



Mary Taylor, CPA
Auditor of State

**CITY OF BOWLING GREEN
WOOD COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Wood County, Ohio (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Wood County, Ohio, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Playground and Recreation funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The comparative enterprise fund financial statements listed in the table of contents provides additional information and is not a required part of the basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the comparative enterprise fund financial statements and the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Mary Taylor, CPA
Auditor of State

October 30, 2008

**CITY OF BOWLING GREEN
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

The discussion and analysis of the City of Bowling Green's (the City) financial performance provides an overview of the City's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2007 are as follows:

- In total, the City's net assets increased \$6,965,287, or 5 percent. Governmental activities had an increase in net assets of just 2 percent and business-type activities had an increase of 6.6 percent. Neither of these increases is considered significant.
- The City added several capital reserve funds during 2007 for equipment, facilities, and roadways. The purpose of these funds is to set aside resources in anticipation of large capital purchases.
- A review of the enterprise funds reflects operating income for the Electric fund, and an operating loss for the Water and Sewer funds. All three funds continue to reflect positive net assets at year end.
- One important aspect to consider with the Water and Sewer funds is that governmental funds finance a significant portion of water and sewer infrastructure improvements through a portion of the City's income tax. This one-half percent tax was the result of a vote by the electors in 1971. Proceeds from the tax are receipted into a capital projects fund and used for various projects within these funds as needed. The amount contributed to each fund varies annually as the projects vary.
- In 2007, the City's long-time finance director retired and a new finance director was hired at the end of July 2007.

USING THIS ANNUAL REPORT

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

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

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

REPORTING THE CITY AS A WHOLE

The statement of net assets and the statement of activities reflect how the City did financially during 2007. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

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

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

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 presents a summary of the City's net assets for 2007 and 2006.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<u>Assets</u>						
Current and Other Assets	\$30,145,833	\$29,815,166	\$24,505,273	\$18,987,176	\$54,651,106	\$48,802,342
Investment in Joint Venture			12,063,846	12,703,747	12,063,846	12,703,747
Capital Assets, Net	45,173,466	46,069,848	84,179,197	84,887,484	129,352,663	130,957,332
Total Assets	<u>75,319,299</u>	<u>75,885,014</u>	<u>120,748,316</u>	<u>116,578,407</u>	<u>196,067,615</u>	<u>192,463,421</u>
<u>Liabilities</u>						
Current and Other Liabilities	4,508,659	4,521,465	7,216,376	7,870,689	11,725,035	12,392,154
Long-Term Liabilities	24,650,586	26,248,994	17,711,679	18,807,245	42,362,265	45,056,239
Total Liabilities	<u>29,159,245</u>	<u>30,770,459</u>	<u>24,928,055</u>	<u>26,677,934</u>	<u>54,087,300</u>	<u>57,448,393</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Table 1
Net Assets
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	35,200,027	35,450,362	74,488,491	74,167,262	109,688,518	109,617,624
Restricted	16,830,665	16,514,703			16,830,665	16,514,703
Unrestricted (Deficit)	(5,870,638)	(6,850,510)	21,331,770	15,733,211	15,461,132	8,882,701
Total Net Assets	<u>\$46,160,054</u>	<u>\$45,114,555</u>	<u>\$95,820,261</u>	<u>\$89,900,473</u>	<u>\$141,980,315</u>	<u>\$135,015,028</u>

As reflected in the above table, there was very little change from the prior year for governmental activities with just a 2 percent increase in net assets from the prior year.

Business-type activities reflect an increase in net assets of \$5.9 million (or 6.6 percent). Note the \$5.5 million increase in current and other assets as well as the corresponding increase in unrestricted net assets. This can be attributed to the Electric Fund which had a \$6.5 million operating income for 2007. This is the result of a slight increase in sales and a decrease in purchased power costs.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Table 2 reflects the change in net assets for 2007 and 2006.

Table 2
Change in Net Asset

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,163,171	\$3,274,049	\$45,713,681	\$44,419,778	\$48,876,852	\$47,693,827
Operating Grants, Contributions, and Interest	2,095,700	2,485,958	4,000	8,136	2,099,700	2,494,094
Capital Grants, Contributions, and Interest	731,098	1,196,330	941,265	1,197,392	1,672,363	2,393,722
Total Program Revenues	<u>5,989,969</u>	<u>6,956,337</u>	<u>46,658,946</u>	<u>45,625,306</u>	<u>52,648,915</u>	<u>52,581,643</u>
General Revenues						
Property Taxes-General Purposes	1,720,370	1,677,370			1,720,370	1,677,370
Property Taxes-Playground and Recreation	586,703	573,457			586,703	573,457
Municipal Income Taxes	15,628,743	14,661,003			15,628,743	14,661,003
Other Local Taxes	2,126,261	2,036,837			2,126,261	2,036,837
Grants and Entitlements not Restricted to Specific Programs	1,865,923	2,609,109			1,865,923	2,609,109
Franchise Fees	287,378	271,661			287,378	271,661
Interest	1,036,604	872,938	612,410	596,112	1,649,014	1,469,050
Other	251,941	739,592	1,546,989	1,466,928	1,798,930	2,206,520
Total General Revenues	<u>23,503,923</u>	<u>23,441,967</u>	<u>2,159,399</u>	<u>2,063,040</u>	<u>25,663,322</u>	<u>25,505,007</u>
Total Revenues	<u>29,493,892</u>	<u>30,398,304</u>	<u>48,818,345</u>	<u>47,688,346</u>	<u>78,312,237</u>	<u>78,086,650</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Table 2
Change in Net Asset
(Continued)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Expenses						
Security of Persons and Property						
Police	\$5,315,701	\$5,047,361			\$5,315,701	\$5,047,361
Fire/Ambulance	5,520,080	5,538,035			5,520,080	5,538,035
Public Health	72,936	62,853			72,936	62,853
Leisure Time Activities	1,837,455	1,726,256			1,837,455	1,726,256
Community Environment	1,415,441	995,507			1,415,441	995,507
Basic Utility Services	980,669	623,465			980,669	623,465
Transportation	6,005,149	5,681,138			6,005,149	5,681,138
General Government						
Court	1,781,342	1,634,187			1,781,342	1,634,187
Other	3,938,107	3,740,419			3,938,107	3,740,419
Internal Service Fund External Portion	43,817	41,719			43,817	41,719
Interest and Fiscal Charges	961,917	1,034,736			961,917	1,034,736
Electric			\$34,666,088	\$34,964,720	34,666,088	34,964,720
Water			4,185,320	3,348,019	4,185,320	3,348,019
Sewer			4,622,928	5,218,936	4,622,928	5,218,936
Total Expenses	27,872,614	26,125,676	43,474,336	43,531,675	71,346,950	69,657,351
Increase (Decrease) in Net Assets Before Transfers	1,621,278	4,272,628	5,344,009	4,156,671	6,965,287	8,429,299
Transfers	(575,779)	(1,330,623)	575,779	1,330,623		
Increase in Net Assets	1,045,499	2,942,005	5,919,788	5,487,294	6,965,287	8,429,299
Net Assets Beginning of Year	45,114,555	42,172,550	89,900,473	84,413,179	135,015,028	126,585,729
Net Assets End of Year	\$46,160,054	\$45,114,555	\$95,820,261	\$89,900,473	\$141,980,315	\$135,015,028

For governmental activities, program revenues decreased by approximately \$966,000. There was a reduction in operating grants and contributions due to less grant monies for police department activities as well as a reduction in the contributions for the transportation program. The transportation program also had a reduction in capital grants and contributions due to fewer developer contributions in 2007. General revenues remained very comparable to the prior year with an increase of less than 1 percent. However, there was a sizable decrease in unrestricted grants and contributions. In 2006, the City received over \$600,000 in estate taxes. By far, the City's largest revenue source is municipal income taxes which provides 66 percent of general revenues and 53 percent of total revenues overall. Although there were a few fluctuations in revenues, overall revenues remained essentially flat (3 percent decrease).

Not surprisingly, the largest governmental activities expenses are related to the police and fire departments, combining for 39 percent of overall expenses. Expenses for all of the City's programs increased 6.7 percent from 2006, which is not considered significant.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

As expected, program revenues make up a significant portion of the total revenues for business-type activities (96 percent). The increase in charges for services, of almost \$1.3 million, is primarily due to the Electric Fund (the only enterprise activity with an operating income in 2007). While the increase in Electric revenues was just 2.8 percent, there was also a decrease in expenses of 2.7 percent, the combination of which provided for the overall increase in business-type activities net assets.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
Security of Persons and Property				
Police	\$5,315,701	\$5,047,361	\$5,137,819	\$4,583,482
Fire/Ambulance	5,520,080	5,538,035	5,274,606	5,293,683
Public Health	72,936	62,853	31,568	17,752
Leisure Time Activities	1,837,455	1,726,256	1,101,701	1,061,432
Community Environment	1,415,441	995,507	891,757	461,250
Basic Utility Services	980,669	623,465	871,134	411,655
Transportation	6,005,149	5,681,138	3,605,768	2,723,696
General Government				
Court	1,781,342	1,634,187	321,402	105,684
Other	3,938,107	3,740,419	3,685,670	3,477,674
Internal Service Fund External Portion	43,817	41,719	(697)	(1,705)
Interest and Fiscal Charges	961,917	1,034,736	961,917	1,034,736
Total Expenses	<u>\$27,872,614</u>	<u>\$26,125,676</u>	<u>\$21,882,645</u>	<u>\$19,169,339</u>

While overall general revenues provided for 78 percent of the services provided through governmental activities, a review of the table above reflects how some services require this support more than others. For instance, almost 97 percent of police, over 96 percent of fire, and almost 94 percent of general government-other activities must be provided for through general revenues. However, several programs are able to utilize program revenues to help offset the costs of providing the service. The leisure time activities program costs are supported by admission and sports fees, rentals, and concessions charges. The transportation program receives charges for services in the form of permissive motor vehicle license fees and operating grants in the form of State levied motor vehicle and gas taxes. The large change in the net cost of services for this program was due to fewer developer contributions in 2007.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund, the Playground and Recreation special revenue fund, and the Sewer and Water Improvement capital projects fund. For 2007, the General Fund had a 28 percent decrease in fund balance. Although revenues exceeded expenditures for the year, the decrease in fund balance resulted from subsidies to other funds.

The Playground and Recreation Fund had a significant improvement in its fund balance. Revenues exceeded expenditures for the year and this fund also received a \$50,000 subsidy from the General Fund.

Fund balance in the Sewer and Water Improvement Fund also increased significantly (over 31 percent). This is due to undertaking fewer projects in 2007.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds are the Electric, Water, and Sewer funds. A review of the statement of revenues, expenses, and change in fund net assets reveals an operating income for the Electric Fund, while the Water and Sewer funds had operating losses. When considering the Water and Sewer funds, the one-half percent income tax that contributes to various water and sewer improvements must also be taken into account. During 2007, capital asset contributions from the Sewer and Water Improvement capital projects fund were \$14,292 in the Water Fund and \$561,487 in the Sewer Fund.

During 2007, the Electric fund realized a 30 percent increase in net assets. Operating revenues increased over \$1 million, largely due to increased sales. Expenses actually decreased from 2006, much of this due to a decrease in the cost of purchased power.

Both the Water and Sewer funds had an insignificant change in net assets. In the Water fund, the decrease was less than 1 percent while in the Sewer fund, the increase was just under 2 percent.

BUDGETARY HIGHLIGHTS

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

The City's most significant budgeted fund is the General Fund. For revenues, modifications from the original budget to the final budget were just over \$1.3 million and primarily due to nothing being budgeted for fines and forfeitures and interest revenue in the original budget. Changes from the final budget to actual revenues realized are primarily found in intergovernmental revenues (monies from the State are generally budgeted conservatively) and interest revenue (somewhat unpredictable this past year).

For expenditures, modifications from the original budget to the final budget have been minimal as departments keep within their budgets. With the exception of general government-other, changes from the final budget to actual expenditures were not significant. The substantial decrease in the general government-other expenditures are the result of projects not progressing as planned.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2007, was \$35,200,027 and \$74,488,491, respectively (net of accumulated depreciation and related debt). This investment in capital assets includes land; land improvements; buildings; equipment; vehicles; streets; and electric, water, and sewer lines. Additions to governmental capital assets for 2007 consisted primarily of a new fire truck and street improvements. Disposals were minimal. The most significant change for business-type activities was the addition of water and sewer lines. For further information regarding the City's capital assets, refer to Note 10 to the basic financial statements.

Debt - At December 31, 2007, the City had \$10,198,415 in outstanding general obligation bonds and \$12,831,546 in OWDA loans payable from governmental activities. Business-type activities had \$4,216,000 in bond anticipation notes and \$5,225,227 in general obligation bonds outstanding at year end. In addition, business-type activities, specifically the Electric enterprise fund, owed AMP-Ohio \$11,310,430, as part of the City's agreement as a participant in the Ohio Municipal Electric Generation Agency Joint Ventures 2 and 6, to pay debt issued by AMP-Ohio to acquire capital assets for the joint ventures.

As well as the debt outlined above, the City's long-term obligations also include compensated absences and capital leases. For further information regarding the City's debt, refer to Notes 17, 18, and 19 to the basic financial statements.

CURRENT ISSUES

The City has started preliminary plans for designing and constructing a new hydraulically designed water intake at the current Maumee River location. This project began in 2007 and is extending into 2008. The total project cost is anticipated at \$4.5 million and will be paid from the Water and Sewer Improvement capital projects fund through a combination of cash on hand and a loan from either the Ohio Water Development Authority or the Ohio EPA Water Supply Revolving Loan Account. The City has also initiated cost of service studies for electric and water and will begin a sewer cost of service study sometime in 2008.

REQUEST FOR INFORMATION

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Statement of Net Assets
December 31, 2007**

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$20,296,121	\$17,262,391	\$37,558,512
Cash and Cash Equivalents in Segregated Accounts	1,975		1,975
Cash and Cash Equivalents with Fiscal Agents		1,331,387	1,331,387
Cash and Cash Equivalents with Escrow Agents	8,973		8,973
Accounts Receivable	519,198	4,361,483	4,880,681
Accrued Interest Receivable	225,097	87,405	312,502
Due from Other Governments	1,425,132	3,780	1,428,912
Municipal Income Taxes Receivable	3,713,279		3,713,279
Other Local Taxes Receivable	49,866	138,284	188,150
Internal Balances	19,324	(19,324)	
Prepaid Items	137,783	123,307	261,090
Materials and Supplies Inventory		1,145,824	1,145,824
Property Taxes Receivable	2,410,188		2,410,188
Notes Receivable	605,759		605,759
Special Assessments Receivable	601,577		601,577
Unamortized Bond Issuance Cost	131,561	70,736	202,297
Nondepreciable Capital Assets	3,374,627	2,291,884	5,666,511
Depreciable Capital Assets, Net	41,798,839	81,887,313	123,686,152
Investment in Joint Venture		12,063,846	12,063,846
Total Assets	75,319,299	120,748,316	196,067,615
<u>Liabilities</u>			
Accrued Wages Payable	555,137	204,418	759,555
Accounts Payable	597,674	2,551,692	3,149,366
Contracts Payable	103,026		103,026
Due to Other Governments	838,399	213,805	1,052,204
Accrued Interest Payable	33,923	30,461	64,384
Notes Payable		4,216,000	4,216,000
Deferred Revenue	2,335,667		2,335,667
Retainage Payable	44,833		44,833
Long-Term Liabilities			
Due Within One Year	1,750,634	1,569,078	3,319,712
Due in More Than One Year	22,899,952	16,142,601	39,042,553
Total Liabilities	29,159,245	24,928,055	54,087,300
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	35,200,027	74,488,491	109,688,518
Restricted for			
Debt Service	632,540		632,540
Capital Projects	11,183,345		11,183,345
Street Maintenance and Repair	923,816		923,816
Community Development	853,437		853,437
Police Levy	1,362,356		1,362,356
Fire Levy	1,134,648		1,134,648
Other Purposes	740,523		740,523
Unrestricted (Deficit)	(5,870,638)	21,331,770	15,461,132
Total Net Assets	\$46,160,054	\$95,820,261	\$141,980,315

See Accompanying Notes to the Basic Financial Statements

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**CITY OF BOWLING GREEN
WOOD COUNTY**

**Statement of Activities
For the Year Ended December 31, 2007**

	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions, and Interest
<u>Governmental Activities</u>			
Security of Persons and Property			
Police	\$5,315,701	\$142,554	\$35,328
Fire/Ambulance	5,520,080	242,974	2,500
Public Health	72,936	40,925	443
Leisure Time Activities	1,837,455	640,796	94,958
Community Environment	1,415,441	13,345	510,339
Basic Utility Services	980,669	4,690	\$104,845
Transportation	6,005,149	605,867	1,231,405
General Government			
Court	1,781,342	1,222,942	220,727
Other	3,938,107	204,564	47,873
Internal Service Fund			
External Portion	43,817	44,514	
Interest and Fiscal Charges	961,917		
Total Governmental Activities	27,872,614	3,163,171	2,095,700
<u>Business-Type Activities</u>			
Electric	34,666,088	38,403,822	4,000
Water	4,185,320	3,593,514	237,299
Sewer	4,622,928	3,716,345	703,966
Total Business-Type Activities	43,474,336	45,713,681	4,000
Total	\$71,346,950	\$48,876,852	\$2,099,700

General Revenues

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$5,137,819)		(\$5,137,819)
(5,274,606)		(5,274,606)
(31,568)		(31,568)
(1,101,701)		(1,101,701)
(891,757)		(891,757)
(871,134)		(871,134)
(3,605,768)		(3,605,768)
(321,402)		(321,402)
(3,685,670)		(3,685,670)
697		697
(961,917)		(961,917)
(21,882,645)		(21,882,645)
	\$3,741,734	3,741,734
	(354,507)	(354,507)
	(202,617)	(202,617)
	3,184,610	3,184,610
(21,882,645)	3,184,610	(18,698,035)
1,720,370		1,720,370
586,703		586,703
6,104,475		6,104,475
406,839		406,839
3,418,671		3,418,671
4,070,756		4,070,756
1,628,002		1,628,002
2,126,261		2,126,261
1,865,923		1,865,923
287,378		287,378
1,036,604	612,410	1,649,014
251,941	1,546,989	1,798,930
23,503,923	2,159,399	25,663,322
(575,779)	575,779	
22,928,144	2,735,178	25,663,322
1,045,499	5,919,788	6,965,287
45,114,555	89,900,473	135,015,028
\$46,160,054	\$95,820,261	\$141,980,315

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Balance Sheet
Governmental Funds
December 31, 2007**

	General	Playground and Recreation	Sewer and Water Improvement	Other Governmental	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,034,973	\$389,847	\$7,248,887	\$8,396,554	\$20,070,261
Cash and Cash Equivalents in Segregated Accounts				1,975	1,975
Accounts Receivable	507,705			1,793	509,498
Accrued Interest Receivable	225,097				225,097
Due from Other Governments	910,548	33,519		481,065	1,425,132
Municipal Income Taxes Receivable	1,450,406	96,598	966,841	1,199,434	3,713,279
Other Local Taxes Receivable	37,611			12,255	49,866
Interfund Receivable	419,759				419,759
Prepaid Items	129,983	6,872		928	137,783
Restricted Assets					
Equity in Pooled Cash and Cash Equivalents	22,549				22,549
Cash and Cash Equivalents with Escrow Agents			8,973		8,973
Property Taxes Receivable	1,797,765	612,423			2,410,188
Notes Receivable				605,759	605,759
Special Assessments Receivable				601,577	601,577
Total Assets	\$9,536,396	\$1,139,259	\$8,224,701	\$11,301,340	\$30,201,696
Liabilities and Fund Balance					
Liabilities					
Accrued Wages Payable	\$375,119	\$30,676		\$138,883	\$544,678
Accounts Payable	366,615	27,000	\$65,067	132,394	591,076
Contracts Payable			66,867	36,159	103,026
Due to Other Governments	544,449	33,673		249,100	827,222
Interfund Payable	98,178	298,595	5,637	15,128	417,538
Deferred Revenue	4,017,067	704,906	590,164	1,727,282	7,039,419
Retainage Payable				35,860	35,860
Payable from Restricted Assets					
Retainage Payable			8,973		8,973
Total Liabilities	5,401,428	1,094,850	736,708	2,334,806	9,567,792
Fund Balance					
Reserved for Interfund Receivable	231,800				231,800
Reserved for Unclaimed Monies	22,549				22,549
Reserved for Notes Receivable				422,550	422,550
Reserved for Encumbrances	272,284	76,147	937,586	734,095	2,020,112
Designated for Compensation Payments				338,809	338,809
Designated for Capital Acquisition				1,172,000	1,172,000
Designated for Roadway Improvements				100,000	100,000
Unreserved Undesignated, Reported in General Fund	3,608,335				3,608,335
Special Revenue Funds (Deficit)		(31,738)		3,587,254	3,555,516
Debt Service Fund				158,301	158,301
Capital Projects Funds			6,550,407	2,453,525	9,003,932
Total Fund Balance	4,134,968	44,409	7,487,993	8,966,534	20,633,904
Total Liabilities and Fund Balance	\$9,536,396	\$1,139,259	\$8,224,701	\$11,301,340	\$30,201,696

See Accompanying Notes to the Basic Financial Statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Reconciliation of Total Governmental Fund Balance
to Net Assets of Governmental Activities
December 31, 2007**

Total Governmental Fund Balance	\$20,633,904
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Amounts reported for governmental activities on the statement of net assets are different because of the following:

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

Governmental Activities	45,173,466	
Internal Service Fund	(60,230)	
		45,113,236

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

Accounts Receivable	511,890	
Accrued Interest Receivable	203,590	
Due from Other Governments	1,016,649	
Municipal Income Taxes Receivable	2,266,601	
Other Local Taxes Receivable	5,375	
Property Taxes Receivable	98,070	
Special Assessments Receivable	601,577	
		4,703,752

An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.	(12,899)
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Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.	131,561
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Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued Interest Payable	(33,923)	
General Obligation Bonds Payable	(10,198,415)	
OWDA Loans Payable	(12,831,546)	
Compensated Absences Payable	(1,620,625)	
Compensated Absences Payable-Internal Service Fund	78,638	
		(24,605,871)

An internal service fund is used by management to charge the cost of engineering services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.	196,371
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Net Assets of Governmental Activities	\$46,160,054
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See Accompanying Notes to the Basic Financial Statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Statement of Revenues, Expenditures,
and Change in Fund Balance
Governmental Funds
For the Year Ended December 31, 2007**

	General	Playground and Recreation	Sewer and Water Improvement	Other Governmental	Total Governmental Funds
Revenues					
Property Taxes	\$1,703,119	\$580,890			\$2,284,009
Municipal Income Taxes	6,046,850	403,000	\$4,032,341	\$4,999,019	15,481,210
Other Local Taxes	2,424,423			166,800	2,591,223
Special Assessments				46,716	46,716
Charges for Services	1,126,465	640,796		268,027	2,035,288
Fees, Licenses, and Permits	42,405		4,600	5,961	52,966
Fines and Forfeitures	542,780			256,963	799,743
Intergovernmental	2,396,507	89,792	285,000	2,239,613	5,010,912
Interest	959,461			138,026	1,097,487
Other	155,592	52,018		34,494	242,104
Total Revenues	15,397,602	1,766,496	4,321,941	8,155,619	29,641,658
Expenditures					
Current:					
Security of Persons and Property					
Police	3,895,432			1,246,843	5,142,275
Fire	2,588,085			2,454,352	5,042,437
Ambulance	121,221			62,484	183,705
Public Health	75,765			79	75,844
Leisure Time Activities		1,662,542			1,662,542
Community Environment	692,565			712,766	1,405,331
Basic Utility Services	632,974				632,974
Transportation	2,525,639			2,935,268	5,460,907
General Government					
Court	1,479,312			137,595	1,616,907
Other	3,225,546	15,029	150,422	207,814	3,598,811
Capital Outlay			830,482	527,535	1,358,017
Debt Service					
Principal Retirement			1,119,261	655,000	1,774,261
Interest and Fiscal Charges			520,878	432,949	953,827
Total Expenditures	15,236,539	1,677,571	2,621,043	9,372,685	28,907,838
Excess of Revenues Over (Under) Expenditures	161,063	88,925	1,700,898	(1,217,066)	733,820
Other Financing Sources (Uses)					
Sale of Capital Assets				3,000	3,000
OWDA Loans Issued			85,083		85,083
Transfers In		50,000		3,206,104	3,256,104
Transfers Out	(1,802,268)	(106)	(1,065)	(1,447,006)	(3,250,445)
Total Other Financing Sources (Uses)	(1,802,268)	49,894	84,018	1,762,098	93,742
Change in Fund Balance	(1,641,205)	138,819	1,784,916	545,032	827,562
Fund Balance (Deficit) Beginning of Year	5,776,173	(94,410)	5,703,077	8,421,502	19,806,342
Fund Balance End of Year	\$4,134,968	\$44,409	\$7,487,993	\$8,966,534	\$20,633,904

See Accompanying Notes to the Basic Financial Statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Reconciliation of Statement of Revenues, Expenditures,
and Change in Fund Balance
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2007**

Change in Fund Balance - Total Governmental Funds \$827,562

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

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

Capital Outlay	1,701,474	
Capital Contributions	281,954	
Depreciation	(2,868,385)	
Depreciation-Internal Service Fund	3,046	
		(881,911)

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

Sale of Capital Assets	(3,000)	
Loss on Disposal of Capital Assets	(8,425)	
		(11,425)

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

Property Taxes	23,064	
Municipal Income Taxes	147,533	
Other Local Taxes	(10,784)	
Special Assessments	(39,308)	
Charges for Services	40,175	
Fines and Forfeitures	422	
Fees, Licenses, and Permits	(975)	
Intergovernmental	(721,341)	
Interest	77,143	
Other	9,837	
		(474,234)

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

General Obligation Bonds Payable	655,000	
OWDA Loans Payable	1,119,261	
		1,774,261

OWDA loan proceeds are other financing sources in governmental funds, but the issuance increases long-term liabilities on the statement of net assets. (85,083)

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

Accrued Interest Payable	(5,494)	
Amortization of Premium	6,357	
		863

Issuance costs are reported as an expenditure when paid in governmental funds, but are amortized over the life of the debt on the statement of activities. (8,953)

(continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Reconciliation of Statement of Revenues, Expenditures,
and Change in Fund Balance
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2007
(Continued)**

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

Compensated Absences Payable	(\$97,127)	
Compensated Absences Payable - Internal Service Fund	<u>861</u>	(96,266)

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

Allocated to Activities	5,647	
Transfers Out - Internal Service Fund	<u>(5,659)</u>	(12)

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

		<u>697</u>
Change in Net Assets of Governmental Activities		<u><u>\$1,045,499</u></u>

See Accompanying Notes to the Basic Financial Statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Statement of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
<u>Revenues</u>				
Property Taxes	\$1,693,498	\$1,741,186	\$1,703,119	(\$38,067)
Municipal Income Taxes	5,364,442	5,826,445	6,055,563	229,118
Other Local Taxes	2,214,576	2,407,537	2,397,738	(9,799)
Charges for Services	1,179,477	1,196,929	1,144,318	(52,611)
Fees, Licenses, and Permits	614,015	62,215	42,205	(20,010)
Fines and Forfeitures		562,000	544,591	(17,409)
Intergovernmental	1,801,470	2,279,700	2,884,740	605,040
Interest		725,000	954,513	229,513
Other	621,950	59,101	163,820	104,719
Total Revenues	13,489,428	14,860,113	15,890,607	1,030,494
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	4,133,839	4,142,591	3,892,957	249,634
Fire	2,831,413	2,831,413	2,682,954	148,459
Ambulance	203,896	203,896	165,012	38,884
Public Health	84,624	84,624	75,361	9,263
Community Environment	1,011,889	1,011,889	768,835	243,054
Basic Utility Services	743,364	743,364	636,603	106,761
Transportation	2,771,000	2,778,000	2,564,188	213,812
General Government				
Court	1,642,943	1,642,942	1,464,358	178,584
Other	3,899,871	3,957,389	3,310,521	646,868
Other	1,000	1,000		1,000
Total Expenditures	17,323,839	17,397,108	15,560,789	1,836,319
Excess of Revenues Over (Under) Expenditures	(3,834,411)	(2,536,995)	329,818	2,866,813
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	57,950	13,648	7,677	(5,971)
Advances In	13,000	13,000	14,500	1,500
Transfers In		57,950	57,950	
Transfers Out	(1,800,670)	(1,802,268)	(1,802,268)	
Total Other Financing Sources (Uses)	(1,729,720)	(1,717,670)	(1,722,141)	(4,471)
Change in Fund Balance	(5,564,131)	(4,254,665)	(1,392,323)	2,862,342
Fund Balance Beginning of Year	4,662,772	4,662,772	4,662,772	
Prior Year Encumbrances Appropriated	325,117	325,117	325,117	
Fund Balance (Deficit) End of Year	(\$576,242)	\$733,224	\$3,595,566	\$2,862,342

See Accompanying Notes to the Basic Financial Statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Statement of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Playground and Recreation Fund
For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$580,869	\$609,866	\$580,890	(\$28,976)
Municipal Income Taxes	357,272	388,246	403,506	15,260
Charges for Services	806,462	667,600	652,814	(14,786)
Intergovernmental	64,541	80,921	89,792	8,871
Other	15,000	80,614	52,024	(28,590)
Total Revenues	1,824,144	1,827,247	1,779,026	(48,221)
<u>Expenditures</u>				
Current:				
Leisure Time Activities	1,836,914	1,897,714	1,722,095	175,619
General Government				
Other	15,524	15,524	15,168	356
Total Expenditures	1,852,438	1,913,238	1,737,263	175,975
Excess of Revenues Over (Under) Expenditures	(28,294)	(85,991)	41,763	127,754
<u>Other Financing Sources (Uses)</u>				
Transfers In		50,000	50,000	
Transfers Out	(57,950)	(58,056)	(58,056)	
Total Other Financing Sources (Uses)	(57,950)	(8,056)	(8,056)	
Change in Fund Balance	(86,244)	(94,047)	33,707	127,754
Fund Balance Beginning of Year	241,795	241,795	241,795	
Prior Year Encumbrances Appropriated	31,292	31,292	31,292	
Fund Balance End of Year	\$186,843	\$179,040	\$306,794	\$127,754

See Accompanying Notes to the Basic Financial Statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Statement of Fund Net Assets
Proprietary Funds
December 31, 2007**

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Assets</u>					
<u>Current Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$8,531,217	\$5,047,776	\$3,683,398	\$17,262,391	\$203,311
Cash and Cash Equivalents with Fiscal Agents	1,331,387			1,331,387	
Accounts Receivable	3,566,195	340,430	454,858	4,361,483	9,700
Accrued Interest Receivable	38,983	22,875	25,547	87,405	
Due from Other Governments	1,696	988	1,096	3,780	
Other Local Taxes Receivable	138,284			138,284	
Interfund Receivable	96,407	20,254	30,339	147,000	30,344
Prepaid Items	48,855	33,807	40,645	123,307	
Materials and Supplies Inventory	918,549	106,620	120,655	1,145,824	
Total Current Assets	14,671,573	5,572,750	4,356,538	24,600,861	243,355
<u>Non-Current Assets</u>					
Unamortized Bond Issuance Cost	8,270	13,805	48,661	70,736	
Nondepreciable Capital Assets	451,543	502,253	1,338,088	2,291,884	
Depreciable Capital Assets, Net	14,794,218	27,404,096	39,688,999	81,887,313	60,230
Investment in Joint Venture	12,063,846			12,063,846	
Total Non-Current Assets	27,317,877	27,920,154	41,075,748	96,313,779	60,230
Total Assets	41,989,450	33,492,904	45,432,286	120,914,640	303,585
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	90,207	53,048	61,163	204,418	10,459
Accounts Payable	2,278,735	187,557	85,400	2,551,692	6,598
Due to Other Governments	100,201	53,161	60,443	213,805	11,177
Interfund Payable	137,376	8,338	33,509	179,223	342
Accrued Interest Payable	14,772	3,467	12,222	30,461	
Notes Payable	4,216,000			4,216,000	
General Obligation Bonds Payable	60,000	50,000	170,000	280,000	
Compensated Absences Payable	117,624	63,640	91,244	272,508	
Capital Leases Payable		48,044	52,998	101,042	
AMP Ohio Payable	915,528			915,528	
Total Current Liabilities	7,930,443	467,255	566,979	8,964,677	28,576
<u>Non-Current Liabilities</u>					
General Obligation Bonds Payable	550,873	969,802	3,424,552	4,945,227	
Compensated Absences Payable	261,361	180,518	141,420	583,299	78,638
Capital Leases Payable		158,880	60,293	219,173	
AMP Ohio Payable	10,394,902			10,394,902	
Total Non-Current Liabilities	11,207,136	1,309,200	3,626,265	16,142,601	78,638
Total Liabilities	19,137,579	1,776,455	4,193,244	25,107,278	107,214
<u>Net Assets</u>					
Invested in Capital Assets, Net of Related Debt	10,427,158	26,693,428	37,367,905	74,488,491	60,230
Unrestricted	12,424,713	5,023,021	3,871,137	21,318,871	136,141
Total Net Assets	\$22,851,871	\$31,716,449	\$41,239,042	95,807,362	\$196,371

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

12,899

Net assets of business-type activities

\$95,820,261

See Accompanying Notes to the Basic Financial Statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Statement of Revenues, Expenses,
and Change in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2007**

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Operating Revenues</u>					
Charges for Services	\$36,368,783	3,603,776	\$3,723,372	\$43,695,931	\$441,682
Other	1,515,850	58,470	254,900	1,829,220	3,459
Total Operating Revenues	<u>37,884,633</u>	<u>3,662,246</u>	<u>3,978,272</u>	<u>45,525,151</u>	<u>445,141</u>
<u>Operating Expenses</u>					
Purchased Power	26,294,006			26,294,006	
Plant Operation		1,675,429	1,601,715	3,277,144	
Distribution Operation	2,544,285	939,029	712,008	4,195,322	
Customer Account Collection	412,018	136,731	137,281	686,030	
Administrative and General	872,095	446,137	799,506	2,117,738	
Information and Technology	124,222	41,380	41,379	206,981	
Depreciation	1,141,999	911,019	1,201,610	3,254,628	3,046
Other					435,124
Total Operating Expenses	<u>31,388,625</u>	<u>4,149,725</u>	<u>4,493,499</u>	<u>40,031,849</u>	<u>438,170</u>
Operating Income (Loss)	<u>6,496,008</u>	<u>(487,479)</u>	<u>(515,227)</u>	<u>5,493,302</u>	<u>6,971</u>
<u>Non-Operating Revenues (Expenses)</u>					
Grants	4,000			4,000	
Excise Taxes	1,784,399			1,784,399	
Excise Taxes Expense	(1,784,399)			(1,784,399)	
Interest Revenue	220,142	227,620	164,648	612,410	
Interest Expense	(860,612)	(44,152)	(162,930)	(1,067,694)	
Investment in Joint Venture	(639,901)			(639,901)	
Total Non-Operating Revenues (Expenses)	<u>(1,276,371)</u>	<u>183,468</u>	<u>1,718</u>	<u>(1,091,185)</u>	
Income (Loss) before Contributions and Transfers	5,219,637	(304,011)	(513,509)	4,402,117	6,971
Capital Contributions		251,591	1,265,453	1,517,044	
Transfers Out					(5,659)
Change in Net Assets	5,219,637	(52,420)	751,944	5,919,161	1,312
Net Assets Beginning of Year	<u>17,632,234</u>	<u>31,768,869</u>	<u>40,487,098</u>		<u>195,059</u>
Net Assets End of Year	<u>\$22,851,871</u>	<u>\$31,716,449</u>	<u>\$41,239,042</u>		<u>\$196,371</u>
The change in net assets reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net income of the internal service fund.				<u>627</u>	
Change in net assets of business-type activities				<u>\$5,919,788</u>	

See Accompanying Notes to the Basic Financial Statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007**

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
Increases (Decreases) in Cash and Cash Equivalents					
<u>Cash Flows from Operating Activities</u>					
Cash Received from Customers	\$36,616,551	\$3,629,520	\$3,723,926	\$43,969,997	
Cash Received from Transactions with Other Funds					\$495,766
Cash Payments for Purchased Power	(26,304,408)			(26,304,408)	
Cash Payments for Plant Operation		(1,646,836)	(1,654,705)	(3,301,541)	
Cash Payments for Distribution Operation	(2,781,994)	(884,389)	(693,889)	(4,360,272)	
Cash Payments for Customer Account Collection	(430,637)	(143,353)	(143,732)	(717,722)	
Cash Payments for Administrative and General	(770,171)	(415,076)	(799,544)	(1,984,791)	
Cash Payments for Information and Technology	(140,533)	(46,818)	(46,818)	(234,169)	
Cash Received from Other Revenues	1,231,923	43,469	254,852	1,530,244	3,459
Cash Payments for Other Expenses					(427,568)
Net Cash Provided by Operating Activities	7,420,731	536,517	640,090	8,597,338	71,657
<u>Cash Flows from Noncapital Financing Activities</u>					
Grants	2,500			2,500	
Cash Received from Excise Taxes	1,784,399			1,784,399	
Cash Payments for Excise Tax Distribution Transfers Out	(1,784,399)			(1,784,399)	(5,659)
Net Cash Provided by (Used for) Noncapital Financing Activities	2,500			2,500	(5,659)
<u>Cash Flows from Capital and Related Financing Activities</u>					
Principal Paid on Bond Anticipation Notes	(4,916,000)			(4,916,000)	
Principal Paid on General Obligation Bonds	(60,000)	(50,000)	(170,000)	(280,000)	
Principal Paid on Capital Leases			(50,627)	(50,627)	
Principal Paid on AMP-Ohio	(770,320)			(770,320)	
Interest Paid on Bond Anticipation Notes	(181,387)			(181,387)	
Interest Paid on General Obligation Bonds	(23,825)	(43,100)	(151,762)	(218,687)	
Interest Paid on Capital Leases			(7,469)	(7,469)	
Interest Paid on AMP-Ohio	(655,808)			(655,808)	
Proceeds of Bond Anticipation Notes	4,216,000			4,216,000	
Acquisition of Capital Assets	(593,625)	(314,216)	(121,456)	(1,029,297)	
Net Cash Used for Capital and Related Financing Activities	(2,984,965)	(407,316)	(501,314)	(3,893,595)	
<u>Cash Flows from Investing Activities</u>					
Interest	185,352	237,495	177,697	600,544	
Net Increase in Cash and Cash Equivalents	4,623,618	366,696	316,473	5,306,787	65,998
Cash and Cash Equivalents Beginning of Year	5,238,986	4,681,080	3,366,925	13,286,991	137,313
Cash and Cash Equivalents End of Year	\$9,862,604	\$5,047,776	\$3,683,398	\$18,593,778	\$203,311

(continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007
(Continued)**

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>					
Operating Income (Loss)	\$6,496,008	(\$487,479)	(\$515,227)	\$5,493,302	\$6,971
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</u>					
Depreciation	1,141,999	911,019	1,201,610	3,254,628	3,046
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(45,337)	37,560	(6,993)	(14,770)	(9,133)
(Increase) Decrease in Due from Other Governments	27	(14)	(48)	(35)	470
Increase in Other Local Taxes Receivable	(11,112)			(11,112)	
(Increase) Decrease in Interfund Receivable	9,151	(11,657)	7,547	5,041	62,747
Increase in Prepaid Items	(11,322)	(13,708)	(9,746)	(34,776)	
(Increase) Decrease in Materials and Supplies Inventory	(93,191)	17,689	(56,159)	(131,661)	
Increase in Accrued Wages Payable	10,521	5,137	7,805	23,463	966
Increase (Decrease) in Accounts Payable	(125,740)	79,244	62,780	16,284	5,726
Increase in Due to Other Governments	10,693	3,823	3,338	17,854	361
Increase (Decrease) in Interfund Payable	12,189	3,669	(29,690)	(13,832)	(358)
Decrease in Retainage Payable		(15,146)		(15,146)	
Increase (Decrease) in Compensated Absences Payable	26,845	6,380	(25,127)	8,098	861
Net Cash Provided by Operating Activities	<u>\$7,420,731</u>	<u>\$536,517</u>	<u>\$640,090</u>	<u>\$8,597,338</u>	<u>\$71,657</u>

Non-Cash Capital Financing Activities:

During 2007, the Water and Sewer enterprise funds received capital assets donated by developers and private contractors, in the amount of \$237,299 and \$703,966, respectively. The Water and Sewer enterprise funds also received capital assets that were constructed in the City's governmental funds, in the amount of \$14,292 and \$561,487, respectively.

See Accompanying Notes to the Basic Financial Statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2007**

Assets

Cash and Cash Equivalents in Segregated Accounts	\$255,818
Special Assessments Receivable	<u>288,097</u>

Total Assets	<u><u>\$543,915</u></u>
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Liabilities

Undistributed Assets	<u><u>\$543,915</u></u>
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See Accompanying Notes to the Basic Financial Statements

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

A. The City

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

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

B. Reporting Entity

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the City of Bowling Green in 2007.

The City participates in two insurance pools, three joint ventures, and a jointly governed organization. These organizations are the Buckeye Ohio Risk Management Agency (BORMA), the North Central Ohio Municipal Finance Officers' Association Workers' Compensation Group Rating Plan (Plan), the Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2), the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5), the Ohio Municipal Electric Generation Agency Joint Venture 6 (JV6), and the Bowling Green Central Business Special Improvement District, Inc. (SID). These organizations are presented in Notes 21, 22, and 23 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Governmental Funds

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

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

Proprietary Funds

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

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

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

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

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

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City did not have any trust funds in 2007. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for special assessments levied and paid to the Bowling Green Central Business Special Improvement District, Inc., monies collected from a fundraising project for the Bowling Green Central Business Special Improvement District, Inc., and fines and fees collected by the Bowling Green Municipal Court (excluding those due to the City of Bowling Green).

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim at December 31, 2007, but were levied to finance 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

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

Expenses/Expenditures

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

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Budgetary Process

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

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

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

F. Cash and Investments

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

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

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

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

During 2007, the City invested in nonnegotiable certificates of deposit, federal agency securities, and Star Ohio. Nonnegotiable certificates of deposit are reported at cost. Investments are reported at fair value, which is based on quoted market price. 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, 2007.

Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2007 was \$959,461, which includes \$722,332 assigned from other City funds.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

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

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

J. Unamortized Bond Issuance Costs/Bond Premiums

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

K. Capital Assets

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

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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

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

L. Interfund Assets/Liabilities

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

M. Compensated Absences

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

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

N. Accrued Liabilities and Long-Term Obligations

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

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

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the City, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for maintenance of state highways, various police department related activities, and cemetery maintenance. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of December 31, 2007, there were no net assets restricted by enabling legislation.

P. Fund Balance Reserves and Designations

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

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

Q. Operating Revenues and Expenses

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

R. Capital Contributions

Capital contributions on the proprietary fund statements arise from contributions from other funds and outside contributions of capital assets.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

S. Interfund Transactions

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

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

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

T. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2007, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 45, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this statement for both the Ohio Public Employees Retirement System and the Ohio Police and Fire Pension System postemployment healthcare plans, in the amount of \$89,524 and \$119,013, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and change in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Change in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - for the General Fund and the Playground and Recreation special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

Change in Fund Balance		Playground and Recreation
	General	Recreation
GAAP Basis	(\$1,641,205)	\$138,819
<u>Increases (Decreases) Due To</u>		
Revenue Accruals:		
Accrued 2006, Received in Cash 2007	1,595,342	38,140
Accrued 2007, Not Yet Received in Cash	(1,042,074)	(37,634)
Expenditure Accruals:		
Accrued 2006, Paid in Cash 2007	(1,292,185)	(74,272)
Accrued 2007, Not Yet Paid in Cash	1,384,361	100,194
Cash Adjustments:		
Unrecorded Activity 2006	43,684	14,930
Unrecorded Activity 2007	(96,270)	(2,906)
Prepaid Items	(50,740)	(5,467)
Advances In	14,500	
Transfers In	57,950	
Transfers Out		(57,950)
Encumbrances Outstanding at Year End (Budget Basis)	(365,686)	(80,147)
Budget Basis	(\$1,392,323)	\$33,707

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper if training requirements have been met.

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.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS – (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$28,406,830 of the City's bank balance of \$34,880,132 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments

As of December 31, 2007, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal Home Loan Mortgage Corporation Notes	\$1,000,155	January 18, 2008
Federal Home Loan Mortgage Corporation Notes	493,888	April 11, 2008
Federal Home Loan Bank Bonds	1,005,234	September 12, 2008
STAR Ohio	1,786,533	41 days average
Total Investments	<u>\$4,285,810</u>	

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

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

The City places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of investments to the City's total portfolio:

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Mortgage Corporation	\$1,494,043	34.9%
Federal Home Loan Bank	1,005,234	23.5

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 6 - RECEIVABLES

Receivables at December 31, 2007, consisted of accounts (billings for user charged services, including unbilled utility services); accrued interest; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; interfund; property taxes; notes; and special assessments. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable, in the amount of \$422,550, will not be received within one year. Special assessments receivable, in the amount of \$559,637, will not be received within one year. At December 31, 2007, the amount of delinquent special assessments was \$1,966.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$78,335
Tangible Personal Property Reimbursement	16,955
State of Ohio	9,662
Charges for Services	38,744
Fees, Licenses, and Permits	300
Fines and Forfeitures	34,025
Local Government	598,701
Usage Tax	14,310
Estate Tax	119,516
Total General Fund	910,548
Playground and Recreation	
Homestead and Rollback	26,925
Tangible Personal Property Reimbursement	6,594
Total Playground and Recreation	33,519
Total Major Funds	944,067
Nonmajor Funds	
Street Maintenance and Repair	
Gasoline Tax	311,674
Auto Registration	79,917
Motor Vehicle License Tax	20,888
Total Street Maintenance and Repair	412,479
	(continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 6 – RECEIVABLES – (Continued)

Governmental Activities (continued)	
Nonmajor Funds (continued)	
State Highway	
Gasoline Tax	\$25,271
Auto Registration	6,480
Total State Highway	31,751
ODOT Transportation	
Ohio Department of Transportation	18,113
Law Enforcement Trust	
Fees, Licenses, and Permits	200
Law Enforcement Drug	
Fines and Forfeitures	413
Indigent Drivers Alcohol	
Fines and Forfeitures	879
Education and Enforcement	
Fines and Forfeitures	325
Municipal Probation Services	
Charges for Services	5,139
Municipal Court Computerization	
Charges for Services	387
Street Repair	
Ohio Department of Transportation	691
Municipal Court Special Projects	
Charges for Services	645
Fines and Forfeitures	10,043
Total Municipal Court Special Projects	10,688
Total Nonmajor Funds	481,065
Total Governmental Activities	\$1,425,132
Business Type Activities	
Major Funds	
Electric	
State of Ohio	\$1,696
Water	
State of Ohio	988
Sewer	
State of Ohio	1,096
Total Business Type Activities	\$3,780

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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 and Home Investment Partnership Program. The notes have an annual interest rate of 2.6 to 5.5 percent and are to be repaid over periods ranging from one to twenty years. A summary of the changes in notes receivable during 2007 follows:

	Balance December 31, 2006	New Loans	Repayments	Balance December 31, 2007	Due Within One Year
Special Revenue Fund					
CDBG					
Revolving Loan Program	\$341,880	\$265,000	\$142,181	\$464,699	\$155,535
Home Program	146,778		8,731	138,047	24,661
Downtown Revolving Loan Program	8,217		5,204	3,013	3,013
Total Notes Receivable	<u>\$496,875</u>	<u>\$265,000</u>	<u>\$156,116</u>	<u>\$605,759</u>	<u>\$183,209</u>

NOTE 8 - MUNICIPAL INCOME TAXES

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

The City, by ordinance, allocates 1.5 percent of income taxes as follows: to the General Fund (.75); Playground and Recreation (.05) special revenue fund; and the Capital Improvement (.13), Sewer and Water Capital Improvement (.50), and Street Repair Capital Improvement (.07) capital projects funds. The remaining .42 percent is split between the Police Levy (.14) and Fire Levy (.28) special revenue funds.

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the City. Real property tax revenues received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 9 - PROPERTY TAXES – (Continued)

Public utility property tax revenues received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2005, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2007, and for which there was an enforceable legal claim. The entire receivable has been deferred since current taxes were not levied to finance 2007 operations and collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while the remainder has been deferred.

The full tax rate for all City operations for the year ended December 31, 2007, was \$5.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Agricultural/Residential	\$293,314,740
Commercial/Industrial	189,943,850
Public Utility Real	11,740
Public Utility Personal	3,509,680
Tangible Personal	22,586,513
Total	\$509,366,523

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$3,293,179			\$3,293,179
Construction in Progress	843,754	\$181,757	(\$944,063)	81,448
Total Nondepreciable Capital Assets	<u>4,136,933</u>	<u>181,757</u>	<u>(944,063)</u>	<u>3,374,627</u>
Depreciable Capital Assets				
Land Improvements	2,017,598			2,017,598
Buildings	18,401,591			18,401,591
Equipment	2,066,111	73,058		2,139,169
Vehicles	5,963,185	1,165,460	(137,106)	6,991,539
Streets	47,786,548	1,507,216		49,293,764
Total Depreciable Capital Assets	<u>76,235,033</u>	<u>2,745,734</u>	<u>(137,106)</u>	<u>78,843,661</u>
Less Accumulated Depreciation for				
Land Improvements	(898,638)	(79,966)		(978,604)
Buildings	(5,491,596)	(381,093)		(5,872,689)
Equipment	(1,269,933)	(184,182)		(1,454,115)
Vehicles	(3,846,292)	(555,274)	125,681	(4,275,885)
Streets	(22,795,659)	(1,667,870)		(24,463,529)
Total Accumulated Depreciation	<u>(34,302,118)</u>	<u>(2,868,385)</u>	<u>125,681</u>	<u>(37,044,822)</u>
Total Depreciable Capital Assets, Net	<u>41,932,915</u>	<u>(122,651)</u>	<u>(11,425)</u>	<u>41,798,839</u>
Governmental Activities Capital Assets, Net	<u>\$46,069,848</u>	<u>\$59,106</u>	<u>(\$955,488)</u>	<u>\$45,173,466</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 10 - CAPITAL ASSETS – (Continued)

During 2007, the City accepted contributions of depreciable capital assets for governmental activities with a fair value of \$281,954.

	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$2,067,507			\$2,067,507
Construction in Progress	31,821	\$192,556		224,377
Total Nondepreciable Capital Assets	2,099,328	192,556		2,291,884
Depreciable Capital Assets				
Buildings	56,865,628	43,011		56,908,639
Equipment	2,119,812	15,147		2,134,959
Vehicles	4,686,829	454,857		5,141,686
Electric, Water, Sewer, and Storm Sewer Lines	84,815,135	1,840,770		86,655,905
Total Depreciable Capital Assets	148,487,404	2,353,785		150,841,189
Less Accumulated Depreciation for				
Buildings	(26,617,702)	(1,086,776)		(27,704,478)
Equipment	(1,909,872)	(82,216)		(1,992,088)
Vehicles	(3,466,743)	(383,252)		(3,849,995)
Electric, Water, Sewer, and Storm Sewer Lines	(33,704,931)	(1,702,384)		(35,407,315)
Total Accumulated Depreciation	(65,699,248)	(3,254,628)		(68,953,876)
Total Depreciable Capital Assets, Net	82,788,156	(900,843)		81,887,313
Business-Type Activities Capital Assets, Net	\$84,887,484	(\$708,287)		\$84,179,197

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 10 - CAPITAL ASSETS – (Continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property-Police	\$147,841
Security of Persons and Property-Fire	215,906
Security of Persons and Property-Ambulance	43,183
Public Health	5,990
Leisure Time Activities	183,133
Community Environment	8,254
Transportation	1,742,502
General Government-Court	167,984
General Government-Other	353,592
Total Depreciation Expense - Governmental Activities	\$2,868,385

NOTE 11 - INTERFUND BALANCES

Interfund balances at December 31, 2007, consisted of the following individual fund receivables and payables:

Due to General Fund from:

Playground and Recreation	\$289,750
Electric	130,009
Total General Fund	\$419,759

Due to Electric Fund from:

General	\$52,704
Playground and Recreation	7,343
Other Governmental	4,769
Water	6,834
Sewer	24,757
Total Electric Fund	\$96,407

(Continued)

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 11 - INTERFUND BALANCES – (Continued)

Due to Water Fund from:	
General	\$6,248
Playground and Recreation	788
Other Governmental	2,956
Electric	1,844
Sewer	8,418
Total Water Fund	<u>\$20,254</u>

Due to Sewer Fund from:	
General	\$15,854
Playground and Recreation	315
Other Governmental	6,801
Electric	5,523
Water	1,504
Internal Service	342
Total Sewer Fund	<u>\$30,339</u>

Due to Internal Service Fund from:	
General	\$23,372
Playground and Recreation	399
Sewer and Water Improvement	5,637
Other Governmental	602
Sewer	334
Total Internal Service Fund	<u>\$30,344</u>

The balances due to the General, Electric, Water, Sewer, and Internal Service funds resulted from the time lag between dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All of these amounts, except for amounts due to the General Fund from the Playground and Recreation special revenue fund, are expected to be received within one year. The following is a summary of the City's future annual debt service requirements to repay the \$289,750 owed by the Playground and Recreation special revenue fund:

Year Ending December 31,	Principal
2008	\$57,950
2009	57,950
2010	57,950
2011	57,950
2012	57,950
Total	<u>\$289,750</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(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 2007, the City contracted with the Buckeye Ohio Risk Management Agency (BORMA) for property, liability, and crime insurance. The BORMA program is subject to a \$150,000 deductible for any property or liability loss. Coverage provided by BORMA is as follows:

Property	
Building and Contents	\$250,000,000
Flood Annual Aggregate	21,000,000
Earthquake Annual Aggregate	21,000,000
Boiler and Machinery	50,000,000
General Liability	
Per Occurrence	2,000,000
Employee Benefit Liability	\$2,000,000
Ohio Stop Gap Liability	2,000,000
Public Official Liability	2,000,000
Law Enforcement Professional Liability	2,000,000
Automobile Liability	2,000,000
Crime	
Employee Dishonesty and Faithful Performance	500,000
Depositor's Forgery	500,000
Money and Securities	500,000
Excess Liability	
Per Occurrence	8,000,000
Annual Aggregate	8,000,000

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

The City participates in the Buckeye Ohio Risk Management Agency (BORMA), a public entity shared risk pool among several cities in Northern Ohio. The City pays monthly premiums for health care coverage for its employees and for property, liability, and crime insurance. BORMA is responsible for the management and operations of the programs. Member cities agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage provided under the respective programs. Upon withdrawal from BORMA, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal from the respective program.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 12 - RISK MANAGEMENT – (Continued)

For 2007, the City participated in the North Central Ohio Municipal Finance Officers' Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Plan. Each member pays its workers' compensation premiums to the State based on the rate for the Plan rather than its individual rate.

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

NOTE 13 - CONTRACTUAL COMMITMENTS

At December 31, 2007, the City had contractual commitments as follows:

Company	Project	Amount Remaining on Contract
Arcadisfps	Wastewater Treatment Plant Aeration	\$37,138
B Hill'z Excavating	Klotz Road/Gypsy Lane Sewer Improvement	454,636
Best Equipment	International 2007 Recycling Truck	184,325
Bob Ross Buick	Four Wheel Drive Pickup Truck	26,126
Creative Microsystems	New Server for court including hardware/software	76,017
Poggemeyer	North Main Street Reconstruction	82,035
Retzke/Snyder	WWTP & Solids Handling Improvements	22,174
Shelly Company	2007 Paving Program	219,866
Shelly Company	South Main Street Paving Project	64,279
Zimmerman Paint Company	Pavement Striping Program	45,327

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2007 was 13.85 percent of covered payroll. For the period January 1 through June 30, 2007, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the postemployment health care plan; for the period July 1 through December 31, 2007, this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005, was \$ 905,178, \$961,383, and \$952,698, respectively; 87 percent has been contributed for 2007 and 100 percent has been contributed for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$19,102 made by the City and \$13,103 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 14 - DEFINED BENEFIT PENSION PLANS – (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment health care plan. The City's required contribution for pension obligations for police and firefighters for the year ended December 31, 2007, was \$338,370 and \$588,620, for the year ended December 31, 2006, was \$306,940 and \$535,509, and for the year ended December 31, 2005, was \$299,604 and \$503,493. For 2007, 71 percent has been contributed for both police and firefighters. The full amount has been contributed for 2006 and 2005.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The amount of the employer contributions which was allocated to fund postemployment health care was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 to December 31, 2007.

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 15 - POSTEMPLOYMENT BENEFITS – (Continued)

The City's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2007, 2006, and 2005, was \$608,808, \$477,218, and \$403,573, respectively; 85 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

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

B. Ohio Police and Fire Pension Fund

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of section 401(h).

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 15 - POSTEMPLOYMENT BENEFITS – (Continued)

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters for the year ended December 31, 2007, was \$179,137 and \$230,330, for the year ended December 31, 2006, was \$202,450 and \$255,397, and for the year ended December 31, 2005, was \$197,611 and \$240,127. For 2007, 71 percent has been contributed for both police and firefighters. The full amount has been contributed for 2006 and 2005.

NOTE 16 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. City employees earn vacation at varying rates depending upon length of service and standard work week. Current policy permits vacation leave to be carried forward with supervisory approval. Employees are paid for 100 percent of earned unused vacation leave upon termination. Sick leave is earned at a rate of four and six-tenths hours for every eighty hours worked. Current policy permits sick leave to be accumulated without limit. Each employee, at the time of retirement from active service with the City, is paid for 25 percent of their earned unused sick leave, with no maximum payment limit.

NOTE 17 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2007, were as follows:

				Interest	Balance			Balance
				Rate	December 31, 2006	Additions	Reductions	December 31, 2007
<u>Business-Type Activities</u>								
<u>General Obligation Bond Anticipation Notes</u>								
Electric								
2006	Electric	System	3.7%	\$1,781,000			\$1,781,000	
Improvements								
2006	Electric	System	3.7	3,135,000			3,135,000	
Improvements								
2007	Electric	System	3.5		\$1,431,000			\$1,431,000
Improvements								
2007	Electric	System	3.5		2,785,000			2,785,000
Improvements								
Total Business-Type Activities					<u>\$4,916,000</u>	<u>\$4,216,000</u>	<u>\$4,916,000</u>	<u>\$4,216,000</u>

According to Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. The City has issued bond anticipation notes with a maturity of one year or less which will be reissued until paid in full or bonds are issued. The City's bond anticipation notes are supported by the full faith and credit of the City.

The bond anticipation notes in the Electric enterprise fund, in the amount of \$1,431,000 and \$2,785,000, were issued on November 29, 2007, to partially retire notes previously issued to pay the costs of improving the City's electric system by constructing a new substation.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 18 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2004 Various Purpose Improvement (Original Issue - \$11,745,000)	3.00%	\$10,280,000		\$655,000	\$9,625,000	\$665,000
Premium		99,772		6,357	93,415	
2006 Park and Recreation (Original Issue - \$480,000)	4.42	480,000			480,000	60,000
Total General Obligation Bonds		<u>10,859,772</u>		<u>661,357</u>	<u>10,198,415</u>	<u>725,000</u>
Ohio Water Development Authority Loans						
1988 Dunbridge Road Water (Original Issue - \$883,788)	8.31	231,516		152,316	79,200	79,200
1994 Second Water Transmission Main (Original Issue - \$3,644,348)	5.77	2,922,429		157,076	2,765,353	83,070
Ohio Water Development Authority Loans (continued)						
1999 Granular Activated Carbon System (Original Issue - \$2,880,752)	5.50%	\$2,185,326		\$224,184	\$1,961,142	\$116,736
2002 Clearwell and High Service Pump (Original Issue - \$3,942,361)	3.95	3,217,619		225,957	2,991,662	116,336
2004 Wastewater Treatment Plant and Solids Handling Improvements	1.76	5,308,834	\$85,083	359,728	5,034,189	
Total Ohio Water Development Authority Loans		<u>13,865,724</u>	<u>85,083</u>	<u>1,119,261</u>	<u>12,831,546</u>	<u>395,342</u>
Other Long-Term Obligations						
Compensated Absences Payable		1,523,498	258,159	161,032	1,620,625	630,292
Total Governmental Activities		<u>\$26,248,994</u>	<u>\$343,242</u>	<u>\$1,941,650</u>	<u>\$24,650,586</u>	<u>\$1,750,634</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 18 - LONG-TERM OBLIGATIONS – (Continued)

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Business-Type Activities</u>						
General Obligation Bonds						
2004 Various Purpose Improvement (Original Issue - \$6,215,000)	3.00%	\$5,455,000		\$280,000	\$5,175,000	\$280,000
Premium		52,944		2,717	50,227	
Total General Obligation Bonds		5,507,944		282,717	5,225,227	280,000
Other Long-Term Obligations						
Compensated Absences Payable		847,709	\$91,389	83,291	855,807	272,508
Capital Leases Payable		370,842		50,627	320,215	101,042
AMP Ohio Payable - JV 2		7,272,828		369,032	6,903,796	387,300
AMP Ohio Payable - JV 6		4,807,922		401,288	4,406,634	528,228
Total Other Long-Term Obligations		13,299,301	91,389	904,238	12,486,452	1,289,078
Total Business-Type Activities		\$18,807,245	\$91,389	\$1,186,955	\$17,711,679	\$1,569,078

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

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

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

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 18 - LONG-TERM OBLIGATIONS – (Continued)

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

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

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

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

OWDA Loans Payable - The OWDA loans represent amounts borrowed from the Ohio Water Development Authority for construction of water and sewer system improvements. The intention is to repay the loans with income tax revenues of the Sewer and Water Capital Improvement capital projects fund. Annual principal and interest payments on the loans are expected to require less than 100 percent of these revenues. The total principal and interest remaining to be paid on the loans is \$12,831,546. Principal and interest paid in the Sewer and Water Capital Improvement capital projects fund for the current year were \$1,119,261 and \$520,878, respectively. Total net revenue for the Sewer and Water Capital Improvement capital projects fund was \$1,784,916.

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

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

AMP Ohio Payable JV2 - The City is a participant, with thirty-six other subdivisions within the State of Ohio, in the Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2), a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. During 2001, AMP-Ohio issued bonds, in the amount of \$50,260,000, to acquire capital assets for JV2. Under a financing agreement between the participants of JV2 and AMP-Ohio, the participants have agreed to pay the debt service requirements of the bonds. Payments are to be made solely from resources of the City's Electric enterprise fund.

**CITY OF BOWLING GREEN
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 18 - LONG-TERM OBLIGATIONS – (Continued)

AMP Ohio Payable JV6 - The City is a participant, with ten other subdivisions within the State of Ohio, in the Ohio Municipal Electric Generation Agency Joint Venture 6 (JV6), a joint venture to provide low-polluting capacity electricity to the participants. During 2004, AMP-Ohio issued bonds, in the amount of \$9,861,000, to acquire capital assets for JV6. Under a financing agreement between the participants of JV6 and AMP-Ohio, the participants have agreed to pay the debt service requirements of the bonds. Payments are to be made solely from resources of the City's Electric enterprise fund.

The AMP-Ohio loans for JV2 and JV6 will be paid solely from the net revenues of the electric system, subject only to the prior payment of operation and maintenance expenses. Annual principal and interest payments on the bonds are expected to require less than 100 percent of these net revenues. The City is required to maintain a debt coverage ratio equal to 110 percent of the sum of JV2 and JV6 debt service and any other outstanding electric system revenue obligations. The remaining principal and interest to be paid on the loans is \$9,507,648 payable through 2020 for JV2 and \$5,039,563 payable through 2016 for JV6. Principal and interest paid for the current year were \$680,607 for JV2 and \$485,640 for JV6. Total net revenues for the Electric enterprise fund were \$7,417,865.

The City's legal debt margin was \$43,378,485 at December 31, 2007.

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

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2007, were as follows:

Year	General Obligation Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2008	\$725,000	\$411,554	\$395,342	\$199,375
2009	730,000	388,952	653,735	364,143
2010	740,000	366,200	686,716	331,163
2011	650,000	341,448	721,402	296,477
2012	660,000	318,145	757,886	259,993
2013 to 2017	2,720,000	1,231,097	3,504,929	731,130
2018 to 2022	2,285,000	692,938	1,077,347	87,749
2023 to 2027	1,345,000	238,637		
2028	250,000	12,500		
Total	<u>\$10,105,000</u>	<u>\$4,001,471</u>	<u>\$7,797,357</u>	<u>\$2,270,030</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 18 - LONG-TERM OBLIGATIONS – (Continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2007, from the enterprise funds were as follows:

Year	General Obligation Bonds		AMP Ohio Payable	
	Principal	Interest	Principal	Interest
2008	\$280,000	\$210,288	\$915,528	\$393,468
2009	290,000	201,888	908,878	399,935
2010	295,000	193,188	873,427	435,158
2011	305,000	183,600	914,315	394,709
2012	310,000	172,926	956,846	352,333
2013 to 2017	1,660,000	672,101	4,740,086	1,068,143
2018 to 2022	1,655,000	324,471	2,001,350	193,035
2023	380,000	18,049		
Total	\$5,175,000	\$1,976,511	\$11,310,430	\$3,236,781

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

	Date of Issue	Amount of Issue	Balance December 31, 2007
Industrial Revenue Bonds			
Lamson and Session Company	6/28/1995	\$2,780,000	\$400,000
Multi-Family Housing Revenue Bonds			
Bowling Green Village Series 2001 A	6/1/2001	3,320,000	3,100,000
Bowling Green Village Series 2001 B	6/1/2001	500,000	495,000
Ohio Water Development Authority Loan			
Hiram College	4/29/04	611,872	611,872

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 19 - CAPITAL LEASES - LESSEE DISCLOSURE

The City has entered into capitalized leases for vehicles. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2007 were \$50,627.

	Business-Type Activities
Vehicles	\$602,049
Less Accumulated Depreciation	(403,186)
Carrying Value, December 31, 2007	\$198,863

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, 2007.

	Business-Type Activities	
	Principal	Interest
2008	\$101,042	\$15,340
2009	79,930	10,477
2010	83,705	6,702
2011	55,538	2,749
Total	\$320,215	\$35,268

NOTE 20 - INTERFUND TRANSFERS

During 2007, the General Fund, the Playground and Recreation special revenue fund, and the Sewer and Water Improvement capital projects fund made transfers to other governmental funds, in the amount of \$1,752,268, \$106, and \$1,065, respectively, to subsidize activities in other funds and to fund new reserve accounts. The General Fund made a \$50,000 transfer to the Playground and Recreation fund to subsidize activities. Other governmental funds made transfers to other governmental funds, in the amount of \$50,000, for transit operations, in the amount of \$569,625, as debt payments came due, and in the amount of \$827,381, to fund new reserve accounts. The Engineering internal service fund made transfers to other governmental funds, in the amount of \$5,659, to fund new reserve accounts.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 21 - INSURANCE POOLS

A. Buckeye Ohio Risk Management Agency (BORMA)

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

Participation in BORMA is by written application subject to approval of the Board of Directors and the payment of premiums. Member cities must remain members for cycles of three years. A member may withdraw from a program by giving a forty day notice prior to the beginning of the next cycle. BORMA does not have any outstanding debt obligations as of December 31, 2007. Financial information may be obtained from Arthur J. Gallagher & Co., Crown Centre Building, 5005 Rockside Road, 10th Floor, Cleveland, Ohio 44131-2157.

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

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

NOTE 22 - JOINT VENTURES

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

The City is a participant, with thirty-five other subdivisions within the State of Ohio, in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis, the Ohio Municipal Electric Generation Agency Joint Venture (JV2). The City is both a financing participant and an owner participant with percentages of liability and ownership of 18.27 percent and 14.32 percent, respectively. Owner participants own undivided interests, as tenants in common, in JV2 in the amount of their respective project shares. Purchaser participants agree to purchase the output associated with their respective project shares, ownership of which is held in trust for such purchaser participants.

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

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 22 - JOINT VENTURES – (Continued)

Pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of operation and maintenance expenses of each participant's system, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes, or other indebtedness payable from any revenues of the system. Under the terms of the Agreement, each financing participant is to fix, charge, and collect rates, fees, and charges at least sufficient enough to maintain a debt coverage ratio equal to 110 percent of the sum of JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2007, the City had met its debt coverage obligation.

JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The project consists of 138.65 MW of distributed generation (of which 134.081 MW is the participant's entitlement and 4.569 MW are held in reserve). Upon dissolution of JV2, the net assets will be shared by the participants on a percentage of ownership basis. JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of twenty year fixed rate bonds on behalf of the financing participants of JV2. The net proceeds of the bond issue, in the amount of \$45,904,712, were contributed to JV2. The City's net obligation for these bonds at December 31, 2007, was \$6,903,796 (including previous billings to members, interest payable, and debt service paid and collected).

The City's net investment and its share of the operating results of JV2 are reported in the City's Electric enterprise fund. The City's net investment in JV2 was \$5,634,958 at December 31, 2007. Complete financial statements for JV2 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.auditor.state.oh.us.

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

The City is a participant, with forty-one other subdivisions within the State of Ohio, in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia (on the Ohio River at the Belleville Locks and Dam) and receive electricity from its operation, the Ohio Municipal Electric Generation Agency Joint Venture (JV5). The City is a financing participant with an ownership percentage of 15.73 percent. Financing participants own undivided interests, as tenants in common, without right of partition in JV5.

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

Pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of operation and maintenance expenses of each participant's system, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes, or other indebtedness payable from any revenues of the system. Under the terms of the Agreement, each participant is to fix, charge, and collect rates, fees, and charges at least sufficient enough to maintain a debt coverage ratio equal to 110 percent of the sum of JV5 debt service and any other outstanding senior lien electric system revenue obligations. Upon dissolution of JV5, the net assets will be shared by the participants on a percentage of ownership basis. As of December 31, 2007, the City had met its debt coverage obligation.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 22 - JOINT VENTURES – (Continued)

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

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

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

The City's net investment and its share of operating results of JV5 are reported in the City's Electric enterprise fund. The City's net investment in JV5 was \$1,407,755 at December 31, 2007. Complete financial statements for JV5 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.auditor.state.oh.us.

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

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

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

Pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of operation and maintenance expenses of each participant's system, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes, or other indebtedness payable from any revenues of the system. Under the terms of the Agreement, each financing participant is to fix, charge, and collect rates, fees, and charges at least sufficient enough to maintain a debt coverage ratio equal to 110 percent of the sum of JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2007, the City had met their debt coverage obligation.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 22 - JOINT VENTURES – (Continued)

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

JV6 was created to provide for low-polluting capacity electricity through wind energy. The project consists of four wind turbines with a nominal capacity of 1.8 MW and related facilities. Upon dissolution of JV6, the net assets will be shared by the participants on a percentage of ownership basis. JV6 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2004, AMP-Ohio issued \$9,861,000 of fifteen year adjustable rate bonds on behalf of the financing participants of JV6. The proceeds of the bond issue were contributed to JV6. The City's net obligation for these bonds at December 31, 2007, was \$4,406,634.

The City's net investment and its share of the operating results of JV6 are reported in the City's Electric enterprise fund. The City's net investment in JV6 was \$5,021,133 at December 31, 2007. Complete financial statements for JV6 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.auditor.state.oh.us.

NOTE 23 - JOINTLY GOVERNED ORGANIZATION

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

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

NOTE 24 - CONTINGENT LIABILITIES

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

For the period January 1, 2007, to December 31, 2007, the City received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

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**CITY OF BOWLING GREEN
WOOD COUNTY**

**Comparative Statement of Fund Net Assets
Enterprise Funds
December 31, 2007, and 2006**

	Electric		Water	
	2007	2006	2007	2006
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$8,531,217	\$3,806,710	\$5,047,776	\$4,665,934
Cash and Cash Equivalents with Fiscal Agents	1,331,387	1,432,276		
Accounts Receivable	3,566,195	3,519,358	340,430	377,990
Accrued Interest Receivable	38,983	4,193	22,875	32,750
Due from Other Governments	1,696	1,723	988	974
Other Local Taxes Receivable	138,284	127,172		
Interfund Receivable	96,407	105,558	20,254	8,597
Prepaid Items	48,855	37,533	33,807	20,099
Materials and Supplies Inventory	918,549	825,358	106,620	124,309
Restricted Assets				
Cash and Cash Equivalents with Escrow Agents				15,146
Total Current Assets	14,671,573	9,859,881	5,572,750	5,245,799
<u>Non-Current Assets</u>				
Unamortized Bond Issuance Cost	8,270	9,090	13,805	14,489
Nondepreciable Capital Assets	451,543	451,543	502,253	309,697
Depreciable Capital Assets, Net	14,794,218	15,342,592	27,404,096	27,941,864
Investment in Joint Venture	12,063,846	12,703,747		
Total Non-Current Assets	27,317,877	28,506,972	27,920,154	28,266,050
Total Assets	41,989,450	38,366,853	33,492,904	33,511,849
<u>Current Liabilities</u>				
Accrued Wages Payable	90,207	79,686	53,048	47,911
Accounts Payable	2,278,735	2,404,475	187,557	108,313
Due to Other Governments	100,201	89,508	53,161	49,338
Interfund Payable	137,376	125,187	8,338	4,669
Accrued Interest Payable	14,772	15,418	3,467	2,614
Notes Payable	4,216,000	4,916,000		
Retainage Payable				15,146
General Obligation Bonds Payable	60,000	60,000	50,000	50,000
Compensated Absences Payable	117,624	117,702	63,640	61,938
Capital Leases Payable			48,044	48,044
AMP Ohio Payable	915,528	757,031		
Total Current Liabilities	7,930,443	8,565,007	467,255	387,973
<u>Non-Current Liabilities</u>				
General Obligation Bonds Payable	550,873	611,455	969,802	1,020,287
Compensated Absences Payable	261,361	234,438	180,518	175,840
Capital Leases Payable			158,880	158,880
AMP Ohio Payable	10,394,902	11,323,719		
Total Non-Current Liabilities	11,207,136	12,169,612	1,309,200	1,355,007
Total Liabilities	19,137,579	20,734,619	1,776,455	1,742,980
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	10,427,158	10,215,770	26,693,428	26,988,839
Unrestricted	12,424,713	7,416,464	5,023,021	4,780,030
Total Net Assets	\$22,851,871	\$17,632,234	\$31,716,449	\$31,768,869

Sewer		Totals	
2007	2006	2007	2006
\$3,683,398	\$3,366,925	\$17,262,391	\$11,839,569
		1,331,387	1,432,276
454,858	447,865	4,361,483	4,345,213
25,547	38,596	87,405	75,539
1,096	1,048	3,780	3,745
		138,284	127,172
30,339	37,886	147,000	152,041
40,645	30,899	123,307	88,531
120,655	64,496	1,145,824	1,014,163
			15,146
<u>4,356,538</u>	<u>3,987,715</u>	<u>24,600,861</u>	<u>19,093,395</u>
48,661	50,985	70,736	74,564
1,338,088	1,338,088	2,291,884	2,099,328
39,688,999	39,503,700	81,887,313	82,788,156
		12,063,846	12,703,747
<u>41,075,748</u>	<u>40,892,773</u>	<u>96,313,779</u>	<u>97,665,795</u>
<u>45,432,286</u>	<u>44,880,488</u>	<u>120,914,640</u>	<u>116,759,190</u>
61,163	53,358	204,418	180,955
85,400	22,620	2,551,692	2,535,408
60,443	57,105	213,805	195,951
33,509	63,199	179,223	193,055
12,222	9,197	30,461	27,229
		4,216,000	4,916,000
			15,146
170,000	170,000	280,000	280,000
91,244	68,954	272,508	248,594
52,998	50,627	101,042	98,671
		915,528	757,031
<u>566,979</u>	<u>495,060</u>	<u>8,964,677</u>	<u>9,448,040</u>
3,424,552	3,596,202	4,945,227	5,227,944
141,420	188,837	583,299	599,115
60,293	113,291	219,173	272,171
		10,394,902	11,323,719
<u>3,626,265</u>	<u>3,898,330</u>	<u>16,142,601</u>	<u>17,422,949</u>
<u>4,193,244</u>	<u>4,393,390</u>	<u>25,107,278</u>	<u>26,870,989</u>
37,367,905	36,962,653	74,488,491	74,167,262
3,871,137	3,524,445	21,318,871	15,720,939
<u>\$41,239,042</u>	<u>\$40,487,098</u>	<u>\$95,807,362</u>	<u>\$89,888,201</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Comparative Statement of Revenues, Expenses, and Change in Fund Net Assets
Enterprise Funds
For the Years Ended December 31, 2007, and 2006**

	Electric		Water	
	2007	2006	2007	2006
<u>Operating Revenues</u>				
Charges for Services	\$36,368,783	\$35,738,899	\$3,603,776	\$3,487,554
Other	1,515,850	1,124,601	58,470	88,522
Total Operating Revenues	<u>37,884,633</u>	<u>36,863,500</u>	<u>3,662,246</u>	<u>3,576,076</u>
<u>Operating Expenses</u>				
Purchased Power	26,294,006	27,646,155		
Plant Operation			1,675,429	505,711
Plant Maintenance				347,268
Distribution Operation	2,544,285	1,239,252	939,029	309,468
Distribution Maintenance		1,460,581		367,245
Customer Account Collection	412,018	318,552	136,731	107,573
Administrative and General	872,095	1,122,099	446,137	741,844
Information and Technology	124,222	5,435	41,380	1,812
Depreciation	1,141,999	1,127,406	911,019	927,564
Total Operating Expenses	<u>31,388,625</u>	<u>32,919,480</u>	<u>4,149,725</u>	<u>3,308,485</u>
Operating Income (Loss)	<u>6,496,008</u>	<u>3,944,020</u>	<u>(487,479)</u>	<u>267,591</u>
<u>Non-Operating Revenues (Expenses)</u>				
Grants	4,000	8,136		
Excise Taxes	1,784,399	1,716,093		
Excise Taxes Expense	(1,784,399)	(1,716,093)		
Interest Revenue	220,142	228,927	227,620	212,637
Interest Expense	(860,612)	(204,695)	(44,152)	(44,517)
Investment in Joint Venture	(639,901)	(129,602)		
Total Non-Operating Revenues (Expenses)	<u>(1,276,371)</u>	<u>(97,234)</u>	<u>183,468</u>	<u>168,120</u>
Income (Loss) Before Contributions	5,219,637	3,846,786	(304,011)	435,711
Capital Contributions			251,591	321,780
Change in Net Assets	5,219,637	3,846,786	(52,420)	757,491
Net Assets Beginning of Year	<u>17,632,234</u>	<u>13,785,448</u>	<u>31,768,869</u>	<u>31,011,378</u>
Net Assets End of Year	<u>\$22,851,871</u>	<u>\$17,632,234</u>	<u>\$31,716,449</u>	<u>\$31,768,869</u>

Sewer		Totals	
2007	2006	2007	2006
\$3,723,372	\$3,533,094	\$43,695,931	\$42,759,547
254,900	267,876	1,829,220	1,480,999
<u>3,978,272</u>	<u>3,800,970</u>	<u>45,525,151</u>	<u>44,240,546</u>
		26,294,006	27,646,155
1,601,715	1,560,211	3,277,144	2,065,922
	469,677		816,945
712,008	172,852	4,195,322	1,721,572
	405,459		2,233,285
137,281	110,735	686,030	536,860
799,506	1,168,303	2,117,738	3,032,246
41,379	1,812	206,981	9,059
1,201,610	1,224,529	3,254,628	3,279,499
<u>4,493,499</u>	<u>5,113,578</u>	<u>40,031,849</u>	<u>41,341,543</u>
(515,227)	(1,312,608)	5,493,302	2,899,003
		4,000	8,136
		1,784,399	1,716,093
		(1,784,399)	(1,716,093)
164,648	154,548	612,410	596,112
(162,930)	(166,693)	(1,067,694)	(415,905)
		(639,901)	(129,602)
<u>1,718</u>	<u>(12,145)</u>	<u>(1,091,185)</u>	<u>58,741</u>
(513,509)	(1,324,753)	4,402,117	2,957,744
<u>1,265,453</u>	<u>2,206,235</u>	<u>1,517,044</u>	<u>2,528,015</u>
751,944	881,482	5,919,161	5,485,759
<u>40,487,098</u>	<u>39,605,616</u>	<u>89,888,201</u>	<u>84,402,442</u>
<u>\$41,239,042</u>	<u>\$40,487,098</u>	<u>\$95,807,362</u>	<u>\$89,888,201</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**Comparative Statement of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2007, and 2006**

	Electric		Water	
	2007	2006	2007	2006
<u>Increases (Decreases) in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$36,616,551	\$36,659,688	\$3,629,520	\$3,461,887
Cash Payments for Purchased Power	(26,304,408)	(31,362,696)		
Cash Payments for Plant Operation			(1,646,836)	(436,917)
Cash Payments for Plant Maintenance				(364,166)
Cash Payments for Distribution Operation	(2,781,994)	(1,219,384)	(884,389)	(286,542)
Cash Payments for Distribution Maintenance		(1,551,292)		(408,716)
Cash Payments for Customer Account Collection	(430,637)	(328,685)	(143,353)	(109,702)
Cash Payments for Administrative and General	(770,171)	(1,364,236)	(415,076)	(799,229)
Cash Payments for Information and Technology	(140,533)		(46,818)	
Cash Received from Other Revenues	1,231,923	1,110,530	43,469	87,548
Net Cash Provided by (Used for) Operating Activities	<u>7,420,731</u>	<u>1,943,925</u>	<u>536,517</u>	<u>1,144,163</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Grants	2,500	8,136		
Cash Received from Excise Taxes	1,784,399	1,716,093		
Cash Payments for Excise Tax Distribution	(1,784,399)	(1,716,093)		
Net Cash Provided by Noncapital Financing Activities	<u>2,500</u>	<u>8,136</u>		
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Paid on Bond Anticipation Notes	(4,916,000)	(5,471,000)		
Principal Paid on General Obligation Bonds	(60,000)	(60,000)	(50,000)	(45,000)
Principal Paid on Capital Leases				(58,287)
Principal Paid on AMP-Ohio	(770,320)	(769,417)		
Interest Paid on Bond Anticipation Notes	(181,387)	(180,041)		
Interest Paid on General Obligation Bonds	(23,825)	(25,625)	(43,100)	(44,450)
Interest Paid on Capital Leases				
Interest Paid on AMP-Ohio	(655,808)			
Proceeds of Bond Anticipation Notes	4,216,000	4,916,000		
Acquisition of Capital Assets	(593,625)	(629,698)	(314,216)	(1,065,928)
Net Cash Proved by (Used for) Capital and Related Financing Activities	<u>(2,984,965)</u>	<u>(2,219,781)</u>	<u>(407,316)</u>	<u>(1,213,665)</u>
<u>Cash Flows from Investing Activities</u>				
Interest	185,352	224,933	237,495	192,902
Net Increase (Decrease) in Cash and Cash Equivalents	4,623,618	(42,787)	366,696	123,400
Cash and Cash Equivalents Beginning of Year	<u>5,238,986</u>	<u>5,281,773</u>	<u>4,681,080</u>	<u>4,557,680</u>
Cash and Cash Equivalents End of Year	<u><u>\$9,862,604</u></u>	<u><u>\$5,238,986</u></u>	<u><u>\$5,047,776</u></u>	<u><u>\$4,681,080</u></u>

Sewer		Totals	
2007	2006	2007	2006
\$3,723,926	\$3,573,027	\$43,969,997	\$43,694,602
(1,654,705)	(1,531,365)	(26,304,408)	(31,362,696)
(693,889)	(484,331)	(3,301,541)	(1,968,282)
(143,732)	(144,127)	(848,497)	(1,650,053)
(799,544)	(410,566)	(4,360,272)	(2,370,574)
(46,818)	(110,080)	(717,722)	(548,467)
254,852	(1,295,516)	(1,984,791)	(3,458,981)
	266,828	(234,169)	
		1,530,244	1,464,906
640,090	(136,130)	8,597,338	2,951,958
		2,500	8,136
		1,784,399	1,716,093
		(1,784,399)	(1,716,093)
		2,500	8,136
		(4,916,000)	(5,471,000)
(170,000)	(165,000)	(280,000)	(270,000)
(50,627)	(48,362)	(50,627)	(106,649)
		(770,320)	(769,417)
		(181,387)	(180,041)
(151,762)	(156,713)	(218,687)	(226,788)
(7,469)	(9,733)	(7,469)	(9,733)
		(655,808)	
		4,216,000	4,916,000
(121,456)	553,481	(1,029,297)	(1,142,145)
(501,314)	173,673	(3,893,595)	(3,259,773)
177,697	118,910	600,544	536,745
316,473	156,453	5,306,787	237,066
3,366,925	3,210,472	13,286,991	13,049,925
\$3,683,398	\$3,366,925	\$18,593,778	\$13,286,991

(continued)

**CITY OF BOWLING GREE
WOOD COUNTY**

**Comparative Statement of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2007, and 2006
(Continued)**

	Electric		Water	
	2007	2006	2007	2006
Reconciliation of Operating Income (Loss) to Net Cash <u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss)	\$6,496,008	\$3,944,020	(\$487,479)	\$267,591
Adjustments to Reconcile Operating Income (Loss) to Net Cash <u>Provided by (Used for) Operating Activities:</u>				
Depreciation	1,141,999	1,127,406	911,019	927,564
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(45,337)	962,115	37,560	(39,886)
(Increase) Decrease in Due from Other Governments	27	(1,723)	(14)	(974)
Increase in Other Local Taxes Receivable	(11,112)	(127,172)		
(Increase) Decrease in Interfund Receivable	9,151	(53,674)	(11,657)	14,219
(Increase) Decrease in Prepaid Items	(11,322)	(543)	(13,708)	6,967
(Increase) Decrease in Materials and Supplies Inventory	(93,191)	(59,028)	17,689	6,014
Increase in Accrued Wages Payable	10,521	469	5,137	3,692
Increase (Decrease) in Accounts Payable	(125,740)	(3,843,745)	79,244	(55,046)
Increase (Decrease) in Due to Other Governments	10,693	(5,852)	3,823	1,337
Increase (Decrease) in Interfund Payable	12,189	(11,721)	3,669	(2,541)
Decrease in Retainage Payable			(15,146)	
Increase (Decrease) in Compensated Absences Payable	26,845	13,373	6,380	15,226
Net Cash Provided by (Used for) Operating Activities	<u>\$7,420,731</u>	<u>\$1,943,925</u>	<u>\$536,517</u>	<u>\$1,144,163</u>

Sewer		Totals	
2007	2006	2007	2006
(\$515,227)	(\$1,312,608)	\$5,493,302	\$2,899,003
1,201,610	1,224,529	3,254,628	3,279,499
(6,993)	31,195	(14,770)	953,424
(48)	(1,048)	(35)	(3,745)
		(11,112)	(127,172)
7,547	8,738	5,041	(30,717)
(9,746)	(3,833)	(34,776)	2,591
(56,159)	(7,391)	(131,661)	(60,405)
7,805	1,530	23,463	5,691
62,780	(125,928)	16,284	(4,024,719)
3,338	662	17,854	(3,853)
(29,690)	25,193	(13,832)	10,931
		(15,146)	
(25,127)	22,831	8,098	51,430
<u>\$640,090</u>	<u>(\$136,130)</u>	<u>\$8,597,338</u>	<u>\$2,951,958</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Assistance			
Community Development Block Grants			
Entitlement Grant	N/A	14.218	\$410,193
CDBG Revolving Loans	N/A	14.218	<u>265,000</u>
Total Community Development Block Grants			675,193
<i>Passed through Ohio Department of Development</i>			
HOME Revolving Loans	None	14.239	<u>331,339</u>
Total U.S. Department of Housing and Urban Development			<u>1,006,532</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Formula Grants for Other than Urbanized Areas	RPT-4087-026-071	20.509	<u>205,783</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Assistance			
Bulletproof Vest Partnership Program	N/A	16.607	<u>1,398</u>
Total Federal Awards Expenditures			<u><u>\$1,213,713</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

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

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households. The Federal Department of Housing and Urban Development (HUD) granted money for these loans to the City. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule) when drawn from HUD. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, and are also included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property, business assets to include equipment, inventory and receivables, and personal assets. At December 31, 2007, the gross amounts of loans outstanding under this program were \$464,699. A court judgment has been filed on a delinquent amount due of \$5,080.

A program was established in 2001 to assist our downtown businesses who had experienced business interruption during our downtown revitalization program. These loans were granted for a maximum amount of \$10,000, for a period of 36 months at an interest rate of 3%. No collateral was required for these original working capital loans. Loans repaid, including interest are used to make additional loans. Subsequent loans are subject to certain compliance requirements imposed by HUD, are collateralized, and are also included as disbursements on the Schedule. At December 31, 2007, the gross amounts of loans outstanding under this program were \$3,013.

Activity in the CDBG revolving loan fund during 2007 is as follows:

Beginning loans receivable balance as of January 1, 2007	\$350,097
Loans made:	265,000
Loan principal repaid:	<u>(147,385)</u>
Ending Loans receivable balance as of December 31, 2007	467,712
Cash balance on hand in the CDBG revolving loan fund as of December 31, 2007:	181,093
Administrative costs expended during 2007	<u>900</u>
Total Value of RLF portion of the CDBG 14.218 program	649,705
Other grants administered through the 14.218 program	<u>\$410,193</u>
Total CDBG 14.218 program	<u>\$1,059,898</u>
Delinquent amounts due as of December 31, 2007	\$5,080

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE C – DOWNPAYMENT ASSISTANCE (HOME) LOAN PROGRAMS

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

These loans are collateralized by mortgages on the property. At December 31, 2007, the gross amounts of loans outstanding under this program were \$138,047.

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.

NOTE E – FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS

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



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Wood County, (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the City's management in a separate letter dated October 30, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance matter that we reported to the City's management in a separate letter dated October 30, 2008.

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



Mary Taylor, CPA
Auditor of State

October 30, 2008



Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

Compliance

We have audited the compliance of the City of Bowling Green, Wood County (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal programs for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Bowling Green complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

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

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

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

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

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



Mary Taylor, CPA
Auditor of State

October 30, 2008

**CITY OF BOWLING GREEN
WOOD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Home Investment Partnerships Program CFDA #14.239 Formula Grants For Other Than Urbanized Areas CFDA # 20.509
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**CITY OF BOWLING GREEN
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Parks and recreation department not charging proper fees.	Yes	
2006-002	Parks and recreation department should reconcile the subsidiary accounting system to the finance department's records.	No	Partially corrected, repeated in the management letter.
2006-003	ORC 9.38, failure to deposit timely.	No	Partially corrected, repeated in the management letter.
2006-004	ORC 5705.36 – failure to properly obtain amended certificates of estimated resources.	Yes	



Mary Taylor, CPA
Auditor of State

CITY OF BOWLING GREEN

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 18, 2008**