$38,114</u>	<u>\$68,098,186</u>

The notes to the general-purpose financial statements are an integral part of this statement.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Enterprise</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Charges for services	\$27,884,991	\$27,145,575	(\$739,416)
Interest	520,141	472,061	(48,080)
Proceeds of notes	11,952,064	11,849,100	(102,964)
Other	1,024,623	886,759	(137,864)
	<u>41,381,819</u>	<u>40,353,495</u>	<u>(1,028,324)</u>
Expenses:			
Purchased power	17,714,407	16,728,656	985,751
Plant operation	2,449,068	2,308,424	140,644
Plant maintenance	738,049	642,270	95,779
Distribution operation	6,325,062	4,573,514	1,751,548
Distribution maintenance	1,978,383	1,848,802	129,581
Customer account collection	605,157	533,529	71,628
Administrative and general	3,830,104	3,385,620	444,484
Other	145,098	116,490	28,608
Debt service:			
Principal retirement	11,412,554	11,347,614	64,940
Interest and fiscal charges	588,459	540,176	48,283
	<u>45,786,341</u>	<u>42,025,095</u>	<u>3,761,246</u>
Excess of revenues over (under) expenses	<u>(4,404,522)</u>	<u>(1,671,600)</u>	<u>2,732,922</u>
Operating transfers - in	133,221	60,000	(73,221)
Operating transfers - out	(133,236)	(30,000)	103,236
Excess of revenues over (under) expenses and operating transfers	<u>(4,404,537)</u>	<u>(1,641,600)</u>	<u>2,762,937</u>
Fund balances at beginning of year	8,496,967	8,496,967	
Prior year encumbrances appropriated	1,337,134	1,337,134	
Fund balances at end of year	<u>\$5,429,564</u>	<u>\$8,192,501</u>	<u>\$2,762,937</u>

(Continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

	Internal Service		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Charges for services	\$425,000	\$483,200	\$58,200
Interest			
Proceeds of notes			
Other		607	607
Total revenues	425,000	483,807	58,807
Expenses:			
Purchased power			
Plant operation			
Plant maintenance			
Distribution operation			
Distribution maintenance			
Customer account collection			
Administrative and general			
Other	453,448	418,657	34,791
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenses	453,448	418,657	34,791
Excess of revenues over (under) expenses	(28,448)	65,150	93,598
Operating transfers - in	76,000		(76,000)
Operating transfers - out			
Excess of revenues over (under) expenses and operating transfers	47,552	65,150	17,598
Fund balances at beginning of year	113,930	113,930	
Prior year encumbrances appropriated	1,891	1,891	
Fund balances at end of year	\$163,373	\$180,971	\$17,598

The notes to the general-purpose financial statements are an integral part of this statement.

<u>Nonexpendable Trust</u>			<u>Totals (Memorandum Only)</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$1,000	2,362	\$1,362	\$28,310,991	\$27,631,137	(\$679,854)
			520,141	472,061	(48,080)
			11,952,064	11,849,100	(102,964)
			1,024,623	887,366	(137,257)
<u>1,000</u>	<u>2,362</u>	<u>1,362</u>	<u>41,807,819</u>	<u>40,839,664</u>	<u>(968,155)</u>
			17,714,407	16,728,656	985,751
			2,449,068	2,308,424	140,644
			738,049	642,270	95,779
			6,325,062	4,573,514	1,751,548
			1,978,383	1,848,802	129,581
			605,157	533,529	71,628
			3,830,104	3,385,620	444,484
120	22	98	598,666	535,169	63,497
			11,412,554	11,347,614	64,940
			588,459	540,176	48,283
<u>120</u>	<u>22</u>	<u>98</u>	<u>46,239,909</u>	<u>42,443,774</u>	<u>3,796,135</u>
<u>880</u>	<u>2,340</u>	<u>1,460</u>	<u>(4,432,090)</u>	<u>(1,604,110)</u>	<u>2,827,980</u>
			209,221	60,000	(149,221)
			(133,236)	(30,000)	103,236
880	2,340	1,460	(4,356,105)	(1,574,110)	2,781,995
35,774	35,774		8,646,671	8,646,671	
			1,339,025	1,339,025	
<u>\$36,654</u>	<u>\$38,114</u>	<u>\$1,460</u>	<u>\$5,629,591</u>	<u>\$8,411,586</u>	<u>\$2,781,995</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Increases (decreases) in cash and cash equivalents:				
<u>Cash flows from operating activities:</u>				
Cash received from customers	\$27,143,281		\$2,362	\$27,145,643
Cash received from quasi-external operating transactions with other funds		\$483,200		483,200
Cash payments for purchased power	(16,728,656)			(16,728,656)
Cash payments for plant operation	(1,063,537)			(1,063,537)
Cash payments for plant maintenance	(618,062)			(618,062)
Cash payments for distribution operation	(633,630)			(633,630)
Cash payments for distribution maintenance	(1,831,428)			(1,831,428)
Cash payments for customer account collection	(518,879)			(518,879)
Cash payments for administrative and general	(2,040,666)			(2,040,666)
Cash payments for quasi-external operating transactions with other funds	(1,221,399)			(1,221,399)
Cash received from other revenues	886,159	607		886,766
Cash payments for other expenses	(116,360)	(417,656)	(22)	(534,038)
Net cash provided by operating activities	<u>3,256,823</u>	<u>66,151</u>	<u>2,340</u>	<u>3,325,314</u>
<u>Cash flows from non-capital financing activities:</u>				
Cash received from operating transfers - in	60,000			60,000
Cash payments for operating transfers - out	(30,000)			(30,000)
Net cash provided by non-capital financing activities	<u>30,000</u>			<u>30,000</u>
<u>Cash flows from capital and related financing activities:</u>				
Acquisition and construction of fixed assets	(3,498,219)			(3,498,219)
Proceeds from the sale of notes	11,849,100			11,849,100
Principal paid on bond anticipation notes	(10,690,000)			(10,690,000)
Interest paid on bond anticipation notes	(382,199)			(382,199)
Principal paid on capital leases	(57,341)			(57,341)
Interest paid on capital leases	(5,861)			(5,861)
Principal paid on OWDA loans	(600,273)			(600,273)
Interest paid on OWDA loans	(152,116)			(152,116)
Net cash used for capital and related financing activities	<u>(3,536,909)</u>			<u>(3,536,909)</u>
<u>Cash flows from investing activities:</u>				
Interest	472,129			472,129
Net increase in cash and cash equivalents	222,043	66,151	2,340	290,534
Cash and cash equivalents at beginning of year	9,851,490	115,821	35,774	10,003,085
Cash and cash equivalents at end of year	<u>\$10,073,533</u>	<u>\$181,972</u>	<u>\$38,114</u>	<u>\$10,293,619</u>

(Continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$262,312	\$16,266	\$2,340	\$280,918
<u>Adjustments to reconcile operating income to net cash provided by operating activities:</u>				
Depreciation	3,666,941	15,846		3,682,787
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	255,265	(1,481)		253,784
Decrease in due from other funds	3,717	46,267		49,984
Increase in materials and supplies inventory	(191,639)			(191,639)
(Increase) decrease in prepaid items	(4,408)	191		(4,217)
Increase (decrease) in accounts payable	(752,288)	1,668		(750,620)
Increase (decrease) in accrued wages payable	19,518	(400)		19,118
Increase (decrease) in compensated absences payable	37,002	(99)		36,903
Decrease in intergovernmental payable	(40,309)	(12,139)		(52,448)
Increase in due to other funds	712	32		744
Net cash provided by operating activities	<u>\$3,256,823</u>	<u>\$66,151</u>	<u>\$2,340</u>	<u>\$3,325,314</u>
Non-cash capital transactions:				
During 1999, the Water and Sewer enterprise funds received fixed assets that were constructed in the City's governmental funds, in the amount of \$663,349 and \$214,412, respectively. The Electric and Sewer Enterprise funds received fixed assets donated by customers, in the amount of \$15,483 and \$712,598, respectively. The Engineering internal service fund received fixed assets that were acquired by the City's governmental funds, in the amount of \$1,853.				
Cash and cash equivalents - all fiduciary fund types:				
Equity in pooled cash and cash equivalents				\$48,969
Cash and cash equivalents in segregated accounts				<u>259,028</u>
Total cash and cash equivalents - all fiduciary fund types				307,997
Cash and cash equivalents - agency funds				(259,028)
Cash and cash equivalents - expendable trust fund				<u>(10,855)</u>
Cash and cash equivalents - nonexpendable trust fund				<u>\$38,114</u>

The notes to the general-purpose financial statements are an integral part of this statement.

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**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999**

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

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

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

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the City of Bowling Green in 1999.

The City is associated with a shared risk pool and two joint ventures. These organizations are the Buckeye Ohio Risk Management Agency (BORMA), the Ohio Municipal Electric Generation Agency Joint Venture 3 (JV3), and the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5). These organizations are presented in Notes 20 and 21 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net available expendable resources.

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

Governmental Fund Types:

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

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

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

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

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

Proprietary Fund Types:

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

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

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

Fiduciary Fund Types:

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

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

The modified accrual basis of accounting is used for reporting purposes by the governmental fund types, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period in which they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is thirty-one days after year end.

In applying the susceptible to accrual concept under the modified accrued basis, the following revenue sources are deemed both measurable and available: municipal income taxes withheld by employers,

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

intergovernmental revenues (including motor vehicle license fees, gasoline tax, and local government assistance), reimbursements due from state or federally funded projects for which corresponding expenditures have been made, charges for current services, fines and forfeitures, and investment earnings. Income taxes, other than those withheld by employers, fees, licenses, and permits, and other miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminable and which are not intended to finance 1999 operations, have been recorded as deferred revenue. Special assessments and cable franchise fees are recorded as deferred revenue because they do not meet the availability criteria.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Principal and interest on general and special assessment long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available expendable resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is used for reporting purposes by the proprietary fund types and non-expendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

C. Budgetary Process

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

Tax Budget:

A budget of estimated revenues and expenditures for all funds is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

Estimated Resources:

The County Budget Commission reviews the estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include the actual unencumbered fund balances from the preceding year. The certificate of estimated resources may be further amended during the year if the Finance Director determines that revenue to be collected will be greater than or less than prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended official certificate of estimated resources issued during 1999.

Appropriations:

A temporary appropriations ordinance to control the level of expenditures for all funds may be passed on or about January 1 of each year, for the period January 1 to March 31. An annual appropriations ordinance must be passed by April 1 of each year, for the period January 1 to December 31. Appropriations may not exceed estimated resources as established in the amended official certificate of estimated resources. The allocation of appropriations among departments and objects within a fund may be modified during the year with City Council approval. Several supplemental appropriations ordinances were legally enacted by City Council during the year. The budget figures which appear in the statements of budgetary comparisons represent the appropriated budget amounts and all supplemental appropriations.

Budgeted Level of Expenditures:

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

Encumbrances:

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

Lapsing of Appropriations:

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

D. Cash and Investments

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

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

Investments are reported at fair value, except for repurchase agreements and non-negotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 1999.

The City has allocated interest to various funds according to City Charter and State statutes. Interest revenue credited to the General fund during 1999 was \$815,509, which includes \$603,100 assigned from other City funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents.

E. Notes Receivable

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

F. Materials and Supplies Inventory

Inventory in the enterprise funds is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenses in the enterprise funds when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Fixed Assets and Depreciation

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

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

General Fixed Assets:

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

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

Proprietary Fund Fixed Assets:

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

Buildings and Improvements	25 - 33 1/3 Years
Furniture, Fixtures, Equipment, and Vehicles	5 - 25 Years
Infrastructure	33 1/3 - 50 Years

Capitalization of Interest. Interest is capitalized on proprietary fund fixed assets acquired with tax-exempt debt. The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from the temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset. For 1999, there were no capitalized interest costs incurred on proprietary fund construction projects.

**CITY OF BOWLING GREEN
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

I. Interfund Assets/Liabilities

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

J. Compensated Absences

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

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

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

K. Accrued Liabilities and Other Long-Term Obligations

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

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

L. Contributed Capital

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

Because the City did not prepare financial statements in accordance with generally accepted accounting principles prior to 1985, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings.

M. Reserves of Fund Equity

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

N. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements, and shared revenues received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

O. Interfund Transactions

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

P. 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.

Q. Total Columns on Combined Financial Statements

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

**CITY OF BOWLING GREEN
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

- A. At December 31, 1999, the Sewer enterprise fund had deficit retained earnings of \$14,781,886 due to accumulated operating losses from prior years.
- B. Numerous expenditures were made during fiscal year 1999 that were not properly certified which is in violation of State law.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund (GAAP basis). Material encumbrances are disclosed in the notes to the financial statements for proprietary fund types and the non-expendable trust fund (GAAP basis);
4. Proceeds from and principal payments on bond anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis);
5. For proprietary funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis);

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types			
	General	Special Revenue	Capital Projects
GAAP Basis	\$1,715,308	\$1,202,827	\$2,899,266
<u>Increases (Decreases) Due To</u>			
Revenue Accruals:			
Accrued 1998, Received in Cash 1999	1,442,379	647,211	849,221
Accrued 1999, Not Yet Received in Cash	(1,363,936)	(770,680)	(866,238)

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

Expenditure Accruals:			
Accrued 1998, Paid in Cash 1999	(\$396,173)	(\$138,513)	(\$528,760)
Accrued 1999, Not Yet Paid in Cash	331,498	173,035	936,024
Cash Adjustments:			
Unrecorded Activity 1998	17,776	50,873	21,248
Unrecorded Activity 1999	(80,060)	(20,625)	(8,326)
Changes in Prepaid Items	(16,915)	413	3,564
Notes Receivable:			
Additions		(263,854)	
Reductions		254,853	
Notes Payable:			
Reductions			(5,750,000)
Advances - In	8,963	8,963	
Advances - Out	(8,963)	(8,963)	
Excess of Revenues Over Expenditures of Nonbudgeted Funds		1,606	
Encumbrances Outstanding at Year End (Budget Basis)	<u>(274,378)</u>	<u>(333,764)</u>	<u>(3,497,067)</u>
Budget Basis	<u>\$1,375,499</u>	<u>\$803,382</u>	<u>(\$5,941,068)</u>

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

	<u>Enterprise</u>	<u>Internal Service</u>
GAAP Basis	\$140,933	\$16,266
<u>Increases (Decreases) Due to</u>		
Revenue Accruals:		
Accrued 1998, Received in Cash 1999	2,724,047	53,876
Accrued 1999, Not Yet Received in Cash	(2,463,393)	(9,090)
Expense Accruals:		
Accrued 1998, Paid in Cash 1999	(3,254,501)	(86,986)
Accrued 1999, Not Yet Paid in Cash	2,535,845	76,048
Cash Adjustments:		
Unrecorded Activity 1998	7,905	
Unrecorded Activity 1999	(5,011)	
Changes in Inventory	(191,639)	
Changes in Prepaid Items	(4,408)	191
Acquisition of Fixed Assets	(3,498,219)	
Depreciation Expense	3,666,941	15,846
Loss on Disposal of Fixed Assets	185,957	

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

Notes Payable		
Additions	11,849,100	
Reductions	(10,690,000)	
Capital Lease Principal Retirement	(57,341)	
OWDA Loans Principal Retirement	(600,273)	
Investment in Joint Venture	(121,074)	
Encumbrances Outstanding at Year End (Budget Basis)	<u>(1,866,469)</u>	<u>(1,001)</u>
Budget Basis	<u><u>(\$1,641,600)</u></u>	<u><u>\$65,150</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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(Continued)**

by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

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

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

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

At year end, the City had \$35,035 in undeposited cash on hand which is included on the balance sheet of the City as part of "Equity in pooled cash and cash equivalents".

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

At year end, the carrying amount of the City's deposits was \$12,351,790 and the bank balance was \$13,088,172. Of the bank balance, \$694,318 was covered by federal depository insurance and \$12,393,854 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered for which the securities are held by the City or the City's agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3

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(Continued)**

includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>Category 1</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Federal Home Loan Mortgage Corporation Notes		\$496,085	\$496,085	\$496,085
Federal National Mortgage Association Notes		492,030	492,030	492,030
Federal Home Loan Bank Bonds		2,035,142	2,035,142	2,035,142
Bowling Green Manuscript Bonds	\$34,995		34,995	34,995
Repurchase Agreements		4,072,264	4,072,264	4,074,069
	<u>\$34,995</u>	<u>\$7,095,521</u>	7,130,516	7,132,321
STAR Ohio			6,902,551	6,902,551
Total			<u>\$14,033,067</u>	<u>\$14,034,872</u>

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

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$26,419,892	
Cash on Hand	(35,035)	
Investments:		
Federal Home Loan Mortgage Corporation	(496,085)	\$496,085
Federal National Mortgage Association Notes	(492,030)	492,030
Federal Home Loan Bank Bonds	(2,035,142)	2,035,142
Bowling Green Manuscript Bonds	(34,995)	34,995
Repurchase Agreements	(4,072,264)	4,072,264
STAR Ohio	(6,902,551)	6,902,551
GASB Statement No. 3	<u>\$12,351,790</u>	<u>\$14,033,067</u>

NOTE 6 - RECEIVABLES

Receivables at December 31, 1999, consisted of taxes; accounts (billings for user charged services, including unbilled utility services); intergovernmental receivables arising from grants, entitlements, and shared revenues; special assessments; interest on investments; notes; and services charged to other funds. All receivables are considered fully collectible, including utility services. A summary of utility accounts receivable is as follows:

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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(Continued)**

Electric	\$1,799,936
Water	269,306
Sewer	294,358
Total	\$2,363,600

Notes receivable represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under the Federal Community Development Block Grant program. The notes bear an annual interest rate of 3 to 5.8 percent and are repaid over periods ranging from three to twenty years. During 1999, the City entered into new loans, in the amount of \$263,854, and received loan repayments, in the amount of \$254,853. At December 31, 1999, the City had outstanding notes receivable, in the amount of \$718,623.

A summary of the principal items of intergovernmental receivables follows:

Fund Type/Fund/Source	Amounts
General Fund	
Local Government	\$92,349
Estate Tax	144,801
Total General Fund	237,150
Special Revenue Funds:	
Street Maintenance and Repair	
Motor Vehicle License Tax	14,614
Gasoline Tax	28,053
Total Street Maintenance and Repair	42,667
State Highway	
Gasoline Tax	2,275
Transportation	
ODOT	146,204
Law Enforcement	
Immobilization Fees	100
Total Special Revenue Funds	191,246
Total All Funds	\$428,396

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Real property tax revenues received in 1999 represent the collection of 1998 taxes. For 1999, real property taxes were levied after October 1, 1999, on the assessed values as of January 1, 1999, the lien date. These taxes will be collected in and are intended to finance 2000 operations. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. All property

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(Continued)**

is required to be revalued every six years. The last revaluation was completed in 1996. Real property taxes are payable annually or semiannually. The first payment is due on December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes were levied after October 1, 1999, on the assessed values as of December 31, 1998, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 1999 (other than public utility property) represent the collection of 1999 taxes. For 1999, tangible personal property taxes were levied after October 1, 1998, on the true value as of December 31, 1998, the lien date. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. The first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real, public utility, and tangible personal property taxes which were measurable as of December 31, 1999. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 1999 operations.

The full tax rate for all City operations for the year ended December 31, 1999, was \$4.60 per \$1,000 of assessed value. The assessed values of real, public utility, and tangible personal property upon which 1999 property tax receipts were based are as follows:

Category	Amount
Real Estate	
Residential/Agricultural	\$156,520,650
Commercial/Industrial	89,924,320
Public Utility Real	8,170
Public Utility Personal	7,169,300
Tangible Personal	32,071,385
Total	\$285,693,825

NOTE 8 - 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.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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The City, by ordinance, allocates 1.5 percent of the income tax revenues and expenditures for collecting, administering, and enforcing the tax to the General fund (.75); Playground and Recreation special revenue fund (.05); 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.

A. General Fixed Assets

The summary of the changes in general fixed assets during 1999 is as follows:

	Balance 12/31/98	Additions	Reductions	Balance 12/31/99
Land and Improvements	\$3,019,102	\$116,890		\$3,135,992
Buildings and Improvements	6,933,839			6,933,839
Furniture, Fixtures, Equipment, and Vehicles	7,397,173	527,654	\$195,713	7,729,114
Construction in Progress	544,752	4,870,060		5,414,812
Total	\$17,894,866	\$5,514,604	\$195,713	\$23,213,757

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

B. Proprietary Fund Fixed Assets

A summary of the proprietary funds' fixed assets at December 31, 1999, is as follows:

	Enterprise	Internal Service
Land and Improvements	\$2,134,398	
Buildings and Improvements	34,701,783	
Furniture, Fixtures, Equipment, and Vehicles	18,292,035	\$102,849
Infrastructure	64,253,146	
Construction in Progress	1,111,541	
Total	120,492,903	102,849
Less: Accumulated Depreciation	(50,995,439)	(64,003)
Total Fixed Assets Net of Accumulated Depreciation	\$69,497,464	\$38,846

NOTE 10 - INTERFUND ASSETS/LIABILITIES

As of December 31, 1999, receivables and payables that resulted from various interfund transactions were as follows:

**CITY OF BOWLING GREEN
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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<u>Fund Type/Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	<u>\$67,029</u>	<u>\$7,299</u>
Special Revenue Funds:		
Street Maintenance and Repair		582
Police Levy		410
Indigent Driver	376	
Enforcement and Education	152	
Municipal Probation Services	1,925	
Playground and Recreation		301
Community Development Block Grant		<u>804</u>
Total Special Revenue Funds	<u>2,453</u>	<u>2,097</u>
Capital Projects Funds:		
Municipal Court Capital Improvement	9,400	
Municipal Court Computer	<u>489</u>	
Total Capital Projects Funds	<u>9,889</u>	
Enterprise Funds:		
Electric	704	2,726
Water	3,359	2,475
Sewer	9,531	2,960
Parking Meter		<u>55</u>
Total Enterprise Funds	<u>13,594</u>	<u>8,216</u>
Internal Service Fund:		
Engineering	<u>4,157</u>	<u>139</u>
Agency Fund:		
Municipal Court		<u>79,371</u>
Total All Funds	<u>\$97,122</u>	<u>\$97,122</u>

NOTE 11 - 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 1999, the City contracted with the Buckeye Ohio Risk Management Agency (BORMA) for property, liability, and crime insurance. The BORMA program has a zero deductible, except for property damage which is \$1,000, and boiler and machinery which is \$1,000 to \$15,000. Coverages provided by BORMA are as follows:

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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Property	
Building and Contents	\$221,649,000
Flood Annual Aggregate	10,000,000
Earthquake Annual Aggregate	10,000,000
Extra Expense	2,000,000
Boiler and Machinery	50,000,000
General Liability	
Per Occurrence	1,000,000
Annual Aggregate	3,000,000
Employee Benefit Liability	1,000,000
Ohio Stop Gap Liability	1,000,000
Public Official Liability	
Per Occurrence	1,000,000
Annual Aggregate	1,000,000
Law Enforcement Professional Liability	1,000,000
Automobile	
Liability	1,000,000
Uninsured Motorist	1,000,000
Crime	
Employee Dishonesty and Faithful Performance	1,000,000
Computer Fraud	1,000,000
Depositor's Forgery	1,000,000
Money and Securities	1,000,000
Excess Liability	
Per Occurrence	9,000,000

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

The City participates in the Buckeye Ohio Risk Management Agency (BORMA), a shared risk pool among of 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 coverages provided under the respective programs. In the event of deficiencies, member cities are subject to supplemental assessments of up to 25 percent of the premiums paid during the year for health insurance and in an amount equal to the annual premiums for property, liability, and crime insurance. Upon withdrawal from BORMA, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal from the respective program.

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

**CITY OF BOWLING GREEN
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
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NOTE 12 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, 1999, the City had contractual purchase commitments as follows:

<u>Project</u>	<u>Outstanding Balance</u>
Municipal Court Construction	\$630,267
Westside Fire Station	287,872
Granulated Activated Carbon System	1,776,681

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

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

members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 13.55 percent; 9.35 percent was the portion used to fund pension obligations. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's contributions to PERS for the years ended December 31, 1999, 1998, and 1997, were \$714,768, \$677,233, and \$593,314, respectively; 71.84 percent has been contributed for 1999 and 100 percent has been contributed for 1998 and 1997. The unpaid contribution for 1999, in the amount of \$201,307, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. Police and Firemen's Disability and Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police (12.5 percent was the portion used to fund pension obligations) and 24 percent for firefighters (17 percent was the portion used to fund pension obligations). Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 1999, 1998, and 1997, were \$556,848, \$514,028 and \$471,468, respectively; 70.91 percent has been contributed for 1999 and 100 percent has been contributed for 1998 and 1997. The

**CITY OF BOWLING GREEN
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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(Continued)**

unpaid contribution for 1999, in the amount of \$162,003, is recorded as a liability within the respective funds and the general long-term obligations account group.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion used to fund health care for 1999.

Benefits are funded on a pay-as-you-go-basis. OPB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

During 1999, OPB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPB through PERS was 118,062. The City's actual contributions for 1999 which were used to fund OPB were \$321,072.

B. Police and Firemen's Disability Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Fund's Board of Trustees to provide health care coverage and states that health care cost paid from the Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police employer contribution rate was 19.5 percent of covered payroll and the total firefighter employer contribution rate was 24 percent of covered payroll; 7 percent was the portion used to fund health care for 1999. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1998, was 11,424 for police and 9,186 for firefighters. The City's actual contributions for 1999 that were used to fund

**CITY OF BOWLING GREEN
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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(Continued)**

postemployment benefits were \$125,560 for police and \$136,967 for fire. The Fund's total health care expense for the year ending December 31, 1998, (the latest information available), was \$78,596,790.

NOTE 15 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Sick leave is earned at a rate of four and six-tenths hours for every eighty hours worked. Current policy permits sick leave to be accumulated without limit. Each employee, at the time of retirement from active service with the City, is paid 25 percent of their earned unused sick leave, up to a maximum of thirty days.

B. Health Insurance

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

NOTE 16 - SHORT-TERM OBLIGATIONS

Short-term obligations activity for the year ended December 31, 1999, was as follows:

	Interest Rate	Balance 12/31/98	Additions	Reductions	Balance 12/31/99
Capital Projects Funds:					
Capital Improvement Fund					
Research Park Drive	3.90%	\$550,000		\$550,000	
Municipal Court Capital Improvement Fund					
Municipal Court Construction	3.90	5,200,000		5,200,000	
Total Capital Projects Funds		5,750,000		5,750,000	
Enterprise Funds:					
Off Street Parking Fund					
Real Estate Acquisition	3.90	180,000	\$160,000	180,000	\$160,000
Electric Fund					
Electric System	3.60	950,000	950,000	950,000	950,000
Real Estate Acquisition	3.90	275,000	215,000	275,000	215,000
Electric System Improvement - BGSU	4.10	4,405,000	4,129,100	4,405,000	4,129,100
Electric System Improvement - Dunbridge	3.80	1,000,000		1,000,000	
Electric System Improvement - 1998	3.80	200,000		200,000	
Electric System Improvement - 1999	3.80		2,400,000		2,400,000
Total Electric Fund		6,830,000	7,694,100	6,830,000	7,694,100
Water Fund					
Water System Improvement	3.90	550,000	450,000	550,000	450,000

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(Continued)**

Sewer Fund					
Wastewater Treatment Plant Improvement	3.90	935,000	1,330,000	935,000	1,330,000
Sewage System Improvement	3.60	1,800,000	1,800,000	1,800,000	1,800,000
Wastewater Treatment Plant Improvement	3.40	395,000		395,000	
Sanitary Sewage System Improvement	4.45		415,000		415,000
Total Sewer Fund		<u>3,130,000</u>	<u>3,545,000</u>	<u>3,130,000</u>	<u>3,545,000</u>
Total Enterprise Funds		<u>10,690,000</u>	<u>11,849,100</u>	<u>10,690,000</u>	<u>11,849,100</u>
Total Notes Payable		<u>\$16,440,000</u>	<u>\$11,849,100</u>	<u>\$16,440,000</u>	<u>\$11,849,100</u>

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

NOTE 17 - LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 1999, was as follows:

	<u>Interest Rate</u>	<u>Balance 12/31/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/99</u>
General Long-Term Obligations					
Account Group:					
<u>General Obligation Bond Anticipation Notes</u>					
Research Park Drive	3.90%		\$515,000		\$515,000
Municipal Court Construction	3.90		4,990,000		4,990,000
Newton Road Improvement	3.60	\$180,000	120,000	\$180,000	120,000
Aquatic Complex Improvement	3.60%	\$210,000	\$175,000	\$210,000	\$175,000
West Side Fire Station Construction	3.60		1,000,000		1,000,000
Total General Obligation Bond Anticipation Notes		<u>390,000</u>	<u>6,800,000</u>	<u>390,000</u>	<u>6,800,000</u>
<u>General Obligation Bonds</u>					
1996 Carter Park Improvement	4.50	20,000		20,000	
1997 Carter Park Improvement (Pee-Wee)	5.00	44,000		11,000	33,000
Total General Obligation Bonds		<u>64,000</u>		<u>31,000</u>	<u>33,000</u>
<u>Special Assessment Bonds</u>					
1979 Second Ward Street	6.375	35,000		35,000	
1979 Fairview Avenue	6.25	7,000		7,000	
1979 Street Improvement	6.25	4,000		2,000	2,000
Total Special Assessment Bonds		<u>46,000</u>		<u>44,000</u>	<u>2,000</u>
<u>Ohio Water Development Authority</u>					
1980 Wastewater Treatment	7.82	282,811		87,108	195,703
1980 Fairview-Meeker Gorrel	8.38	89,899		27,590	62,309
1985 Water System	8.97	2,151,513		213,753	1,937,760
1988 Dunbridge Road	8.31	1,096,617		80,426	1,016,191
1988 Sludge Lagoon/Reservoir	8.05	1,219,652		185,344	1,034,308
1994 Second Water Transmission Main	5.77	3,906,786		100,280	3,806,506
1997 Wintergarden/Sand Ridge Sewer	3.20	866,794		206,494	660,300
1999 Granular Activated Carbon System	5.50		1,766,569		1,766,569
Total Ohio Water Development Authority		<u>9,614,072</u>	<u>1,766,569</u>	<u>900,995</u>	<u>10,479,646</u>

**CITY OF BOWLING GREEN
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(Continued)**

<u>Other Long-Term Obligations</u>				
Compensated Absences Payable	743,483	68,610		812,093
Intergovernmental Payable	337,282	369,002	337,282	369,002
Police/Fire Pension Liability Payable	109,143		109,143	
Promissory Note Payable	84,608		36,628	47,980
Total Other Long-Term Obligations	<u>1,274,516</u>	<u>437,612</u>	<u>483,053</u>	<u>1,229,075</u>
Total - General Long-Term Obligations	<u>11,388,588</u>	<u>9,004,181</u>	<u>1,849,048</u>	<u>18,543,721</u>
Enterprise Funds:				
<u>Ohio Water Development Authority</u>				
Sewer Fund				
1980 Wastewater Treatment	7.82	1,344,421	647,086	697,335
<u>Other Long-Term Obligations</u>				
Compensated Absences Payable		662,761	32,291	695,052
Capital Leases Payable		50,169	27,588	22,581
Total Other Long-Term Obligations		<u>712,930</u>	<u>32,291</u>	<u>717,633</u>
Total - Enterprise Funds		<u>2,057,351</u>	<u>32,291</u>	<u>1,414,968</u>
Total - Long-Term Obligations		<u>\$13,445,939</u>	<u>\$9,036,472</u>	<u>\$2,523,722</u>

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

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

Special assessment bonds are payable from the proceeds of assessments levied against the specific property owners who primarily benefitted from the project. Special assessment monies are received in and the debt is retired through the Special Assessment debt service fund. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

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

Compensated absences are presented at net because it is not practical to determine the actual increases and decreases. The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

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

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(Continued)**

The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire personnel in 1967. The liability is payable semiannually from property tax revenues received in the Police Pension and Fire Pension special revenue funds. During 1999, the City retired early the total outstanding balance of \$109,143. The City's payment in 1999 was \$75,892.

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

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

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

The City's overall debt margin was \$12,637,226 at December 31, 1999.

The Granular Activated Carbon System project funded by an OWDA loan has not been completed. An amortization schedule for the repayment of the loan will not be available until the project is completed, and therefore it is not included in the following schedule.

Principal and interest requirements to retire the general long-term obligations outstanding at December 31, 1999, were as follows:

Year	Bond Anticipation Notes	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	Promissory Note	Total
2000	\$7,083,120	\$12,650	\$2,125	\$1,564,570	\$38,547	\$8,701,012
2001		12,100		1,564,570	11,806	1,588,476
2002		11,550		1,420,110		1,431,660
2003				1,187,526		1,187,526
2004				1,045,762		1,045,762
2005-2009				2,839,062		2,839,062
2010-2014				1,628,505		1,628,505
2015-2019				1,628,505		1,628,505
Total	<u>\$7,083,120</u>	<u>\$36,300</u>	<u>\$2,125</u>	<u>\$12,878,610</u>	<u>\$50,353</u>	<u>\$20,050,508</u>

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 1999, from the enterprise funds were as follows:

Year	OWDA Loans
2000	\$752,240
2001	752,240
Total	<u>\$1,504,480</u>

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The City is a participant in two joint ventures that have issued Certificates of Beneficial Interest. The debt service payments are obligations of the joint ventures' participants, payable from each participants' municipal electric utility systems, subject only to the prior payment of the operation and maintenance expenses. In case of default by a participant, the remaining participants become liable for that participant's debt service payments. The Certificates of Beneficial Interest are fully insured in case of total default by all of the participants. No defaults have occurred to date on either of these joint ventures. For accounting purposes, the obligation for repayment of the Certificates is reflected in the financial statements of each of the joint ventures.

The debt associated with the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) is 15.73 percent of \$147,815,000 or approximately \$23,251,302. Principal payments are made on February 15 of each year. The total principal retirements and the portion that will be paid by the City are as follows:

Year	Certificates of Beneficial Interest	City of Bowling Green Percentage
2000	\$2,985,000	\$469,541
2001	3,130,000	492,349
2002	3,280,000	515,944
2003	3,445,000	541,899
2004	3,620,000	569,426
2005 - 2024	<u>131,355,000</u>	<u>20,662,141</u>
Total	<u>\$147,815,000</u>	<u>\$23,251,300</u>

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

	Date of Issue	Amount of Issue
Industrial Revenue Bonds		
Lamson and Session Company	6/28/95	\$2,780,000
Multi-Family Housing Revenue Bonds		
Bowling Green Village Series A	5/15/99	3,096,798
Bowling Green Village Series B	7/15/99	402,149

For obligations issued during 1996 and after, the amount outstanding at year end was \$3,498,947.

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

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NOTE 18 - CAPITAL LEASES - LESSEE DISCLOSURE

The City has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as a reduction of the liability in the enterprise funds. Equipment has been capitalized in the Water and Sewer enterprise funds, in the amount of \$334,189, and has a carrying value of \$211,935. This amount represents the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the enterprise funds. Principal payments in 1999 were \$57,341 in the enterprise funds.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 1999.

Year Ending December 31,	Enterprise
2000	\$33,667
2001	23,823
Total Minimum Lease Payments	57,490
Less: Amount Representing Interest	(3,786)
Present Value of Minimum Lease Payments	\$53,704

NOTE 19 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The City's enterprise funds account for the provision of parking, electric, water, and sewer. Financial segment information as of and for the year ended December 31, 1999, was as follows:

	Electric	Water	Sewer	Parking Meter	Off Street Parking	Total
Operating Revenues	\$21,581,770	\$2,795,186	\$3,267,758	\$116,304	\$9,440	\$27,770,458
Depreciation Expense	970,110	842,284	1,840,105		14,442	3,666,941
Operating Income (Loss)	705,969	226,368	(675,148)	17,932	(12,809)	262,312
Investment in Joint Venture	121,074					121,074
Operating Transfers - In	30,000				30,000	60,000
Operating Transfers - Out		20,000	10,000			30,000
Net Income (Loss)	582,501	357,887	(828,423)	17,932	11,036	140,933
Current Capital Contributions:						
Governmental Funds		663,349	214,412			877,761
Customers	15,483		712,598			728,081
Fixed Assets:						
Additions	2,512,031	1,483,232	1,108,798		175,267	5,279,328
Reductions	192,688	35,202	5,205		175,267	408,362
Net Working Capital	(2,732,473)	3,084,194	(1,015,562)	31,068	(148,955)	(781,728)
Compensated Absences	330,380	183,542	168,873	12,257		\$695,052
Capital Leases		22,581				22,581
OWDA Loans			1,344,421			1,344,421
Total Assets	23,640,041	23,199,592	35,735,099	125,936	998,098	83,698,766
Total Equity	14,043,813	22,403,381	30,513,070	109,711	836,166	67,906,141
Encumbrances Outstanding at Year End (Budget Basis)	700,676	548,553	617,110	130		1,866,469

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NOTE 20 - SHARED RISK POOL

Buckeye Ohio Risk Management Agency:

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

Participation in BORMA is by written application subject to approval of the Board of Directors and the payment of premiums. Member cities must remain members for cycles of three years. A member may withdraw from a program by giving a forty day notice prior to the beginning of the next cycle. BORMA does not have any outstanding debt obligations as of December 31, 1999. Financial information may be obtained from Arthur J. Gallagher & Co., Crown Centre Building, 5005 Rockside Road, 10th Floor, Cleveland, Ohio 44131-2157.

NOTE 21 - JOINT VENTURES

A. Ohio Municipal Electric Generation Agency Joint Venture 3 (JV3)

The City is a participant, with thirteen 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 3 (JV3) was created for that purpose. On dissolution of the joint venture, the net assets of JV3 will be shared by the participants on a percentage basis. The JV3 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit, on a monthly basis, those costs incurred from using electricity generated by the joint venture. In accordance with the joint venture agreement, the City remitted \$27,549 to the joint venture for 1999. The City's net investment and its share of the operating results of JV3 are reported in the City's Electric enterprise fund. The City's equity interest in JV3 was \$241,016 at December 31, 1999. Financial information for JV3 may be obtained from AMP-Ohio, 601 Dempsey Road, Westerville, Ohio 43081, or from the City's utility department.

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

The City is a participant, with forty-two other subdivisions within the State of Ohio, in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia (on the Ohio River at the Belleville Locks and Dam) and receive electricity from its operation. The Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) was created for that purpose. On dissolution of the joint venture, the net assets of JV5 will be shared by the participants on a percentage basis. The JV5 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit, on a monthly basis, those costs incurred from using electricity generated by the joint venture and a portion of the \$147,815,000 Certificates of Beneficial Interest debt that was issued to construct the fixed asset. In accordance with the joint venture agreement, the City remitted \$3,385,507 to the joint venture for 1999. The City's net investment and its share of the operating results of JV5 are reported in the City's Electric enterprise fund. The City's equity interest in JV5 was \$364,357 at December 31, 1999. Financial

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

information for JV5 may be obtained from AMP-Ohio, 601 Dempsey Road, Westerville, Ohio 43081, or from the City's utility department.

NOTE 22 - CONTINGENT LIABILITIES

A. Litigation

As of December 31, 1999, the City was a party to various legal proceedings seeking damages or injunctive relief arising in the course of ordinary business. The ultimate disposition of these proceedings is not presently determinable, but will not, in the opinion of the City Attorney, have a material adverse effect on the overall financial condition of the City.

B. Federal and State Grants

For the period January 1, 1999, to December 31, 1999, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

NOTE 23 - SUBSEQUENT EVENTS

On April 27, 2000, the City issued \$3,000,000 in bond anticipation notes for the Central Business District Revitalization Project. The notes have an interest rate of 4.6 percent and mature on March 29, 2001.

On June 15, 2000, the City retired \$120,000 in bond anticipation notes that were issued for the Newton Road Improvement.

On June 15, 2000, the City retired \$175,000 in bond anticipation notes and issued new notes, in the amount of \$160,000, for the Aquatic Complex Improvement. The notes have an interest rate of 5.25 percent and mature on June 14, 2001.

On June 15, 2000, the City retired \$1,800,000 and \$415,000 in bond anticipation notes and issued new notes, in the amount of \$2,215,000, for Sewer and Sanitary Sewer Improvements. The new notes have an interest rate of 5.25 percent and mature on June 14, 2001.

On June 15, 2000, the City retired \$1,000,000 in bond anticipation notes and issued new notes, in the amount of \$900,000, for the West Side Fire Station Construction. The new notes have an interest rate of 5.25 percent and mature on June 14, 2001.

On September 7, 2000, the City retired \$215,000 in bond anticipation notes and issued new notes, in the amount of \$215,000, for Real Estate Acquisition. The notes have an interest rate of 4.75 percent and mature on September 6, 2001.

On September 7, 2000, the City retired \$515,000 in bond anticipation notes and issued new notes, in the amount of \$480,000, for Research Park Drive Improvement. The notes have an interest rate of 4.75 percent and mature on September 6, 2001.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

On September 7, 2000, the City retired \$450,000 in bond anticipation notes and issued new notes, in the amount of \$350,000, for Water System Improvement. The notes have an interest rate of 4.75 percent and mature on September 6, 2001.

On September 7, 2000, the City retired \$1,330,000 in bond anticipation notes and issued new notes, in the amount of \$1,330,000, for Wastewater Treatment Plant Improvement. The notes have an interest rate of 4.75 percent and mature on September 6, 2001.

On September 7, 2000, the City retired \$160,000 in bond anticipation notes and issued new notes, in the amount of \$140,000, for Real Estate Acquisition (Parking). The notes have an interest rate of 4.75 percent and mature on September 6, 2001.

On September 7, 2000, the City retired \$4,990,000 in bond anticipation notes and issued new notes, in the amount of \$4,480,000, for Municipal Court Construction. The notes have an interest rate of 4.75 percent and mature on September 6, 2001.

On September 9, 2000, the City retired \$2,400,000 in bond anticipation notes and issued new notes, in the amount of \$3,950,000, for Electric System Improvement. The notes have an interest rate of 4.7 percent and mature on September 8, 2001.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMPARATIVE BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 1999 AND 1998**

	<u>Electric</u>		<u>Water</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Current assets:				
Equity in pooled cash and cash equivalents	\$3,900,331	\$4,424,496	\$3,127,173	\$2,996,426
Cash and cash equivalents in segregated accounts		600		
Cash and cash equivalents with fiscal and escrow agents				
Receivables:				
Accounts	1,799,936	1,995,805	269,306	301,195
Accrued interest		42,312	72,495	32,439
Due from other funds	704	2,745	3,359	5,123
Materials and supplies inventory	818,758	730,709	189,778	93,630
Prepaid items	13,646	12,190	12,171	10,717
Total current assets	<u>6,533,375</u>	<u>7,208,857</u>	<u>3,674,282</u>	<u>3,439,530</u>
Non-current assets:				
Fixed assets (net of accumulated depreciation)	16,501,293	15,145,329	19,525,310	18,884,362
Investment in joint venture	605,373	484,299		
Total non-current assets	<u>17,106,666</u>	<u>15,629,628</u>	<u>19,525,310</u>	<u>18,884,362</u>
Total assets	<u>\$23,640,041</u>	<u>\$22,838,485</u>	<u>\$23,199,592</u>	<u>\$22,323,892</u>
Current liabilities:				
Accounts payable	\$1,391,580	\$2,080,781	\$38,777	\$65,102
Accrued wages payable	36,318	27,476	22,437	17,108
Compensated absences payable	3,684		3,599	3,050
Retainage payable				
Intergovernmental payable	75,877	87,801	45,963	55,559
Due to other funds	2,726	2,134	2,475	2,815
Accrued interest payable	61,563	47,352	5,433	6,582
Notes payable	7,694,100	6,830,000	450,000	550,000
Capital leases payable			21,404	23,823
OWDA loans payable				
Total current liabilities	<u>9,265,848</u>	<u>9,075,544</u>	<u>590,088</u>	<u>724,039</u>
Non-current liabilities:				
Compensated absences payable	330,380	317,112	183,542	177,258
Capital leases payable			22,581	40,450
OWDA loans payable				
Total non-current liabilities	<u>330,380</u>	<u>317,112</u>	<u>206,123</u>	<u>217,708</u>
Total liabilities	<u>9,596,228</u>	<u>9,392,656</u>	<u>796,211</u>	<u>941,747</u>
Fund equity:				
Contributed capital	374,787	359,304	18,808,998	18,145,649
Retained earnings (deficit)	13,669,026	13,086,525	3,594,383	3,236,496
Total fund equity	<u>14,043,813</u>	<u>13,445,829</u>	<u>22,403,381</u>	<u>21,382,145</u>
Total liabilities and fund equity	<u>\$23,640,041</u>	<u>\$22,838,485</u>	<u>\$23,199,592</u>	<u>\$22,323,892</u>

(Continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMPARATIVE BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 1999 AND 1998
(Continued)**

	<u>Sewer</u>		<u>Parking Meter</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Current assets:				
Equity in pooled cash and cash equivalents	\$2,988,461	\$2,387,160	\$35,036	\$20,440
Cash and cash equivalents in segregated accounts				
Cash and cash equivalents with fiscal and escrow agent:	9,555	9,487		
Receivables:				
Accounts	294,358	321,865		
Accrued interest	13,704	13,120		
Due from other funds	9,531	9,443		
Materials and supplies inventory	12,423	4,981		
Prepaid items	12,227	10,729		
Total current assets	<u>3,340,259</u>	<u>2,756,785</u>	<u>35,036</u>	<u>20,440</u>
Non-current assets:				
Fixed assets (net of accumulated depreciation)	32,394,840	33,126,147	90,900	90,900
Investment in joint venture				
Total non-current assets	<u>32,394,840</u>	<u>33,126,147</u>	<u>90,900</u>	<u>90,900</u>
Total assets	<u>\$35,735,099</u>	<u>\$35,882,932</u>	<u>\$125,936</u>	<u>\$111,340</u>
Current liabilities:				
Accounts payable	\$25,110	\$61,872		
Accrued wages payable	20,126	14,919	\$1,565	\$1,425
Compensated absences payable	4,217	3,887	148	
Retainage payable	9,555	9,487		
Intergovernmental payable	40,915	50,023	2,200	5,036
Due to other funds	2,960	2,494	55	61
Accrued interest payable	51,133	48,949		
Notes payable	3,545,000	3,130,000		
Capital leases payable	9,719	37,053		
OWDA loans payable	647,086	600,273		
Total current liabilities	<u>4,355,821</u>	<u>3,958,957</u>	<u>3,968</u>	<u>6,522</u>
Non-current liabilities:				
Compensated absences payable	168,873	155,352	12,257	13,039
Capital leases payable		9,719		
OWDA loans payable	697,335	1,344,421		
Total non-current liabilities	<u>866,208</u>	<u>1,509,492</u>	<u>12,257</u>	<u>13,039</u>
Total liabilities	<u>5,222,029</u>	<u>5,468,449</u>	<u>16,225</u>	<u>19,561</u>
Fund equity:				
Contributed capital	45,294,956	44,367,946		
Retained earnings (deficit)	(14,781,886)	(13,953,463)	109,711	91,779
Total fund equity	<u>30,513,070</u>	<u>30,414,483</u>	<u>109,711</u>	<u>91,779</u>
Total liabilities and fund equity	<u>\$35,735,099</u>	<u>\$35,882,932</u>	<u>\$125,936</u>	<u>\$111,340</u>

Off Street Parking		Totals	
1999	1998	1999	1998
\$12,977	\$12,881	\$10,063,978	\$9,841,403
		9,555	600
			9,487
		2,363,600	2,618,865
		86,199	87,871
		13,594	17,311
		1,020,959	829,320
		38,044	33,636
12,977	12,881	13,595,929	13,438,493
985,121	999,563	69,497,464	68,246,301
		605,373	484,299
985,121	999,563	70,102,837	68,730,600
\$998,098	\$1,012,444	\$83,698,766	\$82,169,093
		\$1,455,467	\$2,207,755
		80,446	60,928
		11,648	6,937
		9,555	9,487
	\$6,845	164,955	205,264
		8,216	7,504
\$1,932	469	120,061	103,352
160,000	180,000	11,849,100	10,690,000
		31,123	60,876
		647,086	600,273
161,932	187,314	14,377,657	13,952,376
		695,052	662,761
		22,581	50,169
		697,335	1,344,421
		1,414,968	2,057,351
161,932	187,314	15,792,625	16,009,727
		64,478,741	62,872,899
836,166	825,130	3,427,400	3,286,467
836,166	825,130	67,906,141	66,159,366
\$998,098	\$1,012,444	\$83,698,766	\$82,169,093

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
ENTERPRISE FUNDS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	<u>Electric</u>		<u>Water</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Operating revenues:				
Charges for services	\$20,977,915	\$19,908,964	\$2,752,998	\$2,629,033
Other	603,855	640,096	42,188	77,796
Total operating revenues	<u>21,581,770</u>	<u>20,549,060</u>	<u>2,795,186</u>	<u>2,706,829</u>
Operating expenses, excluding depreciation:				
Purchased power	16,085,510	15,645,137		
Transmission maintenance				2,887
Plant operation			465,968	575,871
Plant maintenance			240,978	213,602
Distribution operation	276,978	1,321,967	19,785	306,458
Distribution maintenance	1,087,066	1,052,714	402,001	386,473
Customer account collection	376,334	328,907	105,809	90,899
Administrative and general	2,079,803	2,074,640	491,993	492,796
Other				
Total operating expenses	<u>19,905,691</u>	<u>20,423,365</u>	<u>1,726,534</u>	<u>2,068,986</u>
Operating income before depreciation	1,676,079	125,695	1,068,652	637,843
Depreciation	970,110	804,010	842,284	770,032
Operating income (loss)	<u>705,969</u>	<u>(678,315)</u>	<u>226,368</u>	<u>(132,189)</u>
Non-operating revenues (expenses):				
Investment in joint venture	121,074	128,967		
Interest income	166,873	300,191	175,295	180,310
Interest expense	(255,458)	(285,143)	(23,776)	(34,239)
Loss on disposal of fixed assets	(185,957)	(87,380)		
Total non-operating revenues (expenses)	<u>(153,468)</u>	<u>56,635</u>	<u>151,519</u>	<u>146,071</u>
Income (loss) before operating transfers	552,501	(621,680)	377,887	13,882
Operating transfers - in	30,000			
Operating transfers - out			(20,000)	(117,575)
Net income (loss)	582,501	(621,680)	357,887	(103,693)
Retained earnings (deficit) at beginning of year	<u>13,086,525</u>	<u>13,708,205</u>	<u>3,236,496</u>	<u>3,340,189</u>
Retained earnings (deficit) at end of year	<u>13,669,026</u>	<u>13,086,525</u>	<u>3,594,383</u>	<u>3,236,496</u>
Contributed capital at beginning of year	359,304	359,304	18,145,649	17,432,366
Contributed from governmental funds			663,349	193,493
Contributed from customers	15,483			519,790
Contributed capital at end of year	<u>374,787</u>	<u>359,304</u>	<u>18,808,998</u>	<u>18,145,649</u>
Total fund equity at end of year	<u>\$14,043,813</u>	<u>\$13,445,829</u>	<u>\$22,403,381</u>	<u>\$21,382,145</u>

Sewer		Parking Meter		Off Street Parking		Totals	
1999	1998	1999	1998	1999	1998	1999	1998
\$3,037,082	\$2,932,248	\$116,304	\$124,695			\$26,884,299	\$25,594,940
230,676	193,521			\$9,440	\$9,818	886,159	921,231
3,267,758	3,125,769	116,304	124,695	9,440	9,818	27,770,458	26,516,171
						16,085,510	15,645,137
							2,887
625,110	609,755					1,091,078	1,185,626
350,253	294,192					591,231	507,794
86,594	63,298					383,357	1,691,723
336,177	285,626					1,825,244	1,724,813
53,195	46,586					535,338	466,392
651,472	648,299					3,223,268	3,215,735
0	0	98,372	120,349	7,807	208	106,179	120,557
2,102,801	1,947,756	98,372	120,349	7,807	208	23,841,205	24,560,664
1,164,957	1,178,013	17,932	4,346	1,633	9,610	3,929,253	1,955,507
1,840,105	1,742,725			14,442	14,442	3,666,941	3,331,209
(675,148)	(564,712)	17,932	4,346	(12,809)	(4,832)	262,312	(1,375,702)
						121,074	128,967
128,221	138,554					470,389	619,055
(271,496)	(310,931)			(6,155)	(7,726)	(556,885)	(638,039)
						(185,957)	(87,380)
(143,275)	(172,377)			(6,155)	(7,726)	(151,379)	22,603
(818,423)	(737,089)	17,932	4,346	(18,964)	(12,558)	110,933	(1,353,099)
				30,000	80,000	60,000	80,000
(10,000)	(133,417)		(20,000)			(30,000)	(270,992)
(828,423)	(870,506)	17,932	(15,654)	11,036	67,442	140,933	(1,544,091)
(13,953,463)	(13,082,957)	91,779	107,433	825,130	757,688	3,286,467	4,830,558
(14,781,886)	(13,953,463)	109,711	91,779	836,166	825,130	3,427,400	3,286,467
44,367,946	42,085,191					62,872,899	59,876,861
214,412	1,253,212					877,761	1,446,705
712,598	1,029,543					728,081	1,549,333
45,294,956	44,367,946					64,478,741	62,872,899
\$30,513,070	\$30,414,483	\$109,711	\$91,779	\$836,166	\$825,130	\$67,906,141	\$66,159,366

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMPARATIVE STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	Electric		Water	
	1999	1998	1999	1998
Increases (decreases) in cash and cash equivalents				
<u>Cash flows from operating activities:</u>				
Cash received from customers	\$21,175,825	\$19,541,046	\$2,786,651	\$2,588,494
Cash payments for purchased power	(16,728,656)	(14,793,118)		
Cash payments for transmission maintenance				(2,887)
Cash payments for plant operation			(454,116)	(596,150)
Cash payments for plant maintenance			(243,287)	(220,916)
Cash payments for distribution operation	(385,377)	(863,732)	(145,528)	(299,234)
Cash payments for distribution maintenance	(1,103,570)	(1,052,574)	(394,657)	(395,374)
Cash payments for customer account collection	(365,188)	(331,339)	(102,218)	(92,454)
Cash payments for administrative and general	(865,745)	(792,575)	(508,429)	(470,757)
Cash payments for quasi-external operating transactions with other funds	(1,221,399)	(1,252,991)		
Cash received from other revenues	603,855	640,096	42,188	77,796
Cash payments for other expenses				
Net cash provided (used) by operating activities	1,109,745	1,094,813	980,604	588,518
<u>Cash flows from non-capital financing activities:</u>				
Cash received from advances in				79,829
Cash received from operating transfers - in	30,000			
Cash payments for operating transfers - out			(20,000)	(117,575)
Net cash provided (used) by noncapital financing activities	30,000		(20,000)	(37,746)
<u>Cash flows from capital and related financing activities:</u>				
Acquisition and construction of fixed assets	(2,496,548)	(1,860,383)	(819,883)	(322,696)
Proceeds from sale of notes	7,694,100	6,830,000	450,000	550,000
Principal paid on bond anticipation notes	(6,830,000)	(7,160,000)	(550,000)	(650,000)
Interest paid on bond anticipation notes	(241,247)	(291,939)	(21,390)	(31,169)
Principal paid on capital leases			(20,288)	(19,230)
Interest paid on capital leases			(3,535)	(4,593)
Principal paid on OWDA loans				
Interest paid on OWDA loans				
Net cash used by capital and related financing activities	(1,873,695)	(2,482,322)	(965,096)	(477,688)
<u>Cash flows from investing activities:</u>				
Interest	209,185	257,879	135,239	147,871
Net increase (decrease) in cash and cash equivalents	(524,765)	(1,129,630)	130,747	220,955
Cash and cash equivalents at beginning of year	4,425,096	5,554,726	2,996,426	2,775,471
Cash and cash equivalents at end of year	\$3,900,331	\$4,425,096	\$3,127,173	\$2,996,426

Sewer		Parking Meter		Off Street Parking		Totals	
1999	1998	1999	1998	1999	1998	1999	1998
\$3,064,501	\$2,887,957	\$116,304	\$124,695			\$27,143,281	\$25,142,192
						(16,728,656)	(14,793,118)
							(2,887)
(609,421)	(633,043)					(1,063,537)	(1,229,193)
(374,775)	(307,074)					(618,062)	(527,990)
(102,725)	(72,955)					(633,630)	(1,235,921)
(333,201)	(297,810)					(1,831,428)	(1,745,758)
(51,473)	(48,285)					(518,879)	(472,078)
(666,492)	(635,896)					(2,040,666)	(1,899,228)
						(1,221,399)	(1,252,991)
230,676	193,521			\$9,440	\$9,818	886,159	921,231
		(101,708)	(108,041)	(14,652)	(5,746)	(116,360)	(113,787)
1,157,090	1,086,415	14,596	16,654	(5,212)	4,072	3,256,823	2,790,472
	95,671						175,500
(10,000)	(133,417)		(20,000)	30,000	80,000	60,000	80,000
						(30,000)	(270,992)
(10,000)	(37,746)		(20,000)	30,000	80,000	30,000	(15,492)
(181,788)	(518,307)				(137,667)	(3,498,219)	(2,839,053)
3,545,000	3,130,000			160,000	180,000	11,849,100	10,690,000
(3,130,000)	(2,735,000)			(180,000)	(200,000)	(10,690,000)	(10,745,000)
(114,870)	(228,407)			(4,692)	(7,838)	(382,199)	(559,353)
(37,053)	(34,298)					(57,341)	(53,528)
(2,326)	(5,082)					(5,861)	(9,675)
(600,273)	(580,247)					(600,273)	(580,247)
(152,116)	(78,424)					(152,116)	(78,424)
(673,426)	(1,049,765)			(24,692)	(165,505)	(3,536,909)	(4,175,280)
127,705	125,434					472,129	531,184
601,369	124,338	14,596	(3,346)	96	(81,433)	222,043	(869,116)
2,396,647	2,272,309	20,440	23,786	12,881	94,314	9,851,490	10,720,606
\$2,998,016	\$2,396,647	\$35,036	\$20,440	\$12,977	\$12,881	\$10,073,533	\$9,851,490

(Continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**COMPARATIVE STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998
(Continued)**

	<u>Electric</u>		<u>Water</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$705,969	(\$678,315)	\$226,368	(\$132,189)
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</u>				
Depreciation	970,110	804,010	842,284	770,032
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	195,869	(366,127)	31,889	(40,367)
(Increase) decrease in due from other funds	2,041	(1,791)	1,764	(172)
(Increase) decrease in materials and supplies inventory	(88,049)	416,897	(96,148)	38,370
(Increase) decrease in prepaid items	(1,456)	1,261	(1,454)	2,734
Increase (decrease) in accounts payable	(689,201)	910,595	(26,325)	(51,130)
Increase (decrease) in accrued wages payable	8,842	(78,379)	5,329	(53,651)
Increase (decrease) in compensated absences payable	16,952	58,288	6,833	33,457
Increase in retainage payable				
Increase (decrease) in intergovernmental payable	(11,924)	28,103	(9,596)	19,232
Increase (decrease) in due to other funds	592	271	(340)	2,202
Net cash provided by (used for) operating activities	<u>\$1,109,745</u>	<u>\$1,094,813</u>	<u>\$980,604</u>	<u>\$588,518</u>

Sewer		Parking Meter		Off Street Parking		Totals	
1999	1998	1999	1998	1999	1998	1999	1998
(\$675,148)	(\$564,712)	\$17,932	\$4,346	(\$12,809)	(\$4,832)	\$262,312	(\$1,375,702)
1,840,105	1,742,725			14,442	14,442	3,666,941	3,331,209
27,507	(43,641)					255,265	(450,135)
(88)	(650)					3,717	(2,613)
(7,442)	(2,317)					(191,639)	452,950
(1,498)	3,130					(4,408)	7,125
(36,762)	(26,175)				(11,172)	(752,288)	822,118
5,207	(49,273)	140	(1,870)			19,518	(183,173)
13,851	10,524	(634)	13,039			37,002	115,308
	186						186
(9,108)	15,522	(2,836)	1,078	(6,845)	6,845	(40,309)	70,780
466	1,096	(6)	61		(1,211)	712	2,419
\$1,157,090	\$1,086,415	\$14,596	\$16,654	(\$5,212)	\$4,072	\$3,256,823	\$2,790,472

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**CITY OF BOWLING GREEN
WOOD COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
(NON-GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 1999**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Project/ Contract Number	Disbursements
UNITED STATES DEPARTMENT OF JUSTICE			
OFFICE OF JUSTICE PROGRAMS			
Local Law Enforcement Block Grants Program	16.592	97-LB-VX-2555 98-LB-VX-2555	\$1,898 <u>8,344</u>
Total Department of Justice			<u>10,242</u>
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/Entitlement Grants	14.218	B-98-MC-39-0025 B-99-MC-39-0025	168,300 <u>165,806</u> 334,106
Section 8 Rental Voucher Program	14.855	OH085VO	222,209
<i>Passed Through Ohio Department of Development</i>			
Section 8 Rental Voucher Program	14.855	A-C-98-096-2	<u>15,514</u> 237,723
HOME Investment Partnerships Program	14.239	A-C-98-096-2	<u>238,511</u>
Total Department of Housing and Urban Development			<u>810,340</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Formula Grant for Other Than Urbanized Areas	20.509	RPT-4087-016-991 RPT-0087-018-992	97,345 <u>2,750</u>
Total Department of Transportation			<u>100,095</u>
Total Federal Assistance			<u><u>\$920,677</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal awards 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) grants money for these loans to the City. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property, business assets to include equipment, inventory and receivables, and personal assets. At December 31, 1999 the gross amount of loans outstanding under this program were \$355,355. Delinquent amounts due are \$11,005.

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) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditure (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 not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 1999, the gross amount of loans outstanding under this program were \$363,268.

NOTE D - MATCHING REQUIREMENTS

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



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

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

To the City Council:

We have audited the financial statements of the City of Bowling Green, Wood County, (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated October 5, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-20187-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated October 5, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-20187-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated October 5, 2000.

This report is intended for the information and use of the audit committee, management, City Council, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

Jim Petro
Auditor of State

October 5, 2000



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

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

To the City Council:

Compliance

We have audited the compliance of the City of Bowling Green, 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 are applicable to each of its major federal programs for the year ended December 31, 1999. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the City in a separate letter dated October 5, 2000.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the City in a separate letter dated October 5, 2000.

This report is intended for the information and use of the audit committee, management, City Council, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

October 5, 2000

**CITY OF BOWLING GREEN
WOOD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FISCAL YEAR ENDED 12/31/99**

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants/Entitlement Grants 14.218 HOME Investment Partnerships Program 14.239
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 1999-20187-001

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of Council.

Seventy-nine percent of the utility department's vouchers and thirty-four percent of the non-utility vouchers selected for testing after the date of the prior year's exit conference were not certified by the Finance Director at the time the contract or order was made and a Then and Now Certificate was not issued. The Finance Director implemented on November 1, 1999, procedures and new requisition forms to correct this area of noncompliance. We recommend the Finance Director prepare the necessary certificate for each purchase prior to entering into a commitment for goods or services. Where prior certification is not feasible, we encourage the Finance Director to utilize then and now certificates or blanket certificates.

FINDING NUMBER 1999-20187-002

The City does not keep a fixed asset listing. This could lead to loss or misappropriation of fixed assets. For accurate fixed asset reporting, we recommend the City follow through with their plan of implementing a new fixed asset software program and verifying the fixed asset listing prior to inputting all the information into the new program.

3. FINDINGS FOR FEDERAL AWARDS

None.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-20187-001	ORC §5705.41(D) failure to encumber funds	No	The requisition form for utilities was redesigned to include a place for the finance director to certify the funds. A note was sent to all departments outlining the process for purchases orders and pointing out the certification process. This was corrected effective November 1, 1999. The exit conference was held September 22, 1999.
1998-40120-002	Fixed asset listing could not be reconciled. Recommended the City follow through with the purchase of a computer program.	No	The City has purchased the fixed asset program and is working on updating the list before entering it into the computer. At this time fixed asset information up to 1998 has been accumulated. It does not agree with LGS's workpapers. LGS has been contacted and the City is waiting to meet with them to work out the difference. As soon as 1998 is corrected, the information for 1999 will be accumulated.
1998-20187-003	Activity summary report could not be reconciled with CAPR or the City's expenditure listing for CDBG. Form #C04PR26 could not be found.	No	The City implemented several new procedures to alleviate this problem in 2000. The Grant Director is taking the monthly reports for the finance department and agreeing them to the IDIS system. The Finance Department performed an extensive reconciliation of Draws, expenses, and program income in 2000. Form #C04PR26 is a part of the IDIS system and is printed off of it.
1998-20187-004	A fire truck was purchased with CDBG and City funds. CDBG's portion of the fire truck was not on CDBG's fixed asset listing.	Yes	This has been corrected on the listing of fixed assets that is being accumulating to put into the new fixed asset computer program.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
NOVEMBER 14, 2000**