



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 (the City) as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Bowling Green, Wood County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

October 9, 2001

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**CITY OF BOWLING GREEN
WOOD COUNTY**

**Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and other debits:				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$5,380,694	\$5,430,289	\$84,824	\$6,824,733
Cash and cash equivalents in segregated accounts	0	2,405	0	0
Cash and cash equivalents with fiscal agents	0	0	2,313	0
Receivables:				
Property taxes	1,284,999	501,884	0	0
Other local taxes	12,643	0	0	0
Municipal income taxes	955,360	598,785	0	891,733
Accounts	100,966	1,714	0	0
Intergovernmental	226,967	150,730	0	142,527
Special assessments	240,449	0	142	50
Accrued interest	285,217	0	0	0
Interfund	17,500	0	0	0
Notes	0	679,378	0	0
Due from other funds	0	0	0	0
Materials and supplies inventory	0	0	0	0
Prepaid items	68,691	0	0	0
Restricted Assets:				
Cash and cash equivalents with escrow agents	0	0	0	71,549
Fixed assets (net, where applicable, of accumulated depreciation)	0	0	0	0
Investment in joint venture	0	0	0	0
<u>Other debits:</u>				
Amount to be provided from general governmental resources	0	0	0	0
Total assets and other debits	<u>\$8,573,486</u>	<u>\$7,365,185</u>	<u>\$87,279</u>	<u>\$7,930,592</u>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$10,590,460	\$119,507	\$51,024	\$0	\$0	\$28,481,531
0	0	191,262	0	0	193,667
0	0	0	0	0	2,313
0	0	0	0	0	1,786,883
0	0	0	0	0	12,643
0	0	0	0	0	2,445,878
2,656,031	1,823	0	0	0	2,760,534
0	0	0	0	0	520,224
0	0	99,378	0	0	340,019
99,224	0	0	0	0	384,441
0	0	0	0	0	17,500
0	0	0	0	0	679,378
30,260	12,530	0	0	0	42,790
1,093,425	0	0	0	0	1,093,425
52,985	0	0	0	0	121,676
29,014	0	0	0	0	100,563
70,499,237	7,470	0	22,637,881	0	93,144,588
916,593	0	0	0	0	916,593
0	0	0	0	21,094,048	21,094,048
\$85,967,229	\$141,330	\$341,664	\$22,637,881	\$21,094,048	\$154,138,694

(Continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2000
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, fund equity, and other credits:				
<u>Liabilities:</u>				
Accounts payable	\$208,215	\$66,238	\$0	\$41,096
Contracts payable	13,227	11,191	0	169,656
Accrued wages payable	130,331	56,285	0	0
Compensated absences payable	57,455	9,236	0	0
Retainage payable	0	0	0	71,549
Intergovernmental payable	98,202	27,842	0	849
Interfund payable	0	17,500	0	0
Due to other funds	28,674	4,826	0	1,218
Deferred revenue	1,652,999	533,288	142	46,816
Undistributed assets	0	0	0	0
Matured interest payable	0	0	313	0
Matured bonds payable	0	0	2,000	0
Accrued interest payable	0	0	0	0
Notes payable	0	0	0	0
Capital leases payable	0	0	0	0
General obligation bonds payable	0	0	0	0
OWDA loans payable	0	0	0	0
Promissory note payable	0	0	0	0
Total liabilities	2,189,103	726,406	2,455	331,184
<u>Fund equity and other credits:</u>				
Investment in general fixed assets	0	0	0	0
Retained earnings	0	0	0	0
Contributed capital	0	0	0	0
Fund balance:				
Reserved for notes receivable	0	679,378	0	0
Reserved for non-expendable trust	0	0	0	0
Reserved for encumbrances	706,684	176,105	0	3,648,737
Unreserved	5,677,699	5,783,296	84,824	3,950,671
Total fund equity and other credits	6,384,383	6,638,779	84,824	7,599,408
Total liabilities, fund equity, and other credits	\$8,573,486	\$7,365,185	\$87,279	\$7,930,592

See accompanying notes to the general-purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$2,884,395	\$4,050	\$0	\$0	\$0	\$3,203,994
0	0	0	0	0	194,074
79,983	4,859	0	0	0	271,458
692,171	45,905	0	0	816,783	1,621,550
29,014	0	0	0	0	100,563
135,262	8,560	0	0	359,300	630,015
0	0	0	0	0	17,500
7,848	224	0	0	0	42,790
0	0	0	0	0	2,233,245
0	0	290,640	0	0	290,640
0	0	0	0	0	313
0	0	0	0	0	2,000
193,254	0	0	0	0	193,254
12,974,000	0	0	0	9,020,000	21,994,000
144,181	0	0	0	0	144,181
0	0	0	0	22,000	22,000
697,206	0	0	0	10,864,613	11,561,819
0	0	0	0	11,352	11,352
17,837,314	63,598	290,640	0	21,094,048	42,534,748
0	0	0	22,637,881	0	22,637,881
1,026,157	16,005	0	0	0	1,042,162
67,103,758	61,727	0	0	0	67,165,485
0	0	0	0	0	679,378
0	0	5,950	0	0	5,950
0	0	0	0	0	4,531,526
0	0	45,074	0	0	15,541,564
68,129,915	77,732	51,024	22,637,881	0	111,603,946
\$85,967,229	\$141,330	\$341,664	\$22,637,881	\$21,094,048	\$154,138,694

**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, 2000**

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Property taxes	\$1,270,186	\$388,105
Other local taxes	12,643	0
Municipal income taxes	4,898,027	3,065,518
Intergovernmental	2,289,216	1,751,133
Charges for services	1,210,211	403,622
Fees, licenses, and permits	61,821	8,685
Fines and forfeitures	550,936	55,538
Special assessments	236,053	54
Interest	1,110,568	89,311
Other	52,651	23,006
	11,692,312	5,784,972
Expenditures:		
Current:		
Security of persons and property	4,659,375	2,392,550
Public health	163,796	52,979
Community environment	302,575	759,792
Leisure time activities	0	833,661
Basic utility services	680,596	0
Transportation	1,561,175	1,193,787
General government	3,405,495	25,996
Capital outlay	0	0
Debt service:		
Principal retirement	0	0
Interest and fiscal charges	0	0
	10,773,012	5,258,765
Total expenditures		
	10,773,012	5,258,765
Excess of revenues over (under) expenditures	919,300	526,207
Other financing sources (uses):		
Proceeds of notes	0	0
Proceeds of OWDA loans	0	0
Operating transfers - in	3,015	65,819
Operating transfers - out	(301,930)	(75,576)
	(298,915)	(9,757)
Total other financing sources (uses)		
	(298,915)	(9,757)
Excess of revenues and other financing sources over expenditures and other financing uses	620,385	516,450
Fund balances at beginning of year	5,763,998	6,122,329
Fund balances at end of year	\$6,384,383	\$6,638,779

See accompanying notes to the general-purpose financial statements

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$0	\$0	\$0	\$1,658,291
0	0	0	12,643
0	4,571,820	0	12,535,365
0	883,481	0	4,923,830
0	14,112	0	1,627,945
0	24,175	0	94,681
0	111,446	0	717,920
3,525	445	0	240,077
0	68,445	0	1,268,324
0	91,868	3,310	170,835
3,525	5,765,792	3,310	23,249,911
0	0	0	7,051,925
0	0	0	216,775
0	0	0	1,062,367
0	0	0	833,661
0	0	0	680,596
0	0	0	2,754,962
0	181,920	0	3,613,411
0	5,746,057	0	5,746,057
2,000	7,974,750	0	7,976,750
63	1,066,373	0	1,066,436
2,063	14,969,100	0	31,002,940
1,462	(9,203,308)	3,310	(7,753,029)
0	9,020,000	0	9,020,000
0	1,512,089	0	1,512,089
0	858,322	0	927,156
0	(566,635)	(3,015)	(947,156)
0	10,823,776	(3,015)	10,512,089
1,462	1,620,468	295	2,759,060
83,362	5,978,940	10,855	17,959,484
\$84,824	\$7,599,408	\$11,150	\$20,718,544

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) and Actual Comparison
All Governmental and Similar Fiduciary Fund Types
For the Year Ended December 31, 2000**

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Property taxes	\$1,401,431	\$1,070,258	(\$331,173)
Other local taxes	188,000	208,845	20,845
Municipal income taxes	4,792,549	4,910,222	117,673
Intergovernmental	1,665,922	2,282,300	616,378
Charges for services	929,955	1,255,059	325,104
Fees, licenses, and permits	40,250	60,521	20,271
Fines and forfeitures	415,000	585,915	170,915
Special assessments	240,500	236,053	(4,447)
Interest	550,000	968,345	418,345
Other	11,102	51,334	40,232
Revolving loan payments	0	0	0
Total revenues	10,234,709	11,628,852	1,394,143
Expenditures:			
Current:			
Security of persons and property	4,983,475	4,636,868	346,607
Public health	284,333	168,910	115,423
Community environment	359,001	348,203	10,798
Leisure time activities	0	0	0
Basic utility services	728,090	712,108	15,982
Transportation	1,850,113	1,641,847	208,266
General government	5,028,134	3,803,939	1,224,195
Capital outlay	0	0	0
Debt service:			
Principal retirement	0	0	0
Interest and fiscal charges	0	0	0
Total expenditures	13,233,146	11,311,875	1,921,271
Excess of revenues over (under) expenditures	(2,998,437)	316,977	3,315,414
Other financing sources (uses):			
Other financing sources	5,500	2,500	(3,000)
Other financing uses	0	0	0
Proceeds of notes	0	0	0
Proceeds of OWDA loans	0	0	0
Advances - in	0	100,000	100,000
Advances - out	(117,500)	(117,500)	0
Operating transfers - in	(416,485)	3,015	419,500
Operating transfers - out	(301,930)	(301,930)	0
Total other financing sources (uses)	(830,415)	(313,915)	516,500
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(3,828,852)	3,062	3,831,914
Fund balances at beginning of year	4,320,873	4,320,873	0
Prior year encumbrances appropriated	274,378	274,378	0
Fund balances at end of year	\$766,399	\$4,598,313	\$3,831,914

Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$674,177	\$388,320	(\$285,857)	\$0	\$0	\$0
0	0	0	0	0	0
3,063,620	3,073,161	9,541	0	0	0
2,332,249	1,803,056	(529,193)	0	0	0
432,582	405,224	(27,358)	0	0	0
7,800	7,835	35	0	0	0
29,500	52,898	23,398	0	0	0
0	54	54	0	3,525	3,525
65,130	88,830	23,700	0	0	0
124,806	26,570	(98,236)	0	0	0
108,764	225,481	116,717	0	0	0
6,838,628	6,071,429	(767,199)	0	3,525	3,525
2,712,119	2,383,469	328,650	0	0	0
154,424	53,064	101,360	0	0	0
1,888,978	1,031,294	857,684	0	0	0
998,570	921,230	77,340	0	0	0
0	0	0	0	0	0
1,331,457	1,208,886	122,571	0	0	0
40,014	25,909	14,105	0	0	0
0	0	0	0	0	0
0	0	0	452,000	2,000	450,000
0	0	0	63	63	0
7,125,562	5,623,852	1,501,710	452,063	2,063	450,000
(286,934)	447,577	734,511	(452,063)	1,462	453,525
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	450,000	0	(450,000)
0	0	0	0	0	0
0	17,500	17,500	0	0	0
0	0	0	0	0	0
65,963	65,819	(144)	0	0	0
(103,909)	(75,576)	28,333	0	0	0
(37,946)	7,743	45,689	450,000	0	(450,000)
(324,880)	455,320	780,200	(2,063)	1,462	3,525
4,448,547	4,448,547	0	83,362	83,362	0
333,764	333,764	0	0	0	0
\$4,457,431	\$5,237,631	\$780,200	\$81,299	\$84,824	\$3,525

(Continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) and Actual Comparison
All Governmental and Similar Fiduciary Fund Types
For the Year Ended December 31, 2000
(Continued)**

	Capital Projects		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Property taxes	\$0	\$0	\$0
Other local taxes	0	0	0
Municipal income taxes	4,473,365	4,583,202	109,837
Intergovernmental	1,889,084	740,954	(1,148,130)
Charges for services	13,000	15,416	2,416
Fees, licenses, and permits	0	24,175	24,175
Fines and forfeitures	100,000	120,031	20,031
Special assessments	0	445	445
Interest	0	73,508	73,508
Other	0	1,241	1,241
Revolving loan payments	0	0	0
Total revenues	6,475,449	5,558,972	(916,477)
Expenditures:			
Current:			
Security of persons and property	0	0	0
Public health	0	0	0
Community environment	0	0	0
Leisure time activities	0	0	0
Basic utility services	0	0	0
Transportation	0	0	0
General government	195,544	181,804	13,740
Capital outlay	14,423,112	10,168,982	4,254,130
Debt service:			
Principal retirement	7,974,980	7,974,750	230
Interest and fiscal charges	1,088,536	1,066,373	22,163
Total expenditures	23,682,172	19,391,909	4,290,263
Excess of revenues over (under) expenditures	(17,206,723)	(13,832,937)	3,373,786
Other financing sources (uses):			
Other financing sources	65,675	90,627	24,952
Other financing uses	0	0	0
Proceeds of notes	9,155,000	9,020,000	(135,000)
Proceeds of OWDA loans	7,156,088	1,512,089	(5,643,999)
Advances - in	100,000	100,000	0
Advances - out	(100,000)	(100,000)	0
Operating transfers - in	1,075,056	858,322	(216,734)
Operating transfers - out	(996,422)	(566,635)	429,787
Total other financing sources (uses)	16,455,397	10,914,403	(5,540,994)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(751,326)	(2,918,534)	(2,167,208)
Fund balances at beginning of year	2,593,375	2,593,375	0
Prior year encumbrances appropriated	3,497,067	3,497,067	0
Fund balances at end of year	\$5,339,116	\$3,171,908	(\$2,167,208)

See accompanying notes to the general-purpose financial statements

Expendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,075,608	\$1,458,578	(\$617,030)
0	0	0	188,000	208,845	20,845
0	0	0	12,329,534	12,566,585	237,051
0	0	0	5,887,255	4,826,310	(1,060,945)
0	0	0	1,375,537	1,675,699	300,162
0	0	0	48,050	92,531	44,481
0	0	0	544,500	758,844	214,344
0	0	0	240,500	240,077	(423)
0	0	0	615,130	1,130,683	515,553
1,000	3,310	2,310	136,908	82,455	(54,453)
0	0	0	108,764	225,481	116,717
1,000	3,310	2,310	23,549,786	23,266,088	(283,698)
0	0	0	7,695,594	7,020,337	675,257
0	0	0	438,757	221,974	216,783
0	0	0	2,247,979	1,379,497	868,482
0	0	0	998,570	921,230	77,340
0	0	0	728,090	712,108	15,982
0	0	0	3,181,570	2,850,733	330,837
0	0	0	5,263,692	4,011,652	1,252,040
0	0	0	14,423,112	10,168,982	4,254,130
0	0	0	8,426,980	7,976,750	450,230
0	0	0	1,088,599	1,066,436	22,163
0	0	0	44,492,943	36,329,699	8,163,244
1,000	3,310	2,310	(20,943,157)	(13,063,611)	7,879,546
0	0	0	71,175	93,127	21,952
(2,500)	0	2,500	(2,500)	0	2,500
0	0	0	9,605,000	9,020,000	(585,000)
0	0	0	7,156,088	1,512,089	(5,643,999)
0	0	0	100,000	217,500	117,500
0	0	0	(217,500)	(217,500)	0
0	0	0	724,534	927,156	202,622
(3,015)	(3,015)	0	(1,405,276)	(947,156)	458,120
(5,515)	(3,015)	2,500	16,031,521	10,605,216	(5,426,305)
(4,515)	295	4,810	(4,911,636)	(2,458,395)	2,453,241
10,855	10,855	0	11,457,012	11,457,012	0
0	0	0	4,105,209	4,105,209	0
\$6,340	\$11,150	\$4,810	\$10,650,585	\$13,103,826	\$2,453,241

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**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, 2000**

	<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	\$28,790,584	\$276,451	\$1,760	\$29,068,795
Other	885,404	716	0	886,120
Total operating revenues	<u>29,675,988</u>	<u>277,167</u>	<u>1,760</u>	<u>29,954,915</u>
Operating expenses, excluding depreciation:				
Purchased power	20,141,711	0	0	20,141,711
Plant operation	1,399,443	0	0	1,399,443
Plant maintenance	688,859	0	0	688,859
Distribution operation	1,166,484	0	0	1,166,484
Distribution maintenance	1,874,536	0	0	1,874,536
Customer account collection	461,208	0	0	461,208
Administrative and general	2,815,095	0	0	2,815,095
Other	109,719	313,230	0	422,949
Total operating expenses	<u>28,657,055</u>	<u>313,230</u>	<u>0</u>	<u>28,970,285</u>
Operating income (loss) before depreciation	1,018,933	(36,063)	1,760	984,630
Depreciation	3,645,491	912	0	3,646,403
Operating income (loss)	<u>(2,626,558)</u>	<u>(36,975)</u>	<u>1,760</u>	<u>(2,661,773)</u>
Non-operating revenues (expenses):				
Investment in joint venture	311,220	0	0	311,220
Interest revenue	574,410	0	0	574,410
Interest expense	(633,561)	0	0	(633,561)
Loss on disposal of fixed assets	(46,754)	(39,224)	0	(85,978)
Total non-operating revenues (expenses)	<u>205,315</u>	<u>(39,224)</u>	<u>0</u>	<u>166,091</u>
Income (loss) before operating transfers	(2,421,243)	(76,199)	1,760	(2,495,682)
Operating transfers - in	60,000	0	0	60,000
Operating transfers - out	(40,000)	0	0	(40,000)
Net income (loss)	(2,401,243)	(76,199)	1,760	(2,475,682)
Retained earnings/fund balance at beginning of year	3,427,400	92,204	38,114	3,557,718
Retained earnings/fund balance at end of year	<u>1,026,157</u>	<u>16,005</u>	<u>39,874</u>	<u>1,082,036</u>
Contributed capital at beginning of year	64,478,741	61,727	0	64,540,468
Contributed from governmental funds	2,621,597	0	0	2,621,597
Contributed from customers	3,420	0	0	3,420
Contributed capital at end of year	<u>67,103,758</u>	<u>61,727</u>	<u>0</u>	<u>67,165,485</u>
Total fund equity at end of year	<u>\$68,129,915</u>	<u>\$77,732</u>	<u>\$39,874</u>	<u>\$68,247,521</u>

See accompanying notes to the general-purpose financial statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Combined Statement of Revenues, Expenses, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) and Actual
All Proprietary and Similar Fiduciary Fund Types
For the Year Ended December 31, 2000**

	Enterprise		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Charges for services	\$30,750,070	\$28,486,498	(\$2,263,572)
Interest revenue	495,860	561,385	65,525
Proceeds of notes	13,457,800	12,974,000	(483,800)
Other	925,843	885,404	(40,439)
Total revenues	45,629,573	42,907,287	(2,722,286)
Expenses:			
Purchased power	19,384,255	18,824,254	560,001
Plant operation	3,537,996	2,480,064	1,057,932
Plant maintenance	738,586	713,525	25,061
Distribution operation	5,094,704	3,620,182	1,474,522
Distribution maintenance	2,066,670	1,902,858	163,812
Customer account collection	559,854	480,141	79,713
Administrative and general	4,022,894	2,986,310	1,036,584
Other	130,715	106,807	23,908
Debt service:			
Principal retirement	12,569,382	12,556,439	12,943
Interest expense	572,524	560,368	12,156
Total expenses	48,677,580	44,230,948	4,446,632
Excess of revenues over (under) expenses	(3,048,007)	(1,323,661)	1,724,346
Operating transfers - in	30,000	60,000	30,000
Operating transfers - out	(40,000)	(40,000)	0
Excess of revenues over (under) expenses and operating transfers	(3,058,007)	(1,303,661)	1,754,346
Fund balances at beginning of year	8,192,498	8,192,498	0
Prior year encumbrances appropriated	1,866,469	1,866,469	0
Fund balances at end of year	\$7,000,960	\$8,755,306	\$1,754,346

Internal Service			Nonexpendable Trust		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$300,000	\$271,188	(\$28,812)	\$1,000	1,760	\$760
0	0	0	0	0	0
0	0	0	0	0	0
0	716	716	0	0	0
300,000	271,904	(28,096)	1,000	1,760	760
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
392,988	335,091	57,897	120	0	120
0	0	0	0	0	0
0	0	0	0	0	0
392,988	335,091	57,897	120	0	120
(92,988)	(63,187)	29,801	880	1,760	880
0	0	0	0	0	0
0	0	0	0	0	0
(92,988)	(63,187)	29,801	880	1,760	880
180,971	180,971	0	38,114	38,114	0
1,001	1,001	0	0	0	0
\$88,984	\$118,785	\$29,801	\$38,994	\$39,874	\$880

(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, 2000
(Continued)**

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$31,051,070	\$28,759,446	(\$2,291,624)
Interest revenue	495,860	561,385	65,525
Proceeds of notes	13,457,800	12,974,000	(483,800)
Other	925,843	886,120	(39,723)
Total revenues	45,930,573	43,180,951	(2,749,622)
Expenses:			
Purchased power	19,384,255	18,824,254	560,001
Plant operation	3,537,996	2,480,064	1,057,932
Plant maintenance	738,586	713,525	25,061
Distribution operation	5,094,704	3,620,182	1,474,522
Distribution maintenance	2,066,670	1,902,858	163,812
Customer account collection	559,854	480,141	79,713
Administrative and general	4,022,894	2,986,310	1,036,584
Other	523,823	441,898	81,925
Debt service:			
Principal retirement	12,569,382	12,556,439	12,943
Interest expense	572,524	560,368	12,156
Total expenses	49,070,688	44,566,039	4,504,649
Excess of revenues over (under) expenses	(3,140,115)	(1,385,088)	1,755,027
Operating transfers - in	30,000	60,000	30,000
Operating transfers - out	(40,000)	(40,000)	0
Excess of revenues over (under) expenses and operating transfers	(3,150,115)	(1,365,088)	1,785,027
Fund balances at beginning of year	8,411,583	8,411,583	0
Prior year encumbrances appropriated	1,867,470	1,867,470	0
Fund balances at end of year	\$7,128,938	\$8,913,965	\$1,785,027

See accompanying notes to the general-purpose financial statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Combined Statement of Cash Flows
All Proprietary and Similar Fiduciary Fund Types
For the Year Ended December 31, 2000**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Increases (decreases) in cash and cash equivalents:				
<u>Cash flows from operating activities:</u>				
Cash received from customers	\$28,481,487	\$0	\$1,760	\$28,483,247
Cash received from quasi-external operating transactions with other funds	0	271,188	0	271,188
Cash payments for purchased power	(18,824,254)	0	0	(18,824,254)
Cash payments for plant operation	(1,341,179)	0	0	(1,341,179)
Cash payments for plant maintenance	(665,931)	0	0	(665,931)
Cash payments for distribution operation	(1,291,585)	0	0	(1,291,585)
Cash payments for distribution maintenance	(1,885,178)	0	0	(1,885,178)
Cash payments for customer account collection	(471,871)	0	0	(471,871)
Cash payments for administrative and general	(2,116,130)	0	0	(2,116,130)
Cash payments for quasi-external operating transactions with other funds	(638,193)	0	0	(638,193)
Cash received from other revenues	875,841	716	0	876,557
Cash payments for other expenses	(97,244)	(325,609)	0	(422,853)
Net cash provided by (used for) operating activities	2,025,763	(53,705)	1,760	1,973,818
<u>Cash flows from non-capital financing activities:</u>				
Cash received from operating transfers - in	60,000	0	0	60,000
Cash payments for operating transfers - out	(40,000)	0	0	(40,000)
Net cash provided by non-capital financing activities	20,000	0	0	20,000
<u>Cash flows from capital and related financing activities:</u>				
Acquisition and construction of fixed assets	(1,918,400)	(8,760)	0	(1,927,160)
Proceeds from the sale of notes	12,974,000	0	0	12,974,000
Principal paid on bond anticipation notes	(11,849,100)	0	0	(11,849,100)
Interest paid on bond anticipation notes	(452,650)	0	0	(452,650)
Principal paid on capital leases	(60,124)	0	0	(60,124)
Interest paid on capital leases	(2,544)	0	0	(2,544)
Principal paid on OWDA loans	(647,215)	0	0	(647,215)
Interest paid on OWDA loans	(105,174)	0	0	(105,174)
Net cash used for capital and related financing activities	(2,061,207)	(8,760)	0	(2,069,967)
<u>Cash flows from investing activities:</u>				
Interest	561,385	0	0	561,385
Net increase (decrease) in cash and cash equivalents	545,941	(62,465)	1,760	485,236
Cash and cash equivalents at beginning of year	10,073,533	181,972	38,114	10,293,619
Cash and cash equivalents at end of year	\$10,619,474	\$119,507	\$39,874	\$10,778,855

(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, 2000
(Continued)**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	(\$2,626,558)	(\$36,975)	\$1,760	(2,661,773)
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</u>				
Depreciation	3,645,491	912	0	3,646,403
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(292,431)	3,110	0	(289,321)
Increase in due from other funds	(16,666)	(8,373)	0	(25,039)
Increase in materials and supplies inventory	(72,466)	0	0	(72,466)
(Increase) decrease in prepaid items	(14,941)	71	0	(14,870)
Increase in accounts payable	1,428,928	1,914	0	1,430,842
Decrease in accrued wages payable	(463)	(291)	0	(754)
Decrease in compensated absences payable	(14,529)	(9,799)	0	(24,328)
Increase in retainage payable	19,459	0	0	19,459
Decrease in intergovernmental payable	(29,693)	(4,359)	0	(34,052)
Increase (decrease) in due to other funds	(368)	85	0	(283)
Net cash provided (used) by operating activities	<u>\$2,025,763</u>	<u>(\$53,705)</u>	<u>\$1,760</u>	<u>1,973,818</u>

Non-cash capital transactions:

During 2000, the Parking Meter, Water, and Sewer enterprise funds received fixed assets that were constructed in the City's governmental funds, in the amounts of \$700, \$1,182,856, and \$1,438,041, respectively. The Water enterprise fund received fixed assets donated by customers, in the amount of \$3,420.

Cash and cash equivalents - all fiduciary fund types:

Equity in pooled cash and cash equivalents	\$51,024
Cash and cash equivalents in segregated accounts	<u>191,262</u>

Total cash and cash equivalents - all fiduciary fund types	242,286
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Cash and cash equivalents - agency funds	(191,262)
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Cash and cash equivalents - expendable trust fund	<u>(11,150)</u>
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Cash and cash equivalents - nonexpendable trust fund	<u>\$39,874</u>
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See accompanying notes to the general-purpose financial statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000**

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 2000.

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 21 and 22 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.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Governmental Fund Types:

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

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

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

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

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

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.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable 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 nonexpendable 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.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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, 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, 2000, and delinquent property taxes, whose availability is indeterminable and which are not intended to finance 2000 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 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 the nonexpendable 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 certificate of estimated resources and the appropriations ordinance, which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 2 - Summary of Significant Accounting Policies (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 2000.

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.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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 nonexpendable trust fund.

Lapsing of Appropriations:

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

D. Cash and Investments

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

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, 2000.

The City has allocated interest to various funds according to City Charter and State statutes. Interest revenue credited to the General fund during 2000 was \$1,110,568, which includes \$814,574 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.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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, 2000, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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 2000, there were no capitalized interest costs incurred on proprietary fund construction projects.

I. Interfund Assets/Liabilities

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

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

J. Compensated Absences

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

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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. Long-term notes, bonds, and long-term loans are recognized as liabilities in the general long-term obligations account group until due.

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

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 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. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for notes receivable, nonexpendable trust (the amount of the nonexpendable contribution), and encumbrances.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Note 3 - Accountability and Compliance

A. Accountability

At December 31, 2000, the Sewer enterprise fund had deficit retained earnings of \$16,032,013 due to accumulated operating losses from prior years.

B. Compliance

The City did not always certify expenditures in accordance with Ohio Revised Code § 5705.41(D).

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

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 Nonexpendable 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 nonexpendable 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); and
5. For proprietary funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis);

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 4 - Budgetary Basis of Accounting (continued)

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$620,385	\$516,450	\$1,620,468
<u>Increases (Decreases) Due To</u>			
Revenue Accruals:			
Accrued 1999, Received in Cash 2000	1,363,936	770,680	866,238
Accrued 2000, Not Yet Received in Cash	(1,453,602)	(719,825)	(987,494)
Expenditure Accruals:			
Accrued 1999, Paid in Cash 2000	(331,498)	(173,035)	(967,518)
Accrued 2000, Not Yet Paid in Cash	536,104	175,618	194,271
Cash Adjustments:			
Unrecorded Activity 1999	80,060	20,625	8,326
Unrecorded Activity 2000	(51,354)	(7,404)	(3,263)
Changes in Prepaid Items	(12,442)	475	0
Notes Receivable:			
Additions	0	(186,236)	0
Reductions	0	225,481	0
Advances - In	100,000	17,500	100,000
Advances - Out	(117,500)	0	(100,000)
Excess of Revenues Under Expenditures of Nonbudgeted Activity	0	245	0
Encumbrances Outstanding at Year End (Budget Basis)	(731,027)	(185,254)	(3,649,562)
Budget Basis	\$3,062	\$455,320	(\$2,918,534)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 4 - Budgetary Basis of Accounting (continued)

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

	<u>Enterprise</u>	<u>Internal Service</u>
GAAP Basis	(\$2,401,243)	(\$76,199)
<u>Increases (Decreases) Due to</u>		
Revenue Accruals:		
Accrued 1999, Received in Cash 2000	2,463,393	9,090
Accrued 2000, Not Yet Received in Cash	(2,785,515)	(14,353)
Expense Accruals:		
Accrued 1999, Paid in Cash 2000	(2,535,845)	(76,048)
Accrued 2000, Not Yet Paid in Cash	3,992,913	63,598
Cash Adjustments:		
Unrecorded Activity 1999	5,011	0
Changes in Inventory	(72,466)	0
Changes in Prepaid Items	(14,941)	71
Acquisition of Fixed Assets	(1,918,400)	(8,760)
Depreciation Expense	3,645,491	912
Loss on Disposal of Fixed Assets	46,754	39,224
Notes Payable		
Additions	12,974,000	0
Reductions	(11,849,100)	0
Capital Lease Principal Retirement	(60,124)	0
OWDA Loans Principal Retirement	(647,215)	0
Investment in Joint Venture	(311,220)	0
Encumbrances Outstanding at Year End (Budget Basis)	(1,835,154)	(722)
Budget Basis	<u>(\$1,303,661)</u>	<u>(\$63,187)</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

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 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).

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 5 - Deposits and Investments (continued)

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 \$26,058 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 \$19,131,043 and the bank balance was \$19,839,420. Of the bank balance, \$632,756 was covered by federal depository insurance and \$19,206,664 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 5 - Deposits and Investments (continued)

	Category 1	Category 3	Carrying Amount	Fair Value
Federal Farm Credit Bank Notes	\$0	\$1,004,213	\$1,004,213	\$1,004,213
Federal Home Loan Bank Bonds	0	1,994,817	1,994,817	1,994,817
Federal Home Loan Mortgage Corporation Notes	0	499,819	499,819	499,819
Bowling Green Manuscript Bonds	21,990	0	21,990	21,990
Repurchase Agreements	0	2,138,986	2,138,986	2,139,506
	<u>\$21,990</u>	<u>\$5,637,835</u>	5,659,825	5,660,345
STAR Ohio			3,961,148	3,961,148
Total			<u>\$9,620,973</u>	<u>\$9,621,493</u>

The classification of cash and cash equivalents and investments on the combined balance sheet is based on the criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and 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 balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$28,778,074	\$0
Cash on Hand	(26,058)	0
Investments:		
Federal Farm Credit Bank Notes	(1,004,213)	1,004,213
Federal Home Loan Bank Bonds	(1,994,817)	1,994,817
Federal Home Long Mortgage Corporation Notes	(499,819)	499,819
Bowling Green Manuscript Bonds	(21,990)	21,990
Repurchase Agreements	(2,138,986)	2,138,986
STAR Ohio	(3,961,148)	3,961,148
GASB Statement No. 3	<u>\$19,131,043</u>	<u>\$9,620,973</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 6 - Receivables

Receivables at December 31, 2000, 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:

Electric	\$2,020,711
Water	310,493
Sewer	324,827
Total	\$2,656,031

A summary of the principal items of intergovernmental receivables follows:

Fund Type/Fund/Source	Amounts
General Fund	
Local Government	\$91,502
Estate Tax	134,165
Immobilization Fee	1,300
Total General Fund	226,967
Special Revenue Funds	
Street Maintenance and Repair	
Motor Vehicle License Tax	14,370
Gasoline Tax	29,629
Vehicle Registration	6,900
Total Street Maintenance and Repair	50,899
State Highway	
Gasoline Tax	2,402
Vehicle Registration	560
Total State Highway	2,962
Transportation	
Federal Grant	68,477
Ohio Department of Transportation	16,748
Total Transportation	85,225
CDBG	
Housing and Urban Development	9,011

(continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 6 - Receivables (continued)

Fund Type/Fund/Source	Amounts
Special Revenue Funds (continued)	
Fire Levy	
Fire Academy Grant	\$1,200
Law Enforcement	
License Confiscation	210
Law Enforcement Drug	
Drug Fines	1,223
Total Special Revenue Funds	150,730
Capital Projects Fund	
Street Repair	
Department of Development	142,527
Total All Funds	\$520,224

Note 7 - Notes Receivable

Notes receivable represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under the Federal Community Development Block Grant program. The notes have an annual interest rate of 3 percent and are repaid over periods ranging from five to twenty years. A summary of the changes in notes receivable during 2000 follows:

	Balance 12/31/99	New Loans	Repayments	Balance 12/31/00
Special Revenue Fund				
CDBG				
Revolving Loan Program	\$363,268	\$67,736	\$41,193	\$389,811
Home Program	355,355	118,500	184,288	289,567
Total Notes Receivable	\$718,623	\$186,236	\$225,481	\$679,378

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 8 - 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 2000 represent the collection of 1999 taxes. For 2000, real property taxes were levied after October 1, 2000, on the assessed values as of January 1, 2000, the lien date. These taxes will be collected in and are intended to finance 2001 operations. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1996. Real property taxes are payable annually or semiannually. The first payment is due on December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes were levied after October 1, 2000, on the assessed values as of December 31, 1999, 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 2000 (other than public utility property) represent the collection of 2000 taxes. For 2000, tangible personal property taxes were levied after October 1, 1999, on the true value as of December 31, 1999. These taxes will be collected in and are intended to finance 2001 operations. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. The first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2000. 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 2000 operations.

The full tax rate for all City operations for the year ended December 31, 2000, was \$4.60 per \$1,000 of assessed value. The assessed values of real, public utility, and tangible personal property upon which 2000 property tax receipts were based are as follows:

Category	Amount
Real Estate	
Residential/Agricultural	\$203,351,090
Commercial/Industrial	123,926,530
Public Utility Real	10,220
Public Utility Personal	7,009,210
Tangible Personal	40,613,607
Total	\$374,910,657

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 8 - Property Taxes (continued)

By statute, local property taxes have been reduced 10 percent, with additional reductions for the elderly and the disabled. The amount of these reductions, estimated to be \$144,965, will be paid to the City by the State of Ohio in the latter part of 2001.

Note 9 - Municipal Income Taxes

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

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

Note 10 - Fixed Assets

A. General Fixed Assets

A summary of the changes in general fixed assets during 2000 is as follows:

	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
Land and Improvements	\$3,135,992	\$31,973	\$431,196	\$2,736,769
Buildings and Improvements	6,933,839	5,118,415	463,804	11,588,450
Furniture, Fixtures, Equipment, and Vehicles	7,729,114	1,234,885	2,001,637	6,962,362
Construction in Progress	5,414,812	392,242	4,456,754	1,350,300
Total	<u>\$23,213,757</u>	<u>\$6,777,515</u>	<u>\$7,353,391</u>	<u>\$22,637,881</u>

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.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 10 - Fixed Assets (continued)

B. Proprietary Fund Fixed Assets

A summary of the proprietary funds' fixed assets at December 31, 2000, is as follows:

	Enterprise	Internal Service
Land and Improvements	\$2,134,318	\$0
Buildings and Improvements	35,386,077	0
Furniture, Fixtures, Equipment, and Vehicles	18,439,092	43,163
Infrastructure	67,155,763	0
Construction in Progress	1,702,001	0
Total	124,817,251	43,163
Less Accumulated Depreciation	(54,318,014)	(35,693)
Total Fixed Assets Net of Accumulated Depreciation	\$70,499,237	\$7,470

Note 11 - Interfund Assets/Liabilities

As of December 31, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable	Due From Other Funds	Due To Other Funds
General Fund	\$17,500	\$0	\$0	\$28,674
Special Revenue Funds				
Street Maintenance and Repair	0	0	0	3,992
Playground and Recreation	0	0	0	834
Ohio Department of Transportation	0	17,500	0	0
Total Special Revenue Funds	0	17,500	0	4,826
Capital Projects Fund				
Sewer and Water Capital Improvement	0	0	0	1,218
Enterprise Funds				
Electric	0	0	575	3,110
Water	0	0	12,645	1,446
Sewer	0	0	17,040	3,246
Parking Meter	0	0	0	46
Total Enterprise Funds	0	0	30,260	7,848
Internal Service Fund				
Engineering	0	0	12,530	224
Total All Funds	\$17,500	\$17,500	\$42,790	\$42,790

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 12 - 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 2000, 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:

Property	
Building and Contents	\$250,580,406
Flood Annual Aggregate	20,000,000
Earthquake Annual Aggregate	20,000,000
Boiler and Machinery	50,000,000
General Liability	
Per Occurrence	1,000,000
Annual Aggregate	1,000,000
Employee Benefit Liability	1,000,000
Ohio Stop Gap Liability	1,000,000
Public Official Liability	
Per Occurrence	1,000,000
Annual Aggregate	1,000,000
Law Enforcement Professional Liability	1,000,000
Automobile	
Liability	1,000,000
Uninsured Motorist	1,000,000
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
Annual Aggregate	9,000,000

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 12 - Risk Management (continued)

The City participates in the Buckeye Ohio Risk Management Agency (BORMA), a shared risk pool among several cities in Northern Ohio. The City pays monthly premiums for health care coverage for its employees and for property, liability, and crime insurance. BORMA is responsible for the management and operations of the programs. Member cities agree to share in the coverage of losses and pay all premiums necessary for the specified insurance 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.

Note 13 - Construction and Other Significant Commitments

As of December 31, 2000, the City had contractual commitments as follows:

<u>Project</u>	<u>Outstanding Balance</u>
Main/Wooster Street	\$1,173,397
Granulated Activated Carbon System	775,002
Sewer and Water Capital Improvements	757,776
CGS Water/Sewer	608,503
Street Repair	22,024
Westside Fire Station	16,234

Note 14 - Defined Benefit Pension Plans

A. Public Employees Retirement System

The City contributes to the Public Employees Retirement System of Ohio (the "System"), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. The System provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 14 - Defined Benefit Pension Plans (continued)

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 10.84 percent; 6.57 percent was the portion used to fund pension obligations for 2000. The employer contribution rate for 2000 represents a temporary rate reduction from the 1999 contribution rate of 13.55 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's contributions to the System for the years ended December 31, 2000, 1999, and 1998, were \$542,309, \$714,768, and \$677,233, respectively; 79 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000, in the amount of \$112,590, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police (12.25 percent was the portion used to fund pension obligations) and 24 percent for firefighters (16.75 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, 2000, 1999, and 1998, were \$587,223, \$556,848, and \$514,028, respectively; 69 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000, in the amount of \$179,770, is recorded as a liability within the respective funds and the general long-term obligations account group.

Note 15 - Postemployment Benefits

A. Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (the "System") provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the System is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate was 10.84 percent of covered payroll; 4.3 percent was the portion used to fund health care for 2000. In 1999, the employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion used to fund health care.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 15 - Postemployment Benefits (continued)

Benefits are advance funded using the entry age normal cost method (For 2000, the System returned to an actuarially prefunded disclosure because this provides a better presentation of the System's actual funding methodology. In prior years, the disclosure was based on a pay-as-you-go-basis). Significant actuarial assumptions include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually, and an additional increase in total payroll of .54 percent to 5.1 percent based on additional pay increases. Health care premiums were assumed to increase 4.75 percent annually.

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

At December 31, 2000, the total number of benefit recipients eligible for OPB through the System was 401,339. As of December 31, 1999, the actuarial value of net assets available for future OPB payments were \$10,085.5 million. The actuarially accrued liability and the unfunded actuarial liability were \$12,473.6 million and \$1,668.1 million, respectively. The City's actual contributions for 2000 which were used to fund OPB were \$356,564.

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit

as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Fund's Board of Trustees to provide health care coverage and states that health care 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 firefighter employer contribution rate was 24 percent; 7.25 percent was the portion used to fund health care for 2000. The portion used to fund health care was 7 percent in 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, 1999, was 12,467 for police and 9,807 for firefighters. The City's actual contributions for 2000 that were used to fund postemployment benefits were \$135,518 for police and \$155,061 for fire. The Fund's total health care expenses for the year ended December 31, 1999, (the latest information available), were \$95,004,633, which was net of member contributions of \$5,518,098.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 16 - 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 17 - Short-Term Obligations

Short-term obligations activity for the year ended December 31, 2000, was as follows:

	<u>Interest Rate</u>	<u>Balance 12/31/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/00</u>
Enterprise Funds:					
Electric Fund					
Electric System	5.25%	\$950,000	\$915,000	\$950,000	\$915,000
Real Estate Acquisition	4.75	215,000	215,000	215,000	215,000
Electric System Improvement - BGSU	4.80	4,129,100	3,859,000	4,129,100	3,859,000
Electric System Improvement - 1999	4.70	2,400,000	3,950,000	2,400,000	3,950,000
Total Electric Fund		<u>7,694,100</u>	<u>8,939,000</u>	<u>7,694,100</u>	<u>8,939,000</u>
Water Fund					
Water System Improvement	4.75	450,000	350,000	450,000	350,000
Sewer Fund					
Wastewater Treatment Plant Improvement	4.75	1,330,000	1,330,000	1,330,000	1,330,000
Sewage System Improvement	5.25	1,800,000	2,215,000	1,800,000	2,215,000
Sanitary Sewage System Improvement	4.45	415,000	0	415,000	0
Total Sewer Fund		<u>3,545,000</u>	<u>3,545,000</u>	<u>3,545,000</u>	<u>3,545,000</u>
Off Street Parking Fund					
Real Estate Acquisition	4.75	160,000	140,000	160,000	140,000
Total Notes Payable		<u>\$11,849,100</u>	<u>\$12,974,000</u>	<u>\$11,849,100</u>	<u>\$12,974,000</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 17 - Short-Term Obligations (continued)

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 18 - Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2000, was as follows:

	Interest Rate	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
General Long-Term Obligations Account Group:					
<u>General Obligation Bond Anticipation Notes</u>					
Research Park Drive	4.75%	\$515,000	\$480,000	\$515,000	\$480,000
Municipal Court Construction	4.75	4,990,000	4,480,000	4,990,000	4,480,000
West Side Fire Station Construction	5.25	1,000,000	900,000	1,000,000	900,000
Newton Road Improvement	3.60	120,000	0	120,000	0
Aquatic Complex Improvement	5.25	175,000	160,000	175,000	160,000
Central Business District Revitalization	4.60	0	3,000,000	0	3,000,000
Total General Obligation Bond Anticipation Notes		<u>6,800,000</u>	<u>9,020,000</u>	<u>6,800,000</u>	<u>9,020,000</u>
<u>General Obligation Bonds</u>					
1997 Carter Park Improvement (Pee-Wee)	5.00	33,000	0	11,000	22,000
<u>Special Assessment Bonds</u>					
1979 Street Improvement	6.25	2,000	0	2,000	0
<u>Ohio Water Development Authority Loans</u>					
1980 Wastewater Treatment	7.82	195,703	0	93,920	101,783
1980 Fairview-Meeker Gorrel	8.38	62,309	0	29,902	32,407
1985 Water System	8.97	1,937,760	0	232,926	1,704,834
1988 Dunbridge Road	8.31	1,016,191	0	87,109	929,082
1988 Sludge Lagoon/Reservoir	8.05	1,034,308	0	200,264	834,044
1994 Second Water Transmission Main	5.77	3,806,506	0	106,066	3,700,440
1997 Wintergarden/Sand Ridge Sewer	3.20	660,300	0	213,151	447,149
1999 Granular Activated Carbon System	5.50	1,766,569	1,512,089	163,784	3,114,874
Total Ohio Water Development Authority Loans		<u>10,479,646</u>	<u>1,512,089</u>	<u>1,127,122</u>	<u>10,864,613</u>
<u>Other Long-Term Obligations</u>					
Compensated Absences Payable		812,093	4,690	0	816,783
Intergovernmental Payable		369,002	359,300	369,002	359,300
Promissory Note Payable		47,980	0	36,628	11,352
Total Other Long-Term Obligations		<u>1,229,075</u>	<u>363,990</u>	<u>405,630</u>	<u>1,187,435</u>
Total General Long-Term Obligations		<u>18,543,721</u>	<u>10,896,079</u>	<u>8,345,752</u>	<u>21,094,048</u>
Enterprise Funds:					
<u>Ohio Water Development Authority Loans</u>					
Sewer Fund					
1980 Wastewater Treatment	7.82	1,344,421	0	647,215	697,206

(continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 18 - Long-Term Obligations (continued)

(continued)	Interest Rate	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
<u>Other Long-Term Obligations</u>					
Compensated Absences Payable		\$706,700	\$0	\$14,529	\$692,171
Capital Leases Payable		53,704	150,601	60,124	144,181
Total Other Long-Term Obligations		<u>760,404</u>	<u>150,601</u>	<u>74,653</u>	<u>836,352</u>
Total Enterprise Funds		2,104,825	150,601	721,868	1,533,558
Total Long-Term Obligations		<u>\$20,648,546</u>	<u>\$11,046,680</u>	<u>\$9,067,620</u>	<u>\$22,627,606</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.

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 \$30,312,267 at December 31, 2000.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 18 - Long-Term Obligations (continued)

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, 2000, were as follows:

Year	Bond Anticipation Notes	General Obligation Bonds	OWDA Loans	Promissory Note	Total
2001	\$9,449,250	\$12,100	\$1,572,303	\$11,806	\$11,045,459
2002	0	11,550	1,420,110	0	1,431,660
2003	0	0	1,187,526	0	1,187,526
2004	0	0	1,045,762	0	1,045,762
2005	0	0	904,000	0	904,000
2006-2010	0	0	2,260,763	0	2,260,763
2011-2015	0	0	1,628,505	0	1,628,505
2016-2020	0	0	1,302,804	0	1,302,804
Total	<u>\$9,449,250</u>	<u>\$23,650</u>	<u>\$11,321,773</u>	<u>\$11,806</u>	<u>\$20,806,479</u>

Principal and interest requirements to retire the long-term obligations outstanding from the enterprise funds at December 31, 2000, were \$752,111.

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.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 18 - Long-Term Obligations (continued)

The debt associated with the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) is 15.73 percent of \$144,830,000 or approximately \$22,781,759. 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
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	3,800,000	597,740
2006 - 2024	127,555,000	20,064,401
Total	\$144,830,000	\$22,781,759

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 1999 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 financial statements. There has not been and there is not currently any condition of default under the bonds or the related financing documents.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 19 - 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. During 2000, the City entered into a new capital lease for equipment for the Sewer enterprise fund, in the amount of \$150,601. Capital lease payments are reflected as a reduction of the liability in the enterprise funds. Equipment has been capitalized in the Water and Sewer enterprise funds, in the amount of \$484,790, and has a carrying value of \$329,644. 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 2000 were \$60,124 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, 2000.

Year Ending December 31,	Enterprise
2001	\$53,077
2002	29,253
2003	29,254
2004	29,253
2005	29,254
Total Minimum Lease Payments	170,091
Less: Amount Representing Interest	(25,910)
Present Value of Minimum Lease Payments	\$144,181

Note 20 - Segment Information - Enterprise Funds

The City's enterprise funds account for the provision of electric, water, sewer, and parking. Financial segment information as of and for the year ended December 31, 2000, was as follows:

	Electric	Water	Sewer	Parking Meter	Off Street Parking	Total
Operating Revenues	\$23,652,152	\$2,740,803	\$3,132,814	\$140,656	\$9,563	\$29,675,988
Depreciation Expense	920,127	772,939	1,942,664	0	9,761	3,645,491
Operating Income (Loss)	(1,094,912)	(455,775)	(1,106,610)	45,251	(14,512)	(2,626,558)
Investment in Joint Venture	311,220	0	0	0	0	311,220
Operating Transfers - In	30,000	0	0	0	30,000	60,000
Operating Transfers - Out	0	20,000	10,000	10,000	0	40,000
Net Income (Loss)	(880,499)	(314,208)	(1,250,127)	35,251	8,340	(2,401,243)

(continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 20 - Segment Information - Enterprise Funds (continued)

	Electric	Water	Sewer	Parking Meter	Off Street Parking	Total
Current Capital Contributions:						
Governmental Funds	\$0	\$1,182,856	\$1,438,041	\$700	\$0	\$2,621,597
Customers	0	3,420	0	0	0	3,420
Fixed Assets:						
Additions	801,676	1,721,716	2,169,926	700	0	4,694,018
Reductions	74,160	41,849	252,881	0	780	369,670
Net Working Capital	(3,844,558)	2,990,952	(1,627,240)	69,557	(130,074)	(2,541,363)
Compensated Absences	290,087	188,432	179,314	15,495	0	673,328
Capital Leases	0	0	100,238	0	0	100,238
Total Assets	25,302,967	23,985,463	35,527,399	164,799	986,601	85,967,229
Total Equity	13,163,314	23,275,449	30,700,984	145,662	844,506	68,129,915
Encumbrances Outstanding at Year End (Budget Basis)	1,345,748	273,898	215,508	0	0	1,835,154

Note 21 - Shared Risk Pool

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

Participation in BORMA is by written application subject to approval of the Board of Directors and the payment of premiums. Member cities must remain members for cycles of three years. A member may withdraw from a program by giving a forty day notice prior to the beginning of the next cycle. BORMA does not have any outstanding debt obligations as of December 31, 2000. Financial information may be obtained from Arthur J. Gallagher & Co., Crown Centre Building, 5005 Rockside Road, 10th Floor, Cleveland, Ohio 44131-2157.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 22 - 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 \$28,399 to the joint venture for 2000. 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 \$271,010 at December 31, 2000. Financial information for JV3 may be obtained from AMP-Ohio, 2600 Airport Drive, Columbus, Ohio 43219, or from the City's utility department.

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

The City is a participant, with forty-two other subdivisions within the State of Ohio, in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia (on the Ohio River at the Belleville Locks and Dam) and receive electricity from its operation. The Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) was created for that purpose. On dissolution of the joint venture, the net assets of JV5 will be shared by the participants on a percentage basis. The JV5 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit, on a monthly basis, those costs incurred from using electricity generated by the joint venture and a portion of the \$144,830,000 Certificates of Beneficial Interest debt that was issued to construct the fixed asset. In accordance with the joint venture agreement, the City remitted \$3,090,995 to the joint venture for 2000. 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 \$645,583 at December 31, 2000. Financial information for JV5 may be obtained from AMP-Ohio, 2600 Airport Drive, Columbus, Ohio 43219, or from the City's utility department.

Note 23 - Contingent Liabilities

A. Litigation

As of December 31, 2000, 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, 2000, to December 31, 2000, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
For the Year Ended December 31, 2000
(Continued)**

Note 24 - Subsequent Events

On March 29, 2001, the City retired \$3,000,000 in bond anticipation notes and issued new notes, in the amount of \$2,900,000, for the Central Business District Revitalization Project. The notes have an interest rate of 5.5 percent and mature on March 28, 2002.

On January 1, 2001, the City became a participant, with other subdivisions within the State of Ohio, in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2) was created on January 1, 2001. As a result of the creation of JV2, all undivided ownership interests in JV3 will be merged with JV2. As of the date of these financial statements, the assets of JV3 have not been transferred to JV2. During 2000, the City contributed \$28,916 to JV2 for start-up costs.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF JUSTICE- OFFICE OF JUSTICE PROGRAMS			
Bulletproof Vest Partnership Program	99 - Grant	16.607	<u>\$2,875</u>
Local Law Enforcement Block Grants Program	98-LB-VX-2555 99-LB-VX-8896 2001-LB-BX-124	16.592	3,007 2,760
Total Local Law Enforcement Block Grants Program			<u>5,767</u>
Total U.S. Department of Justice			<u>8,642</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/Entitlement Grant	MC-39-0025	14.218	<u>405,690</u>
Section 8 Housing Choice Vouchers	OHO85VO	14.871	300,724
<i>Passed Through Ohio Department of Development:</i>			
Section 8 Housing Choice Vouchers	A-C-98-096-2	14.871	<u>18,124</u>
Total Section 8 Housing Choice Vouchers			<u>318,848</u>
Home Investment Partnerships Program	A-C-98-096-2	14.239	<u>170,986</u>
Total U.S. Department of Housing and Urban Development			<u>895,524</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation:</i>			
Formula Grants for Other Than Urbanized Areas	RPT-4087-016-991	20.509	<u>163,571</u>
Total			<u>\$1,067,737</u>

The accompanying notes are an integral part of this schedule.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

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

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). 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.

At December 31, 2000, the gross amount of loans outstanding under this program were \$289,566. Delinquent amounts due are \$7,987.

NOTE C - DOWN PAYMENT ASSISTANCE (HOME) REVOLVING LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. 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.

At December 31, 2000, the gross amount of loans outstanding under this program were \$389,812.

NOTE D - MATCHING REQUIREMENTS

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



STATE OF OHIO
OFFICE OF THE AUDITOR
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 as of and for the year ended December 31, 2000, and have issued our report thereon dated October 9, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 2000-20187-001.

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 matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves a matter 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. A reportable condition is described in the accompanying schedule of findings as item 2000-20187-002.

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 9, 2001.

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.

Jim Petro
Auditor of State

October 9, 2001



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JIM PETRO, AUDITOR OF STATE

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Facsimile 419-245-2484
www.auditor.state.oh.us

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

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

To the City Council:

Compliance

We have audited the compliance of the City of Bowling Green with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 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 other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated October 9, 2001.

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.

Jim Petro
Auditor of State

October 9, 2001

**CITY OF BOWLING GREEN
WOOD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000**

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):	Section 8 Housing Choice Vouchers, CFDA #14.871 Community Development Block Grants/Entitlement Grant, CFDA #14.218
(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 2000-20187-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract 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 encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

**FINDING NUMBER 2000-20187-001
(Continued)**

This section also provides two "exceptions" to the above requirement:

- 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, the 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, if such expenditure is otherwise valid.
- b. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Council, if such expenditure is otherwise valid.

Ten percent of the utility department's vouchers and sixteen percent of the non-utility vouchers selected for testing were not certified by the fiscal officer at the time the commitment was incurred and neither of the exceptions provided for were used. To improve controls over disbursements, we recommend that all City disbursements receive certification of the fiscal officer that the funds are or will be available.

FINDING NUMBER 2000-20187-002

Reportable Condition - Fixed Asset Listing

The City did not keep a fixed asset listing. This could lead to loss or misappropriation of fixed assets to remain undetected. For accurate fixed assets reporting, we recommend the City follow through with their plan of implementing a new fixed asset software program. It is further recommended periodic physical observations of fixed assets be compared with the fixed asset listing.

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, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-20187-003	Activity summary report could not be reconciled with CAPR or the City's expenditure listing for CDBG. Form #CO4PR26 could not be found.	Yes	
1999-20187-001	Ohio Revised Code § 5705.41(D), the fiscal officer had not certified the availability of funds prior to expenditure	No	Partially corrected. The City is continuing to make improvement. The percentage of noncompliance has decreased significantly.
1999-20187-002	Fixed asset listing has not been updated.	No	The City has begun entering fixed assets into the computer system during Fiscal Year 2001.



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 8, 2001**