



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, 2009, 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, 2009, 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 September 17, 2010, 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

September 17, 2010

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

The discussion and analysis of the City of Bowling Green's financial performance provides an overview of the City's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2009 are as follows:

In total, the City's net assets decreased \$1,361,395, or less than 1 percent. Governmental activities had a decrease in net assets of almost 24 percent and business-type activities had an increase of 9 percent.

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

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

USING THIS ANNUAL REPORT

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

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

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

REPORTING THE CITY AS A WHOLE

The statement of net assets and the statement of activities reflect how the City did financially during 2009. 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
Management's Discussion and Analysis
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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
Management's Discussion and Analysis
For the Year Ended December 31, 2009
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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 2009 and 2008.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Assets</u>						
Current and Other Assets	\$25,370,994	\$27,237,218	\$26,034,388	\$28,368,651	\$51,405,382	\$55,605,869
Investment in Joint Venture			11,390,801	11,714,002	11,390,801	11,714,002
Capital Assets, Net	42,882,641	44,749,481	95,814,377	85,062,530	138,697,018	129,812,011
Total Assets	68,253,635	71,986,699	133,239,566	125,145,183	201,493,201	197,131,882
<u>Liabilities</u>						
Current and Other Liabilities	6,497,782	4,636,708	6,424,150	6,247,380	12,921,932	10,884,088
Long-Term Liabilities	27,794,321	22,852,596	15,246,714	16,503,569	43,041,035	39,356,165
Total Liabilities	34,292,103	27,489,304	21,670,864	22,750,949	55,962,967	50,240,253
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	34,345,954	35,491,952	88,202,385	76,701,757	122,548,339	112,193,709
Restricted	11,374,921	14,688,811			11,374,921	14,688,811
Unrestricted (Deficit)	(11,759,343)	(5,683,368)	23,366,317	25,692,477	11,606,974	20,009,109
Total Net Assets	\$33,961,532	\$44,497,395	\$111,568,702	\$102,394,234	\$145,530,234	\$146,891,629

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2009
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(Continued)

As reflected in the above table, there was a decrease in net assets for governmental activities of almost 24 percent. Contributing to the decrease in current and other assets was a decrease in cash and cash equivalents of almost \$1.6 million, most of which was used for construction related activities within the Sewer and Water Improvement Fund but cash carryover spending also contributed to this reduction. Another large reduction in current and other assets was a decrease in the receivable for municipal income taxes; a reflection of fewer jobs and lower wages as a result of the poor economy of the past year. These items influenced the decrease in both restricted and unrestricted net assets. The reduction in net capital assets and invested in capital assets is primarily due to annual depreciation expense.

Note the increase in current and other liabilities. This was also related to construction activities as there were outstanding payables for contracts and retainage at year end. During 2009, the City issued \$800,000 in bond anticipation notes for street improvements and began several projects funded by loans from the Ohio Water Development Authority. This additional debt is reflected in the increase long-term liabilities.

Business-type activities reflect an increase in net assets of almost \$9.2 million (9 percent). Note the \$2.3 million decrease in current and other assets as well as the corresponding decrease in unrestricted net assets. This can be attributed cash carryover spending as expenses continued to exceed revenues in the enterprise funds. The increase in net capital assets and invested in capital assets was primarily due to assets contributed to the Water and Sewer funds from governmental funds as well as from developers and/or private contractors.

Table 2 reflects the change in net assets for 2009 and 2008.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues						
Charges for Services	\$3,997,485	\$3,645,237	\$46,792,122	\$43,063,103	\$50,789,607	\$46,708,340
Operating Grants, Contributions, and Interest	2,122,568	2,172,292			2,122,568	2,172,292
Capital Grants, Contributions, and Interest	322,476	293,721	500,766	541,281	823,242	835,002
Total Program Revenues	6,442,529	6,111,250	47,292,888	43,604,384	53,735,417	49,715,634
General Revenues						
Property Taxes-General Purposes	1,652,516	1,706,115			1,652,516	1,706,115
Property Taxes-Playground and Recreation	561,753	580,128			561,753	580,128
Municipal Income Taxes	14,271,987	15,318,669			14,271,987	15,318,669
Other Local Taxes	1,854,001	2,013,052			1,854,001	2,013,052
Grants and Entitlements not Restricted to Specific Programs	2,958,426	2,518,081			2,958,426	2,518,081
Franchise Taxes	286,815	294,780			286,815	294,780
Interest	552,431	631,449	196,244	620,145	748,675	1,251,594
Other	396,758	267,440	1,269,549	1,204,077	1,666,307	1,471,517
Total General Revenues	22,534,687	23,329,714	1,465,793	1,824,222	24,000,480	25,153,936
Total Revenues	28,977,216	29,440,964	48,758,681	45,428,606	77,735,897	74,869,570

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2009
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(Continued)

Table 2
Change in Net Assets
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Program Expenses</u>						
Security of Persons and Property						
Police	\$5,778,804	\$5,405,172			\$5,778,804	\$5,405,172
Fire/Ambulance	5,686,755	5,796,073			5,686,755	5,796,073
Public Health	90,609	82,845			90,609	82,845
Leisure Time Activities	1,925,383	1,911,118			1,925,383	1,911,118
Community Environment	1,059,557	1,251,101			1,059,557	1,251,101
Basic Utility Services	4,041,167	903,205			4,041,167	903,205
Transportation	5,895,352	6,289,365			5,895,352	6,289,365
General Government						
Court	1,745,655	1,958,929			1,745,655	1,958,929
Other	3,255,674	3,453,307			3,255,674	3,453,307
Internal Service Fund External Portion	45,537	43,682			45,537	43,682
Interest and Fiscal Charges	892,250	885,935			892,250	885,935
Electric			\$39,049,240	\$32,771,358	39,049,240	32,771,358
Water			4,556,673	4,262,047	4,556,673	4,262,047
Sewer			5,074,636	4,944,119	5,074,636	4,944,119
Total Expenses	30,416,743	27,980,732	48,680,549	41,977,524	79,097,292	69,958,256
Increase (Decrease) in Net Assets Before Transfers	(1,439,527)	1,460,232	78,132	3,451,082	(1,361,395)	4,911,314
Transfers	(9,096,336)	(3,122,891)	9,096,336	3,122,891		
Increase (Decrease) in Net Assets	(10,535,863)	(1,662,659)	9,174,468	6,573,973	(1,361,395)	4,911,314
Net Assets Beginning of Year	44,497,395	46,160,054	102,394,234	95,820,261	146,891,629	141,980,315
Net Assets End of Year	\$33,961,532	\$44,497,395	\$111,568,702	\$102,394,234	\$145,530,234	\$146,891,629

For governmental activities, program revenues increased somewhat from the prior year (5 percent). This was primarily due to an increase in charges for services resulting from an increase in ambulance fees and from assessments for street cleaning. The most significant change for general revenues was the decrease in income tax revenues of almost 7 percent and, as noted previously, a reflection of fewer jobs and lower wages. This is critical as the City's largest revenue source is municipal income taxes which provides for 49 percent of revenues overall.

There was an 8 percent increase in expenses from the prior year with moderate changes in occurring in most programs, with the exception of the basic utilities program. This increase was related to maintenance costs and professional services for items the City did not capitalize as amounts for items were either below the City's threshold or not capital in nature. The City's largest governmental activities expenses continue to be related to the police and fire departments, combining for 38 percent of overall expenses.

As expected, program revenues make up a significant portion of the total revenues for business-type activities (97 percent). The increase in charges for services, of a little over \$3.7 million, is primarily due to an increase in the electric rate.

Expenses for business-type activities increased almost 16 percent from the prior year and is generally the result of the increase in the cost of electricity.

City of Bowling Green
Management's Discussion and Analysis
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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	
	2009	2008	2009	2008
Security of Persons and Property				
Police	\$5,778,804	\$5,405,172	\$5,488,716	\$5,154,798
Fire/Ambulance	5,686,755	5,796,073	5,298,151	5,551,553
Public Health	90,609	82,845	44,976	45,768
Leisure Time Activities	1,925,383	1,911,118	788,799	966,613
Community Environment	1,059,557	1,251,101	662,727	875,743
Basic Utility Services	4,041,167	903,205	3,964,887	851,658
Transportation	5,895,352	6,289,365	3,909,553	4,063,623
General Government				
Court	1,745,655	1,958,929	(86,636)	324,186
Other	3,255,674	3,453,307	3,003,125	3,153,089
Internal Service Fund External Portion	45,537	43,682	7,666	(3,484)
Interest and Fiscal Charges	892,250	885,935	892,250	885,935
Total Expenses	\$30,416,743	\$27,980,732	\$23,974,214	\$21,869,482

While overall general revenues provided for 79 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, 95 percent of police, 93 percent of fire, 98 percent of basic utilities, and 92 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 municipal court receives substantial support through fines, costs, and fees as well as some support through grant resources.

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 2009, the General Fund had a 5 percent increase in fund balance. While both revenues and expenditures were down from the prior year, the General Fund also provided fewer resources to subsidize activities in other funds in 2009.

The Playground and Recreation Fund had a significant increase in fund balance. Both revenues and expenditures were similar to those of the prior year; however, the fund received an operating subsidy from the General Fund in 2009.

City of Bowling Green
Management's Discussion and Analysis
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Fund balance in the Sewer and Water Improvement Fund decreased 56 percent as resources were spent for capital improvements.

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. As indicated earlier, charges for services increased in the Electric Fund due to an increase in electric rates; overall revenues increased over \$4 million (11 percent). However, expenses also increased substantially, almost \$7 million (22 percent) due to the increased cost of purchased power. Yet, revenues were still in excess of expenses for 2009 and the result, the increase in net assets. Despite operating losses in both the Water and Sewer funds, both reflect an increase in net assets of 15 percent and 5.5 percent, respectively. 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 2009, capital asset contributions from the Sewer and Water Improvement capital projects fund were \$6,039,926 in the Water Fund and \$3,056,410 in the Sewer Fund.

BUDGETARY HIGHLIGHTS

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

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

For expenditures, modifications from the original budget to the final budget were not significant; however, final expenditures were less than amounts budgeted by \$1.17 million. This was generally due to conservative budgeting as reductions were made in every program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2009, was \$34,345,954 and \$88,202,385, 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 2009 consisted primarily of land improvements and new vehicles. The most significant additions for business-type activities were an increase in construction in progress on various water and sewer projects and building acquisition. For further information regarding the City's capital assets, refer to Note 11 to the basic financial statements.

City of Bowling Green
Management's Discussion and Analysis
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Debt - At December 31, 2009, the City had \$800,000 in outstanding bond anticipation notes, \$8,730,458 in general obligation bonds, and \$16,679,258 in OWDA loans payable from governmental activities. Business-type activities had \$2,886,000 in bond anticipation notes and \$4,649,694 in general obligation bonds outstanding at year end. In addition, business-type activities, specifically the Electric enterprise fund, owed AMP-Ohio \$9,513,498, as part of the City's agreement as a participant in the Ohio Municipal Electric Generation Agency Joint Ventures 2 and 6, to pay debt issued by AMP-Ohio to acquire capital assets for the joint ventures.

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

CURRENT ISSUES

Several large utility projects will be completed during 2010. These projects include a new hydraulically designed water intake at the current Maumee River location and a filtration and disinfection project at the wastewater treatment plant. The water intake project began in 2007 and is extending into 2010. The total project cost is anticipated at \$5.5 million and will be paid from the Sewer and Water Improvement capital projects fund through a combination of cash on hand and a loan from the Ohio Water Development Authority. Additionally, changes to the filtration system and the ultra violet disinfection units at the wastewater treatment plant were started in 2008 and are anticipated to be completed in 2010. This \$4.6 million project will also be financed with an Ohio Water Development Authority loan and an Ohio Public Works Commission Grant.

The City is also beginning a major road widening project on North Main Street designed to add a center turn lane. Funding for the project will come from federal stimulus funds as well as a local contribution. In March 2010, the City borrowed \$2.2 million in bond anticipation notes to finance the local share of the project. This will be used for project start-up costs and to acquire rights of way. Completion of the project is expected in 2012.

REQUEST FOR INFORMATION

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

City of Bowling Green
Statement of Net Assets
December 31, 2009

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$15,421,797	\$16,962,491	\$32,384,288
Cash and Cash Equivalents in Segregated Accounts	1,611		1,611
Cash and Cash Equivalents with Escrow Agents	276,843		276,843
Cash and Cash Equivalents with Fiscal Agents		1,373,269	1,373,269
Accounts Receivable	579,796	5,292,471	5,872,267
Accrued Interest Receivable	77,617	125,848	203,465
Due from Other Governments	1,882,867	9,334	1,892,201
Municipal Income Taxes Receivable	3,350,297		3,350,297
Other Local Taxes Receivable	46,677	130,152	176,829
Internal Balances	83,090	(83,090)	
Prepaid Items	7,151	124,963	132,114
Materials and Supplies Inventory		1,241,026	1,241,026
Property Taxes Receivable	2,346,771		2,346,771
Notes Receivable	657,592		657,592
Special Assessments Receivable	525,572		525,572
Recovered Purchased Power Receivable		794,979	794,979
Unamortized Bond Issuance Cost	113,313	62,945	176,258
Nondepreciable Capital Assets	3,349,097	16,418,005	19,767,102
Depreciable Capital Assets, Net	39,533,544	79,396,372	118,929,916
Investment in Joint Venture		11,390,801	11,390,801
Total Assets	68,253,635	133,239,566	201,493,201
<u>Liabilities</u>			
Accrued Wages Payable	252,707	84,203	336,910
Accounts Payable	289,971	3,191,987	3,481,958
Contracts Payable	2,136,908		2,136,908
Matured Compensated Absences Payable	63,138		63,138
Due to Other Governments	900,008	240,959	1,140,967
Accrued Interest Payable	47,436	21,001	68,437
Notes Payable		2,886,000	2,886,000
Deferred Revenue	2,236,249		2,236,249
Retainage Payable	571,365		571,365
Long-Term Liabilities			
Due Within One Year	2,754,725	1,734,137	4,488,862
Due in More Than One Year	25,039,596	13,512,577	38,552,173
Total Liabilities	34,292,103	21,670,864	55,962,967
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	34,345,954	88,202,385	122,548,339
Restricted for			
Debt Service	557,949		557,949
Capital Projects	6,226,790		6,226,790
Street Maintenance and Repair	1,104,727		1,104,727
Community Development	803,520		803,520
Police Levy	1,148,162		1,148,162
Fire Levy	409,045		409,045
Other Purposes	1,124,728		1,124,728
Unrestricted (Deficit)	(11,759,343)	23,366,317	11,606,974
Total Net Assets	\$33,961,532	\$111,568,702	\$145,530,234

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Activities
For the Year Ended December 31, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$5,778,804	\$218,163	\$71,925	
Fire/Ambulance	5,686,755	384,904	3,700	
Public Health	90,609	45,608	25	
Leisure Time Activities	1,925,383	761,843	55,175	\$319,566
Community Environment	1,059,557	10,112	386,718	
Basic Utility Services	4,041,167	45,116	31,164	
Transportation	5,895,352	659,189	1,326,610	
General Government				
Court	1,745,655	1,585,601	245,707	983
Other	3,255,674	249,078	1,544	1,927
Internal Service Fund				
External Portion	45,537	37,871		
Interest and Fiscal Charges	892,250			
Total Governmental Activities	30,416,743	3,997,485	2,122,568	322,476
<u>Business-Type Activities</u>				
Electric	39,049,240	39,968,373		
Water	4,556,673	3,293,881		
Sewer	5,074,636	3,529,868		500,766
Total Business-Type Activities	48,680,549	46,792,122		500,766
Total	\$79,097,292	\$50,789,607	\$2,122,568	\$823,242

General Revenues

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$5,488,716)		(\$5,488,716)
(5,298,151)		(5,298,151)
(44,976)		(44,976)
(788,799)		(788,799)
(662,727)		(662,727)
(3,964,887)		(3,964,887)
(3,909,553)		(3,909,553)
86,636		86,636
(3,003,125)		(3,003,125)
(7,666)		(7,666)
(892,250)		(892,250)
<u>(23,974,214)</u>		<u>(23,974,214)</u>
	\$919,133	919,133
	(1,262,792)	(1,262,792)
	<u>(1,044,002)</u>	<u>(1,044,002)</u>
	<u>(1,387,661)</u>	<u>(1,387,661)</u>
<u>(23,974,214)</u>	<u>(1,387,661)</u>	<u>(25,361,875)</u>
1,652,516		1,652,516
561,753		561,753
5,575,005		5,575,005
371,657		371,657
3,121,974		3,121,974
3,716,661		3,716,661
1,486,690		1,486,690
1,854,001		1,854,001
2,958,426		2,958,426
286,815		286,815
552,431	196,244	748,675
396,758	1,269,549	1,666,307
22,534,687	1,465,793	24,000,480
<u>(9,096,336)</u>	<u>9,096,336</u>	
<u>13,438,351</u>	<u>10,562,129</u>	<u>24,000,480</u>
(10,535,863)	9,174,468	(1,361,395)
<u>44,497,395</u>	<u>102,394,234</u>	<u>146,891,629</u>
<u>\$33,961,532</u>	<u>\$111,568,702</u>	<u>\$145,530,234</u>

City of Bowling Green
Balance Sheet
Governmental Funds
December 31, 2009

	General	Playground and Recreation	Sewer and Water Improvement	Other Governmental	Total Governmental Funds
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$2,120,944	\$488,815	\$4,971,954	\$7,642,466	\$15,224,179
Cash and Cash Equivalents in Segregated Accounts				1,611	1,611
Accounts Receivable	573,729	318		4,889	578,936
Accrued Interest Receivable	77,617				77,617
Due from Other Governments	1,221,254	36,048	31,164	594,401	1,882,867
Municipal Income Taxes Receivable	1,308,626	87,154	872,331	1,082,186	3,350,297
Other Local Taxes Receivable	34,237			12,440	46,677
Interfund Receivable	323,697				323,697
Prepaid Items	7,151				7,151
<u>Restricted Assets</u>					
Equity in Pooled Cash and Cash Equivalents	47,055				47,055
Cash and Cash Equivalents with Escrow Agents			276,843		276,843
Property Taxes Receivable	1,749,008	597,763			2,346,771
Notes Receivable				657,592	657,592
Special Assessments Receivable				525,572	525,572
Total Assets	\$7,463,318	\$1,210,098	\$6,152,292	\$10,521,157	\$25,346,865
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$177,562	\$10,951		\$60,145	\$248,658
Accounts Payable	110,921	12,541	\$55,247	110,407	289,116
Contracts Payable			2,136,908		2,136,908
Matured Compensated Absences Payable	63,138				63,138
Due to Other Governments	577,075	39,265		273,190	889,530
Interfund Payable	55,465	174,689	13,167	37,720	281,041
Deferred Revenue	3,944,729	687,410	564,461	1,608,600	6,805,200
Retainage Payable			294,522		294,522
Payable from Restricted Assets					
Retainage Payable			276,843		276,843
Total Liabilities	4,928,890	924,856	3,341,148	2,090,062	11,284,956
<u>Fund Balance</u>					
Reserved for Interfund Receivable	115,900				115,900
Reserved for Unclaimed Monies	47,055				47,055
Reserved for Notes Receivable				446,704	446,704
Reserved for Encumbrances	180,138	66,000	10,407,811	574,747	11,228,696
Designated for Capital Acquisition				1,150,431	1,150,431
Designated for Roadway Improvements				50,000	50,000
Unreserved Undesignated, Reported in					
General Fund	2,191,335				2,191,335
Special Revenue Funds		219,242		3,026,107	3,245,349
Debt Service Fund				160,271	160,271
Capital Projects Funds (Deficit)			(7,596,667)	3,022,835	(4,573,832)
Total Fund Balance	2,534,428	285,242	2,811,144	8,431,095	14,061,909
Total Liabilities and Fund Balance	\$7,463,318	\$1,210,098	\$6,152,292	\$10,521,157	\$25,346,865

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
 Reconciliation of Total Governmental Fund Balance
 to Net Assets of Governmental Activities
 December 31, 2009

Total Governmental Fund Balance		\$14,061,909
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental Activities	42,882,641	
Internal Service Fund	<u>(19,775)</u>	42,862,866
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:</p>		
Accounts Receivable	143,696	
Accrued Interest Receivable	77,617	
Due from Other Governments	1,180,287	
Municipal Income Taxes Receivable	2,048,196	
Other Local Taxes Receivable	34,237	
Property Taxes Receivable	141,250	
Special Assessments Receivable	<u>943,668</u>	4,568,951
<p>An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.</p>		
		(9,135)
<p>Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.</p>		
		113,313
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Accrued Interest Payable	(47,436)	
Notes Payable	(800,000)	
General Obligation Bonds Payable	(8,730,458)	
OWDA Loans Payable	(16,679,258)	
Compensated Absences Payable	(1,584,605)	
Compensated Absences Payable-Internal Service Fund	<u>45,180</u>	(27,796,577)
<p>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.</p>		
		<u>160,205</u>
Net Assets of Governmental Activities		<u><u>\$33,961,532</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Revenues, Expenditures,
and Change in Fund Balance
Governmental Funds
For the Year Ended December 31, 2009

	General	Playground and Recreation	Sewer and Water Improvement	Other Governmental	Total Governmental Funds
<u>Revenues</u>					
Property Taxes	\$1,643,019	\$558,518			\$2,201,537
Municipal Income Taxes	5,683,802	378,903	\$3,789,185	\$4,698,636	14,550,526
Other Local Taxes	2,095,739			167,895	2,263,634
Special Assessments				44,121	44,121
Charges for Services	1,490,533	761,843		305,209	2,557,585
Fees, Licenses, and Permits	23,313		45,041	4,460	72,814
Fines and Forfeitures	692,894			419,300	1,112,194
Intergovernmental	2,461,146	116,127	784,300	1,656,946	5,018,519
Interest	637,067			64,325	701,392
Other	200,802	74,743		125,935	401,480
Total Revenues	14,928,315	1,890,134	4,618,526	7,486,827	28,923,802
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	4,114,135			1,391,688	5,505,823
Fire	2,760,722			2,530,423	5,291,145
Ambulance	91,395			1,439	92,834
Public Health	71,811			11,675	83,486
Leisure Time Activities		1,760,415			1,760,415
Community Environment	705,005			377,503	1,082,508
Basic Utility Services	628,939				628,939
Transportation	2,164,093			1,663,808	3,827,901
General Government					
Court	1,446,226			138,910	1,585,136
Other	2,823,990	18,569	185,847	245,417	3,273,823
Capital Outlay			12,503,034	781,410	13,284,444
Debt Service					
Principal Retirement			1,088,597	730,000	1,818,597
Interest and Fiscal Charges			487,620	386,931	874,551
Total Expenditures	14,806,316	1,778,984	14,265,098	8,259,204	39,109,602
Excess of Revenues Over (Under) Expenditures	121,999	111,150	(9,646,572)	(772,377)	(10,185,800)
<u>Other Financing Sources (Uses)</u>					
Notes Issued				800,000	800,000
OWDA Loans Issued			6,019,389		6,019,389
Transfers In	536,269	71,290	2,130	1,526,008	2,135,697
Transfers Out	(546,640)			(1,600,375)	(2,147,015)
Total Other Financing Sources (Uses)	(10,371)	71,290	6,021,519	725,633	6,808,071
Change in Fund Balance	111,628	182,440	(3,625,053)	(46,744)	(3,377,729)
Fund Balance Beginning of Year	2,422,800	102,802	6,436,197	8,477,839	17,439,638
Fund Balance End of Year	<u>\$2,534,428</u>	<u>\$285,242</u>	<u>\$2,811,144</u>	<u>\$8,431,095</u>	<u>\$14,061,909</u>

See Accompanying Notes to the Basic Financial Statements

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City of Bowling Green
 Reconciliation of Statement of Revenues, Expenditures,
 and Change in Fund Balance
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2009

Change in Fund Balance - Total Governmental Funds (\$3,377,729)

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	797,234	
Capital Contributions	319,566	
Depreciation	(2,979,851)	
Depreciation - Internal Service Fund	<u>38,932</u>	
		(1,824,119)

The book value of capital assets is removed from the capital asset account on the statement of net assets when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (3,789)

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

Property Taxes	12,732	
Municipal Income Taxes	(278,539)	
Other Local Taxes	45,077	
Special Assessments	(38,075)	
Charges for Services	43,405	
Fines and Forfeitures	(125)	
Fees, Licenses, and Permits	(200)	
Intergovernmental	2,826	
Interest	(86,402)	
Other	<u>(4,722)</u>	
		(304,023)

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	730,000	
OWDA Loans Payable	<u>1,088,597</u>	
		1,818,597

Note and OWDA loan proceeds are other financing sources in governmental funds but the issuance increases long-term liabilities on the statement of net assets.

Bond Anticipation Notes Issued	(800,000)	
OWDA Loans Issued	<u>(6,019,389)</u>	
		(6,819,389)

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	(15,044)	
Amortization of Premium	<u>6,503</u>	
		(8,541)

Issuance costs are reported as an expenditure when paid in governmental funds but are amortized over the life of the debt on the statement of activities. (\$9,158)

(continued)

City of Bowling Green
 Reconciliation of Statement of Revenues, Expenditures,
 and Change in Fund Balance
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2009
 (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	52,564	
Compensated Absences Payable - Internal Service Fund	<u>(1,829)</u>	\$50,735

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	(62,099)	
Transfers In - Internal Service Fund	<u>11,318</u>	(50,781)

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.

(7,666)

Change in Net Assets of Governmental Activities

(\$10,535,863)

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<u>Revenues</u>				
Property Taxes	\$1,614,923	\$1,614,923	\$1,643,019	\$28,096
Municipal Income Taxes	6,031,207	6,028,012	5,715,734	(312,278)
Other Local Taxes	481,000	2,327,667	2,146,178	(181,489)
Charges for Services	3,045,547	1,221,547	1,460,659	239,112
Fees, Licenses, and Permits	21,210	21,210	23,113	1,903
Fines and Forfeitures	682,500	682,500	678,024	(4,476)
Intergovernmental	2,123,057	2,123,057	2,522,359	399,302
Interest	650,000	650,000	596,965	(53,035)
Other	181,907	181,907	200,922	19,015
Total Revenues	14,831,351	14,850,823	14,986,973	136,150
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	4,312,040	4,257,040	4,197,698	59,342
Fire	2,924,065	2,901,518	2,810,454	91,064
Ambulance	124,715	121,862	96,206	25,656
Public Health	82,080	78,580	73,260	5,320
Community Environment	809,819	830,823	737,221	93,602
Basic Utility Services	761,637	751,637	632,291	119,346
Transportation	2,781,056	2,699,146	2,296,220	402,926
General Government				
Court	1,558,522	1,558,522	1,452,819	105,703
Other	3,054,293	3,066,263	2,811,669	254,594
Other	12,001	12,001		12,001
Total Expenditures	16,420,228	16,277,392	15,107,838	1,169,554
Excess of Revenues Under Expenditures	(1,588,877)	(1,426,569)	(120,865)	1,305,704
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	3,000	3,000		(3,000)
Advances Out	(30,000)	(30,000)	(30,000)	
Transfers In	241,497	594,240	594,219	(21)
Transfers Out	(552,013)	(552,013)	(546,640)	5,373
Total Other Financing Sources (Uses)	(337,516)	15,227	17,579	2,352
Change in Fund Balance	(1,926,393)	(1,411,342)	(103,286)	1,308,056
Fund Balance Beginning of Year	1,750,749	1,750,749	1,750,749	
Prior Year Encumbrances Appropriated	261,468	261,468	261,468	
Fund Balance End of Year	\$85,824	\$600,875	\$1,908,931	\$1,308,056

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Revenues, Expenditures,
and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Playground and Recreation Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$604,090	\$604,090	\$558,518	(\$45,572)
Municipal Income Taxes	401,678	401,825	381,029	(20,796)
Charges for Services	759,572	759,572	760,975	1,403
Intergovernmental	69,677	69,677	116,127	46,450
Other	69,500	78,408	81,512	3,104
Total Revenues	1,904,517	1,913,572	1,898,161	(15,411)
<u>Expenditures</u>				
Current:				
Leisure Time Activities	2,062,111	2,087,111	1,864,183	222,928
General Government				
Other	21,330	21,330	19,221	2,109
Total Expenditures	2,083,441	2,108,441	1,883,404	225,037
Excess of Revenues Over (Under) Expenditures	(178,924)	(194,869)	14,757	209,626
<u>Other Financing Sources (Uses)</u>				
Transfers In	58,759	13,790	71,290	57,500
Transfers Out	(57,950)	(58,310)	(57,950)	360
Total Other Financing Sources (Uses)	809	(44,520)	13,340	57,860
Change in Fund Balance	(178,115)	(239,389)	28,097	267,486
Fund Balance Beginning of Year	345,514	345,514	345,514	
Prior Year Encumbrances Appropriated	35,510	35,510	35,510	
Fund Balance End of Year	\$202,909	\$141,635	\$409,121	\$267,486

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Fund Net Assets
Proprietary Funds
December 31, 2009

	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	\$10,180,538	\$4,094,700	\$2,687,253	\$16,962,491	\$150,563
Cash and Cash Equivalents with Fiscal Agents	1,373,269			1,373,269	
Accounts Receivable	4,612,797	336,131	343,543	5,292,471	860
Accrued Interest Receivable	64,596	41,692	19,560	125,848	
Due from Other Governments	200	1,026	8,108	9,334	
Other Local Taxes Receivable	130,152			130,152	
Interfund Receivable	12,565	11,519	24,494	48,578	49,762
Prepaid Items	42,661	38,448	43,854	124,963	
Materials and Supplies Inventory	1,013,027	160,524	67,475	1,241,026	
Total Current Assets	17,429,805	4,684,040	3,194,287	25,308,132	201,185
<u>Non-Current Assets</u>					
Recovered Purchased Power Receivable	794,979			794,979	
Unamortized Bond Issuance Cost	6,629	12,439	43,877	62,945	
Nondepreciable Capital Assets	2,223,507	7,748,816	6,445,682	16,418,005	
Depreciable Capital Assets, Net	13,949,377	26,530,021	38,916,974	79,396,372	19,775
Investment in Joint Venture	11,390,801			11,390,801	
Total Non-Current Assets	28,365,293	34,291,276	45,406,533	108,063,102	19,775
Total Assets	45,795,098	38,975,316	48,600,820	133,371,234	220,960
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	37,910	22,802	23,491	84,203	4,049
Accounts Payable	2,807,000	201,412	183,575	3,191,987	855
Due to Other Governments	120,004	60,687	60,268	240,959	10,478
Interfund Payable	125,202	5,118	10,483	140,803	193
Accrued Interest Payable	6,437	11,347	3,217	21,001	
Notes Payable	2,886,000			2,886,000	
General Obligation Bonds Payable	65,000	50,000	180,000	295,000	
Compensated Absences Payable	139,252	130,951	95,978	366,181	
Capital Leases Payable		52,919	30,786	83,705	
AMP Ohio Payable	989,251			989,251	
Total Current Liabilities	7,176,056	535,236	587,798	8,299,090	15,575
<u>Non-Current Liabilities</u>					
General Obligation Bonds Payable	424,708	868,831	3,061,155	4,354,694	
Compensated Absences Payable	276,141	154,809	147,148	578,098	45,180
Capital Leases Payable		55,538		55,538	
AMP Ohio Payable	8,524,247			8,524,247	
Total Non-Current Liabilities	9,225,096	1,079,178	3,208,303	13,512,577	45,180
Total Liabilities	16,401,152	1,614,414	3,796,101	21,811,667	60,755
<u>Net Assets</u>					
Invested in Capital Assets, Net of Related Debt	12,803,805	33,263,988	42,134,592	88,202,385	19,775
Unrestricted	16,590,141	4,096,914	2,670,127	23,357,182	140,430
Total Net Assets	\$29,393,946	\$37,360,902	\$44,804,719	111,559,567	\$160,205

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.

9,135

Net assets of business-type activities

\$111,568,702

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Revenues, Expenses,
and Change in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2009

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Operating Revenues</u>					
Charges for Services	\$38,439,138	\$3,297,316	\$3,535,757	\$45,272,211	\$376,951
Other	887,945	84,196	297,408	1,269,549	1,757
Total Operating Revenues	<u>39,327,083</u>	<u>3,381,512</u>	<u>3,833,165</u>	<u>46,541,760</u>	<u>378,708</u>
<u>Operating Expenses</u>					
Purchased Power	31,887,931			31,887,931	
Plant Operation		1,873,677	1,919,983	3,793,660	
Distribution Operation	2,378,296	902,573	805,401	4,086,270	
Administrative and General	1,554,727	742,562	960,281	3,257,570	
Information and Technology	123,250	41,178	41,181	205,609	
Depreciation	1,145,581	943,100	1,218,198	3,306,879	38,932
Other					416,441
Total Operating Expenses	<u>37,089,785</u>	<u>4,503,090</u>	<u>4,945,044</u>	<u>46,537,919</u>	<u>455,373</u>
Operating Income (Loss)	<u>2,237,298</u>	<u>(1,121,578)</u>	<u>(1,111,879)</u>	<u>3,841</u>	<u>(76,665)</u>
<u>Non-Operating Revenues (Expenses)</u>					
Excise Taxes	1,540,571			1,540,571	
Excise Taxes Expense	(1,540,571)			(1,540,571)	
Interest Revenue	99,631	63,277	33,336	196,244	
Interest Expense	(100,141)	(56,168)	(136,309)	(292,618)	
Investment in Joint Venture	(323,201)			(323,201)	
Total Non-Operating Revenues (Expenses)	<u>(323,711)</u>	<u>7,109</u>	<u>(102,973)</u>	<u>(419,575)</u>	
Income (Loss) before Contributions and Transfers	1,913,587	(1,114,469)	(1,214,852)	(415,734)	(76,665)
Capital Contributions		6,039,926	3,557,176	9,597,102	
Transfers In					11,318
Change in Net Assets	1,913,587	4,925,457	2,342,324	9,181,368	(65,347)
Net Assets Beginning of Year	<u>27,480,359</u>	<u>32,435,445</u>	<u>42,462,395</u>		<u>225,552</u>
Net Assets End of Year	<u>\$29,393,946</u>	<u>\$37,360,902</u>	<u>\$44,804,719</u>		<u>\$160,205</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 loss of the internal service fund.				<u>(6,900)</u>	
Change in net assets of business-type activities				<u>\$9,174,468</u>	

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

	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	\$37,067,248	\$3,262,482	\$3,498,296	\$43,828,026	
Cash Received from Transactions with Other Funds					\$367,056
Cash Payments for Purchased Power	(32,764,994)			(32,764,994)	
Cash Payments for Plant Operation		(1,871,954)	(1,918,335)	(3,790,289)	
Cash Payments for Distribution Operation	(2,761,551)	(997,636)	(833,738)	(4,592,925)	
Cash Payments for Administrative and General	(1,425,469)	(695,126)	(883,576)	(3,004,171)	
Cash Payments for Information and Technology	(141,741)	(47,247)	(47,248)	(236,236)	
Cash Received from Other Revenues	901,204	84,196	297,408	1,282,808	1,757
Cash Payments for Other Expenses					(433,585)
Net Cash Provided by (Used for) Operating Activities	<u>874,697</u>	<u>(265,285)</u>	<u>112,807</u>	<u>722,219</u>	<u>(64,772)</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Grants	1,500			1,500	
Cash Received from Excise Taxes	1,540,571			1,540,571	
Cash Payments for Excise Tax Distribution	(1,540,571)			(1,540,571)	
Transfers In					11,318
Net Cash Provided by Noncapital Financing Activities	<u>1,500</u>			<u>1,500</u>	<u>11,318</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Principal Paid on Bond Anticipation Notes	(3,266,000)			(3,266,000)	
Principal Paid on General Obligation Bonds	(60,000)	(50,000)	(180,000)	(290,000)	
Principal Paid on Capital Leases		(50,423)	(29,507)	(79,930)	
Interest Paid on Bond Anticipation Notes	(86,401)			(86,401)	
Interest Paid on General Obligation Bonds	(20,025)	(40,100)	(141,562)	(201,687)	
Interest Paid on Capital Leases		(7,865)	(2,614)	(10,479)	
Proceeds of Bond Anticipation Notes	2,886,000			2,886,000	
Acquisition of Capital Assets	(2,913,535)	(752,878)	(795,211)	(4,461,624)	
Net Cash Used for Capital and Related Financing Activities	<u>(3,459,961)</u>	<u>(901,266)</u>	<u>(1,148,894)</u>	<u>(5,510,121)</u>	
<u>Cash Flows from Investing Activities</u>					
Interest	168,220	81,976	35,518	285,714	
Net Decrease in Cash and Cash Equivalents	(2,415,544)	(1,084,575)	(1,000,569)	(4,500,688)	(53,454)
Cash and Cash Equivalents Beginning of Year	13,969,351	5,179,275	3,687,822	22,836,448	204,017
Cash and Cash Equivalents End of Year	<u>\$11,553,807</u>	<u>\$4,094,700</u>	<u>\$2,687,253</u>	<u>\$18,335,760</u>	<u>\$150,563</u>

(continued)

City of Bowling Green
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009
(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 (Used for) Operating Activities</u>					
Operating Income (Loss)	\$2,237,298	(\$1,121,578)	(\$1,111,879)	\$3,841	(\$76,665)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>					
Depreciation	1,145,581	943,100	1,218,198	3,306,879	38,932
Changes in Assets and Liabilities:					
Increase in Accounts Receivable	(1,390,100)	(46,002)	(39,513)	(1,475,615)	(652)
(Increase) Decrease in Due from Other Governments	35,920	(598)	(4,920)	30,402	300
Increase in Other Local Taxes Receivable	(2,386)			(2,386)	
(Increase) Decrease in Interfund Receivable	(4,286)	11,766	6,972	14,452	(9,543)
(Increase) Decrease in Prepaid Items	1,972	(4,850)	(8,763)	(11,641)	
(Increase) Decrease in Materials and Supplies Inventory	(39,979)	(6,069)	19,788	(26,260)	
Increase in Recovered Purchased Power Receivable	(794,979)			(794,979)	
Decrease in Accrued Wages Payable	(80,480)	(47,870)	(49,773)	(178,123)	(10,939)
Increase (Decrease) in Accounts Payable	672,966	(14,311)	76,515	735,170	(3,479)
Increase (Decrease) in Due to Other Governments	6,105	5,512	(4,796)	6,821	(655)
Increase (Decrease) in Interfund Payable	(1,068)	424	(1,587)	(2,231)	(242)
Increase in Compensated Absences Payable	25,726	15,191	12,565	53,482	(1,829)
Decrease in AMP-Ohio Payable	(937,593)			(937,593)	
Net Cash Provided by (Used for) Operating Activities	<u>\$874,697</u>	<u>(\$265,285)</u>	<u>\$112,807</u>	<u>\$722,219</u>	<u>(\$64,772)</u>

Non-Cash Capital Financing Activities:

During 2009, the Sewer enterprise fund received capital assets donated by developers and private contractors, in the amount of \$500,766. The Water and Sewer enterprise funds also received capital assets that were constructed in the City's governmental funds, in the amount of \$6,039,926 and \$3,056,410, respectively.

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2009

<u>Assets</u>	
Cash and Cash Equivalents in Segregated Accounts	\$338,423
Special Assessments Receivable	<u>80,745</u>
Total Assets	<u><u>\$419,168</u></u>
<u>Liabilities</u>	
Undistributed Assets	<u><u>\$419,168</u></u>

See Accompanying Notes to the Basic Financial Statements

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 2009.

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

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
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(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 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.

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:

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2009. 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).

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2009, but were levied to finance 2010 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.

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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Investments

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

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

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

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

During 2009, the City invested in nonnegotiable certificates of deposit, which are reported at cost.

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 2009 was \$637,067, which includes \$590,865 assigned from other City funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009, 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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

L. Interfund Assets/Liabilities

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

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

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 capital acquisition and for roadway improvements.

Q. Operating Revenues and Expenses

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

R. Capital Contributions

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

S. Interfund Transactions

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

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

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

T. Estimates

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

For 2009, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies", and Financial Accounting Standard No. 71 (now codified as FASC980), Regulated Operations."

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in the economic resources measurement focus financial statements. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements and the framework for selecting those principles. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' (AICPA) auditing literature into the GASB's accounting and financial reporting literature. This guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and the participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any changes to the financial statements.

During 2009, the City's Electric enterprise fund (part of business-type activities) adopted Financial Accounting Standards Board Statement No. 71 (now codified as FASC 980). This statement provides guidance on the accounting and financial reporting for entities with regulated operations. The requirements in this statement allow recognition of specific costs which will be recovered in a future period. The implementation of this statement resulted in the City recording an asset (Recovered Purchased Power Receivable) of \$794,979 and reducing purchased power expenses by the same amount to show the under recovery of purchased power costs at year end.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

At December 31, 2009, the Neighborhood Stabilization and CDBG-R special revenue funds had deficit fund balances, in the amount of \$1,147 and \$1,125, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Contrary to Ohio Revised Code 5705.36, the City did not properly obtain reduced amended certificates of estimated resources for the Sewer and Water Capital Improvement capital projects fund.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

Change in Fund Balance		
	General	Playground and Recreation
GAAP Basis	\$111,628	\$182,440
<u>Increases (Decreases) Due To</u>		
Revenue Accruals:		
Accrued 2008, Received in Cash 2009	1,244,024	43,178
Accrued 2009, Not Yet Received in Cash	(1,139,589)	(33,873)
Expenditure Accruals:		
Accrued 2008, Paid in Cash 2009	(1,207,962)	(101,791)
Accrued 2009, Not Yet Paid in Cash	984,161	63,596
Cash Adjustments:		
Unrecorded Activity 2008	17,196	5,583
Unrecorded Activity 2009	(62,973)	(6,861)
	118,374	6,608
Prepaid Items		
Advances Out	(30,000)	
Transfers In	57,950	
Transfers Out		(57,950)
Encumbrances Outstanding at Year End (Budget Basis)	(196,095)	(72,833)
Budget Basis	(\$103,286)	\$28,097

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$805,339 of the City's bank balance of \$33,988,429 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

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

NOTE 7 - RECEIVABLES

Receivables at December 31, 2009, 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. Municipal income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable, in the amount of \$446,704, will not be received within one year. Special assessments receivable, in the amount of \$479,689, will not be received within one year. At December 31, 2009, the amount of delinquent special assessments was \$5,909.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$79,630
Tangible Personal Property Reimbursement	22,124
DARE	28,174
Charges for Services	78,093
Fees, Licenses, and Permits	200
Fines and Forfeitures	56,977
Local Government	629,803
Usage Tax	16,883
Governmental Activities	
Major Funds	
General Fund (continued)	309,370
Estate Tax	1,221,254
Total General Fund	
Playground and Recreation	27,444
Homestead and Rollback	8,604
Tangible Personal Property Reimbursement	36,048
Total Playground and Recreation	
Sewer and Water Improvement	31,164
Ohio Public Works Commission	1,288,466
Total Major Funds	

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

Nonmajor Funds	
Street Maintenance and Repair	312,060
Gasoline Tax	80,990
Auto Registration	20,998
Motor Vehicle License Tax	414,048
Total Street Maintenance and Repair	
State Highway	25,302
Gasoline Tax	6,567
Auto Registration	31,869
Total State Highway	
ODOT Transportation	116,674
Ohio Department of Transportation	
Law Enforcement Trust	100
Fees, Licenses, and Permits	
Law Enforcement Drug	1,717
Fines and Forfeitures	
Indigent Drivers Alcohol	1,934
Fines and Forfeitures	
Education and Enforcement	3,960
Charges for Services	383
Fines and Forfeitures	4,343
Total Education and Enforcement	
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Interlock and Alcohol Monitoring	
Fines and Forfeitures	2,297
Municipal Probation Services	
Charges for Services	7,324
Municipal Court Computerization	
Charges for Services	399
Municipal Court Special Projects	
Charges for Services	1,330
Fines and Forfeitures	12,366
Total Municipal Court Special Projects	13,696
Total Nonmajor Funds	594,401
Total Governmental Activities	\$1,882,867

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

Business Type Activities	
Major Funds	
Electric	
Charges for Services	\$200
Water	
Charges for Services	1,026
Sewer	
Charges for Services	8,108
Total Business Type Activities	\$9,334

NOTE 8 - NOTES RECEIVABLE

Notes receivable represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under the Federal Community Development Block Grant and Home Investment Partnership Program. The notes have an annual interest rate of 2.16 to 5.5 percent and are to be repaid over periods ranging from three to twenty years. A summary of the changes in notes receivable during 2009 follows:

	Balance December 31, 2008	New Loans	Repayments	Balance December 31, 2009	Due Within One Year
Special Revenue Fund					
CDBG					
Revolving Loan Program	\$508,080	\$241,000	\$183,373	\$565,707	\$182,792
Home Program	109,961		18,076	91,885	28,096
Total Notes Receivable	\$618,041	\$241,000	\$201,449	\$657,592	\$210,888

NOTE 9 - MUNICIPAL INCOME TAXES

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

The City, by ordinance, allocates 1.5 percent of 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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 10 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the City. Real property tax revenues received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, 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.

Public utility property tax revenues received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2007, were levied after October 1, 2008, 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 2009 (other than public utility property) represent the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the values as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, 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, 2009, and for which there was an enforceable legal claim. The entire receivable has been deferred since current taxes were not levied to finance 2009 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, 2009, was \$5.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Agricultural/Residential	\$301,191,220
Commercial/Industrial	200,602,940
Public Utility Real	14,330
Public Utility Personal	1,418,150
Total	\$503,226,640

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 11 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$3,293,179			\$3,293,179
Construction in Progress	297,549	\$397,189	\$(638,820)	55,918
Total Nondepreciable Capital Assets	3,590,728	397,189	(638,820)	3,349,097
Depreciable Capital Assets				
Land Improvements	2,042,428	420,300		2,462,728
Buildings	18,401,591			18,401,591
Equipment	2,171,086	235,878	(105,395)	2,301,569
Vehicles	7,420,626	702,253	(340,202)	7,782,677
Streets	50,824,404			50,824,404
Total Depreciable Capital Assets	80,860,135	1,358,431	(445,597)	81,772,969
Less Accumulated Depreciation for				
Land Improvements	(1,059,397)	(83,849)		(1,143,246)
Buildings	(6,253,111)	(378,423)		(6,631,534)
Equipment	(1,617,368)	(181,008)	101,606	(1,696,770)
Vehicles	(4,571,687)	(600,281)	340,202	(4,831,766)
Streets	(26,199,819)	(1,736,290)		(27,936,109)
Total Accumulated Depreciation	(39,701,382)	(2,979,851)	441,808	(42,239,425)
Total Depreciable Capital Assets, Net	41,158,753	(1,621,420)	(3,789)	39,533,544
Governmental Activities Capital Assets, Net	\$44,749,481	(\$1,224,231)	(\$642,609)	\$42,882,641

During 2009, the City accepted contributions of depreciable capital assets for governmental activities from outside sources with a fair value of \$319,566.

	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$2,772,662	\$9,013		\$2,781,675
Construction in Progress	1,568,062	12,327,752	(\$259,484)	13,636,330
Total Nondepreciable Capital Assets	4,340,724	12,336,765	(259,484)	16,418,005

(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 11 - CAPITAL ASSETS (Continued)

	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
Business-Type Activities:				
Depreciable Capital Assets				
Buildings	\$56,984,856	\$1,040,914		\$58,025,770
Equipment	2,134,959	85,660		2,220,619
Vehicles	5,068,894	174,297	(\$129,001)	5,114,190
Electric, Water, Sewer, and Storm Sewer Lines	88,504,163	680,574		89,184,737
Total Depreciable Capital Assets	152,692,872	1,981,445	(129,001)	154,545,316
Business-Type Activities (continued):				
Less Accumulated Depreciation for				
Buildings	(28,793,640)	(1,111,119)		(29,904,759)
Equipment	(2,062,904)	(50,995)		(2,113,899)
Vehicles	(3,967,696)	(372,509)	129,001	(4,211,204)
Electric, Water, Sewer, and Storm Sewer Lines	(37,146,826)	(1,772,256)		(38,919,082)
Total Accumulated Depreciation	(71,971,066)	(3,306,879)	129,001	(75,148,944)
Total Depreciable Capital Assets, Net	80,721,806	(1,325,434)		79,396,372
Business-Type Activities Capital Assets, Net	\$85,062,530	\$11,011,331	(\$259,484)	\$95,814,377

The Sewer enterprise fund accepted contributions of capital assets from outside sources with a fair value of \$500,766. The Water and Sewer enterprise funds accepted contributions of capital assets from governmental activities a fair value of \$6,039,926 and \$3,056,410, respectively.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property-Police	\$209,621
Security of Persons and Property-Fire	246,832
Security of Persons and Property-Ambulance	43,183
Public Health	6,320
Leisure Time Activities	175,768
Community Environment	8,254
Transportation	2,046,406
General Government-Court	175,309
General Government-Other	68,158
Total Depreciation Expense - Governmental Activities	\$2,979,851

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 12 - INTERFUND BALANCES

Interfund balances at December 31, 2009, consisted of the following individual fund receivables and payables:

Due to General Fund from:

Playground and Recreation	\$173,850
Other Governmental	30,000
Electric	119,847
Total General Fund	<u>\$323,697</u>

Due to Electric Fund from:

Other Governmental	\$1,229
Water	3,253
Sewer	8,083
Total Electric Fund	<u>\$12,565</u>

Due to Water Fund from:

General	\$5,388
Playground and Recreation	375
Other Governmental	2,321
Electric	1,213
Sewer	2,222
Total Water Fund	<u>\$11,519</u>

Due to Sewer Fund from:

General	\$13,778
Playground and Recreation	464
Other Governmental	4,170
Electric	4,142
Water	1,747
Internal Service	193
Total Sewer Fund	<u>\$24,494</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 12 - INTERFUND BALANCES (Continued)

Due to Internal Service Fund from:

General	\$36,299
Sewer and Water Improvement	13,167
Water	118
Sewer	178
Total Internal Service Fund	\$49,762

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 \$173,850 owed by the Playground and Recreation special revenue fund:

Year Ending December 31,	Principal
2010	\$57,950
2011	57,950
2012	57,950
Total	\$173,850

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the City contracted with the Buckeye Ohio Risk Management Agency (BORMA) for property, liability, and crime insurance. The BORMA program is subject to a \$150,000 deductible for any property or liability loss. Coverage provided by BORMA is as follows:

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

(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 13 - RISK MANAGEMENT (Continued)

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

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

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

For 2009, the City participated in the North Central Ohio Municipal Finance Officers' Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Plan. Each member pays its workers' compensation premiums to the State based on the rate for the Plan rather than its individual rate.

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 14 - CONTRACTUAL COMMITMENTS

At December 31, 2009, the City had contractual commitments as follows:

Company	Project	Amount Remaining on Contract
Aerex Industrial	Water Reverse Osmosis	\$824,700
AMP	Advanced Metering Infrastructure System	30,000
B Hill'z Excavating	Klotz Road/Gypsy Lane Sewer Improvements	83,382
B Meyers	Roof Replacement	160,000
Badger	Advanced Metering Infrastructure System	166,142
E S Wagner	Construction Services	912,605
Edward Kelly	Poe-Lafayette Manhole Improvements	44,575
Fairbanks	Fairbanks Morse Pump	353,896
Helms & Son	North Main Street Waterline Improvements	604,645
Hughes	Electric/Water Installations	734,146
Jim Palmer	Fort Drive/Wallace Ave	168,707
Kountupes	Carter & Western Elevated Storage	89,000
Mosser Construction	Construction Services	3,399,000
Peterson	U.V. Disinfection Improvements	1,047,000
Poggemeyer	Construction Services	202,739
Prec Pipe	Tanglewood Storm Water	61,586
Reiss	Design Services	261,948
Retzke/Snyder	Construction Services	1,059,060
Stantec	Construction Services	274,228
Wesco	Vacuum Circuit Breakers	\$114,631

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10 percent of covered payroll, public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2009 was 14 percent of covered payroll. For 2009, a portion of the City's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment health care plan from January 1 through March 31 and 5.5 percent was allocated from April 1 through December 31. 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, 2009, 2008, and 2007 was \$932,993, \$778,763, and \$905,178, respectively; 91 percent has been contributed for 2009 and 100 percent has been contributed for 2008 and 2007. Contributions to the member-directed plan for 2009 were \$21,201 made by the City and \$15,144 made by the plan members.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (Continued)

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.

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 2009, 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, 2009, was \$399,146 and \$620,896, for the year ended December 31, 2008, was \$355,306 and \$608,572, for the year ended December 31, 2007, was \$338,370 and \$588,620. For 2009, 72 percent has been contributed for both police and firefighters. The full amount has been contributed for 2008 and 2007.

NOTE 16 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The amount of the employer contributions which was allocated to fund postemployment health care was 7 percent of covered payroll from January 1 through March 31, 2009, and 5.5 percent of covered payroll for the remainder of the year.

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.

The City's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2009, 2008, and 2007 was \$689,956, \$799,718, and \$608,808, respectively; 91 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

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 IRS Code Section 115 trust for health care benefits and an Internal Revenue Code 401(h) account for Medicare Part B reimbursements, both 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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 115 trust and 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2009, 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 sections 115 and 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.

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, 2009, was \$211,313 and \$242,959, for the year ended December 31, 2008, was \$188,103 and \$238,137, and for the year ended December 31, 2007, was \$179,137 and \$230,330. For 2009, 72 percent has been contributed for both police and firefighters. The full amount has been contributed for 2008 and 2007.

NOTE 17 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. City employees earn vacation at varying rates depending upon length of service and standard work week. Current policy permits vacation leave to be carried forward with supervisory approval. Employees are paid for 100 percent of earned unused vacation leave upon termination. Sick leave is earned at a rate of four and six-tenths hours for every eighty hours worked. Current policy permits sick leave to be accumulated without limit. Each employee, at the time of retirement from active service with the City, is paid for 25 percent of their earned unused sick leave, with no maximum payment limit, except for those employees under the Bowling Green Police Command Officers' Association. The employees under the Police Command Officers' Association will be paid for 25 percent of their earned unused sick leave up to 1,500 hours and 50 percent of earned unused sick leave in excess of 1,500 hours.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 18 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2009, were as follows:

				Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
<u>Business-Type Activities</u>								
<u>General Obligation Bond Anticipation Notes</u>								
Electric								
2008	Electric	System	3%	\$1,081,000			\$1,081,000	
Improvements								
2008	Electric	System	3	2,185,000			2,185,000	
Improvements								
2009	Electric	System	2		\$701,000			\$701,000
Improvements								
2009	Electric	System	2		2,185,000			2,185,000
Improvements								
Total Business-Type Activities					<u>\$3,266,000</u>	<u>\$2,886,000</u>	<u>\$3,266,000</u>	<u>\$2,886,000</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 \$701,000 and \$2,185,000, were issued on November 24, 2009, to partially retire notes previously issued, in the amount of \$1,801,000 and \$2,185,000, to pay the costs of improving the City's electric system by constructing a new substation.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 19 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2009, was as follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2009</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>						
Bond Anticipation Notes						
2009 Street Improvement Notes	2.75%		\$800,000		\$800,000	\$800,000
General Obligation Bonds						
2004 Various Purpose Improvement (Original Issue - \$11,745,000)	3.00	\$8,960,000		\$670,000	8,290,000	680,000
Premium		86,961		6,503	80,458	
2006 Park and Recreation (Original Issue - \$480,000)	4.42	420,000		60,000	360,000	60,000
Total General Obligation Bonds		<u>9,466,961</u>		<u>736,503</u>	<u>8,730,458</u>	<u>740,000</u>

(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 19 - LONG-TERM OBLIGATIONS (Continued)

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>						
Ohio Water Development Authority Loans						
1994 Second Water Transmission Main (Original Issue - \$3,644,348)	5.77%	\$2,599,212		\$175,726	\$2,423,486	\$92,933
1999 Granular Activated Carbon System (Original Issue - \$2,880,752)	5.50	1,724,459		249,879	1,474,580	130,117
2002 Clearwell and High Service Pump (Original Issue - \$3,942,361)	3.95	2,756,693		244,343	2,512,350	125,803
2004 Wastewater Treatment Plant and Solids Handling Improvements	1.76	4,668,102		372,559	4,295,543	
2008 Intake and Pump Station	3.52		\$3,461,453		3,461,453	
2009 WWTP Tertiary Filtration	4.14		2,541,205	46,090	2,495,115	
2009 Microfiltration/Low Pressure Reverse Osmosis	0.00		16,731		16,731	
Total Ohio Water Development Authority Loans		11,748,466	6,019,389	1,088,597	16,679,258	348,853
Other Long-Term Obligations						
Compensated Absences Payable		1,637,169	43,778	96,342	1,584,605	865,872
Total Governmental Activities		<u>\$22,852,596</u>	<u>\$6,863,167</u>	<u>\$1,921,442</u>	<u>\$27,794,321</u>	<u>\$2,754,725</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
Business-Type Activities						
General Obligation Bonds						
2004 Various Purpose Improvement (Original Issue - \$6,215,000)	3.00%	\$4,895,000		\$290,000	\$4,605,000	\$295,000
Premium		47,508		2,814	44,694	
Total General Obligation Bonds		4,942,508		292,814	4,649,694	295,000
Other Long-Term Obligations						
Compensated Absences Payable		890,797	\$90,678	37,196	944,279	366,181
Capital Leases Payable		219,173		79,930	139,243	83,705
AMP Ohio Payable - JV 2		6,516,498		406,482	6,110,016	426,578
AMP Ohio Payable - JV 6		3,934,593		531,111	3,403,482	562,673
Total Other Long-Term Obligations		11,561,061	90,678	1,054,719	10,597,020	1,439,137
Total Business-Type Activities		\$16,503,569	\$90,678	\$1,347,533	\$15,246,714	\$1,734,137

2009 Street Improvement Bond Anticipation Notes - On March 25, 2009, the City issued \$800,000 in bond anticipation notes for street improvements. The notes have an interest rate of 2.75 percent and matured on March 25, 2010.

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

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 19 - LONG-TERM OBLIGATIONS (Continued)

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

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

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

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 (on completed projects for which amortization schedules are available) is \$7,945,854. Principal and interest paid in the Sewer and Water Capital Improvement capital projects fund for the current year were \$1,088,597 and \$487,620, respectively. Total revenue for the Sewer and Water Capital Improvement capital projects fund was \$4,618,526.

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

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 19 - 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 \$8,044,771 payable through 2020 for JV2 and \$3,681,325 payable through 2016 for JV6. Principal and interest paid for the current year were \$701,739 for JV2 and \$577,465 for JV6. Total net revenues for the Electric enterprise fund were \$3,382,879.

The City's legal debt margin was \$43,464,663 at December 31, 2009.

The Waste Water Treatment Plant and Solids Handling Improvements, the Intake and Pump Station, the WWTP Tertiary Filtration, and the Microfiltration/Low Pressure Reverse Osmosis projects funded by OWDA loans have not been completed. Amortization schedules for the repayment of these loans will not be available until the projects are completed and, therefore, are not included in the following schedule.

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2009, were as follows:

Year	General Obligation Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2010	\$740,000	\$366,200	\$348,853	\$160,088
2011	650,000	341,448	721,402	296,477
2012	660,000	318,145	757,886	259,993
2013	665,000	292,993	796,261	221,619
2014	525,000	266,141	836,627	181,252
2015 to 2019	2,470,000	1,010,563	2,795,493	407,053
2020 to 2024	2,000,000	487,176	153,894	8,956
2025 to 2028	940,000	118,299		
Total	<u>\$8,650,000</u>	<u>\$3,200,965</u>	<u>\$6,410,416</u>	<u>\$1,535,438</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 19 - LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2009, from the enterprise funds were as follows:

Year	General Obligation Bonds		AMP Ohio Payable	
	Principal	Interest	Principal	Interest
2010	\$295,000	\$193,188	\$989,251	\$319,369
2011	305,000	183,600	972,701	336,359
2012	310,000	172,926	984,947	324,268
2013	325,000	161,301	1,008,149	300,888
2014	335,000	148,300	1,054,343	254,135
2015 to 2019	1,620,000	535,849	3,806,238	644,430
2020 to 2023	1,415,000	169,171	697,869	33,149
Total	\$4,605,000	\$1,564,335	\$9,513,498	\$2,212,598

The City has issued 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, 2009
Multi-Family Housing Revenue Bonds			
Bowling Green Village Series 2001 A	6/1/2001	3,320,000	3,020,000
Bowling Green Village Series 2001 B	6/1/2001	500,000	490,000
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 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
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 20 - CAPITAL LEASES - LESSEE DISCLOSURE

The City has entered into capitalized leases for vehicles. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2009 were \$79,930.

	Business-Type Activities
Vehicles	\$602,049
Less Accumulated Depreciation	(549,007)
Carrying Value, December 31, 2009	\$53,042

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, 2009.

Year	Business-Type Activities	
	Principal	Interest
2010	\$83,705	\$6,702
2011	55,538	2,749
Total	\$139,243	\$9,451

NOTE 21 - INTERFUND TRANSFERS

During 2009, the General Fund made transfers, in the amount of \$546,640; \$57,500 to the Playground and Recreation Fund and \$63,627 to other governmental funds to subsidize activities in those funds and \$425,513 to other governmental funds as debt payments came due. Other governmental funds made transfers to the General Fund, the Playground and Recreation Fund, the Sewer and Water Improvement Fund, other governmental funds, and the internal service fund, in the amount of \$536,269, \$13,790, \$2,130, \$260,762, and \$11,318, respectively, to return monies previously designated for other purposes; \$550,775 to other governmental funds as debt payments came due; \$175,000 to fund reserve accounts; and \$50,331 for economic development purposes.

NOTE 22 - INSURANCE POOLS

A. Buckeye Ohio Risk Management Agency (BORMA)

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 22 - INSURANCE POOLS (Continued)

Participation in BORMA is by written application subject to approval of the Board of Directors and the payment of premiums. Member cities must remain members for cycles of three years. A member may withdraw from a program by giving a forty day notice prior to the beginning of the next cycle. BORMA did not have any outstanding debt obligations as of December 31, 2009. Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., 1500 West Third Street, Suite 405, Cleveland, Ohio 44113.

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

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

NOTE 23 - JOINT VENTURES

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

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

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

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, 2009, the City had met its debt coverage obligation.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 23 - JOINT VENTURES (Continued)

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, 2009, was \$6,110,016 (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 \$4,937,591 at December 31, 2009. 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, 2009, the City had met its debt coverage obligation.

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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 23 - JOINT VENTURES (Continued)

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 \$1,688,274 at December 31, 2009. 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, 2009, the City had met their debt coverage obligation.

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

JV6 was created to provide for low-polluting capacity electricity through wind energy. The project consists of four wind turbines with a nominal capacity of 1.8 MW and related facilities. Upon dissolution of JV6, the net assets will be shared by the participants on a percentage of ownership basis. JV6 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2004, AMP-Ohio issued \$9,861,000 of fifteen year adjustable rate bonds on behalf of the financing participants of JV6. The proceeds of the bond issue were contributed to JV6. The City's net obligation for these bonds at December 31, 2008, was \$3,403,482.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)

NOTE 23 - JOINT VENTURES (Continued)

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 \$4,764,936 at December 31, 2009. Complete financial statements for JV6 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.auditor.state.oh.us.

NOTE 24 - JOINTLY GOVERNED ORGANIZATION

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

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

NOTE 25 - CONTINGENT LIABILITIES

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

For the period January 1, 2009, to December 31, 2009, 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.

NOTE 26 - SUBSEQUENT EVENTS

On March 17, 2010, the City issued bond anticipation notes, in the amount of \$2.2 million, to retire notes previously issued for street improvements and provide additional funds for improvements. The notes have an interest rate of 1.25 percent and mature on March 17, 2011.

City of Bowling Green
Comparative Statement of Fund Net Assets
Enterprise Funds
December 31, 2009, and 2008

	Electric		Water	
	2009	2008	2009	2008
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$10,180,538	\$12,605,637	\$4,094,700	\$5,179,275
Cash and Cash Equivalents with Fiscal Agents	1,373,269	1,363,714		
Accounts Receivable	4,612,797	3,224,197	336,131	290,129
Accrued Interest Receivable	64,596	133,185	41,692	60,391
Due from Other Governments	200	36,120	1,026	428
Other Local Taxes Receivable	130,152	127,766		
Interfund Receivable	12,565	8,279	11,519	23,285
Prepaid Items	42,661	44,633	38,448	33,598
Materials and Supplies Inventory	1,013,027	973,048	160,524	154,455
Total Current Assets	<u>17,429,805</u>	<u>18,516,579</u>	<u>4,684,040</u>	<u>5,741,561</u>
<u>Non-Current Assets</u>				
Recovered Purchased Power Receivable	794,979			
Unamortized Bond Issuance Cost	6,629	7,449	12,439	13,122
Nondepreciable Capital Assets	2,223,507	461,950	7,748,816	1,325,089
Depreciable Capital Assets, Net	13,949,377	13,942,980	26,530,021	27,104,044
Investment in Joint Venture	11,390,801	11,714,002		
Total Non-Current Assets	<u>28,365,293</u>	<u>26,126,381</u>	<u>34,291,276</u>	<u>28,442,255</u>
Total Assets	<u>45,795,098</u>	<u>44,642,960</u>	<u>38,975,316</u>	<u>34,183,816</u>
<u>Current Liabilities</u>				
Accrued Wages Payable	37,910	118,390	22,802	70,672
Accounts Payable	2,807,000	2,134,034	201,412	215,723
Due to Other Governments	120,004	113,899	60,687	55,175
Interfund Payable	125,202	126,270	5,118	4,694
Accrued Interest Payable	6,437	12,960	11,347	3,342
Notes Payable	2,886,000	3,266,000		
General Obligation Bonds Payable	65,000	60,000	50,000	50,000
Compensated Absences Payable	139,252	135,904	130,951	89,607
Capital Leases Payable			52,919	50,423
AMP Ohio Payable	989,251	937,593		
Total Current Liabilities	<u>7,176,056</u>	<u>6,905,050</u>	<u>535,236</u>	<u>539,636</u>
<u>Non-Current Liabilities</u>				
General Obligation Bonds Payable	424,708	490,290	868,831	919,316
Compensated Absences Payable	276,141	253,763	154,809	180,962
Capital Leases Payable			55,538	108,457
AMP Ohio Payable	8,524,247	9,513,498		
Total Non-Current Liabilities	<u>9,225,096</u>	<u>10,257,551</u>	<u>1,079,178</u>	<u>1,208,735</u>
Total Liabilities	<u>16,401,152</u>	<u>17,162,601</u>	<u>1,614,414</u>	<u>1,748,371</u>
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	12,803,805	10,596,089	33,263,988	27,314,059
Unrestricted	16,590,141	16,884,270	4,096,914	5,121,386
Total Net Assets	<u>\$29,393,946</u>	<u>\$27,480,359</u>	<u>\$37,360,902</u>	<u>\$32,435,445</u>

Sewer		Totals	
2009	2008	2009	2008
\$2,687,253	\$3,687,822	\$16,962,491	\$21,472,734
		1,373,269	1,363,714
343,543	304,030	5,292,471	3,818,356
19,560	21,742	125,848	215,318
8,108	3,188	9,334	39,736
		130,152	127,766
24,494	31,466	48,578	63,030
43,854	35,091	124,963	113,322
67,475	87,263	1,241,026	1,214,766
<u>3,194,287</u>	<u>4,170,602</u>	<u>25,308,132</u>	<u>28,428,742</u>
		794,979	
43,877	46,337	62,945	66,908
6,445,682	2,553,685	16,418,005	4,340,724
38,916,974	39,674,782	79,396,372	80,721,806
		11,390,801	11,714,002
<u>45,406,533</u>	<u>42,274,804</u>	<u>108,063,102</u>	<u>96,843,440</u>
<u>48,600,820</u>	<u>46,445,406</u>	<u>133,371,234</u>	<u>125,272,182</u>
23,491	73,264	84,203	262,326
183,575	107,060	3,191,987	2,456,817
60,268	65,064	240,959	234,138
10,483	12,070	140,803	143,034
3,217	11,797	21,001	28,099
		2,886,000	3,266,000
180,000	180,000	295,000	290,000
95,978	79,816	366,181	305,327
30,786	29,507	83,705	79,930
		989,251	937,593
<u>587,798</u>	<u>558,578</u>	<u>8,299,090</u>	<u>8,003,264</u>
3,061,155	3,242,902	4,354,694	4,652,508
147,148	150,745	578,098	585,470
	30,786	55,538	139,243
		8,524,247	9,513,498
<u>3,208,303</u>	<u>3,424,433</u>	<u>13,512,577</u>	<u>14,890,719</u>
<u>3,796,101</u>	<u>3,983,011</u>	<u>21,811,667</u>	<u>22,893,983</u>
42,134,592	38,791,609	88,202,385	76,701,757
2,670,127	3,670,786	23,357,182	25,676,442
<u>\$44,804,719</u>	<u>\$42,462,395</u>	<u>\$111,559,567</u>	<u>\$102,378,199</u>

City of Bowling Green
Comparative Statement of Revenues, Expenses, and Change in Fund Net Assets
Enterprise Funds
For the Years Ended December 31, 2009, and 2008

	Electric		Water	
	2009	2008	2009	2008
<u>Operating Revenues</u>				
Charges for Services	\$38,439,138	\$34,419,349	\$3,297,316	\$3,423,519
Other	887,945	907,537	84,196	53,748
Total Operating Revenues	39,327,083	35,326,886	3,381,512	3,477,267
<u>Operating Expenses</u>				
Purchased Power	31,887,931	24,483,321		
Plant Operation			1,873,677	1,646,878
Distribution Operation	2,378,296	3,442,433	902,573	923,520
Administrative and General	1,554,727	1,289,423	742,562	662,828
Information and Technology	123,250	166,901	41,178	55,539
Depreciation	1,145,581	1,141,419	943,100	927,099
Total Operating Expenses	37,089,785	30,523,497	4,503,090	4,215,864
Operating Income (Loss)	2,237,298	4,803,389	(1,121,578)	(738,597)
<u>Non-Operating Revenues (Expenses)</u>				
Excise Taxes	1,540,571	1,739,948		
Excise Taxes Expense	(1,540,571)	(1,739,948)		
Interest Revenue	99,631	341,314	63,277	157,454
Interest Expense	(100,141)	(166,371)	(56,168)	(51,915)
Investment in Joint Venture	(323,201)	(349,844)		
Total Non-Operating Revenues (Expenses)	(323,711)	(174,901)	7,109	105,539
Income (Loss) Before Contributions	1,913,587	4,628,488	(1,114,469)	(633,058)
Capital Contributions			6,039,926	1,352,054
Change in Net Assets	1,913,587	4,628,488	4,925,457	718,996
Net Assets Beginning of Year	27,480,359	22,851,871	32,435,445	31,716,449
Net Assets End of Year	\$29,393,946	\$27,480,359	\$37,360,902	\$32,435,445

Sewer		Totals	
2009	2008	2009	2008
\$3,535,757	\$3,504,534	\$45,272,211	\$41,347,402
297,408	242,792	1,269,549	1,204,077
3,833,165	3,747,326	46,541,760	42,551,479
		31,887,931	24,483,321
1,919,983	1,605,887	3,793,660	3,252,765
805,401	903,370	4,086,270	5,269,323
960,281	1,016,245	3,257,570	2,968,496
41,181	55,533	205,609	277,973
1,218,198	1,224,425	3,306,879	3,292,943
4,945,044	4,805,460	46,537,919	39,544,821
(1,111,879)	(1,058,134)	3,841	3,006,658
		1,540,571	1,739,948
		(1,540,571)	(1,739,948)
33,336	121,377	196,244	620,145
(136,309)	(152,008)	(292,618)	(370,294)
		(323,201)	(349,844)
(102,973)	(30,631)	(419,575)	(99,993)
(1,214,852)	(1,088,765)	(415,734)	2,906,665
3,557,176	2,312,118	9,597,102	3,664,172
2,342,324	1,223,353	9,181,368	6,570,837
42,462,395	41,239,042	102,378,199	95,807,362
<u>\$44,804,719</u>	<u>\$42,462,395</u>	<u>\$111,559,567</u>	<u>\$102,378,199</u>

City of Bowling Green
Comparative Statement of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2009, and 2008

	Electric		Water	
	2009	2008	2009	2008
<u>Increases (Decreases) in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$37,067,248	\$34,512,051	\$3,262,482	\$3,470,361
Cash Payments for Purchased Power	(32,764,994)	(25,681,991)		
Cash Payments for Plant Operation			(1,871,954)	(1,648,981)
Cash Payments for Distribution Operation	(2,761,551)	(3,225,473)	(997,636)	(894,328)
Cash Payments for Administrative and General	(1,425,469)	(1,338,890)	(695,126)	(676,489)
Cash Payments for Information and Technology	(141,741)	(138,066)	(47,247)	(46,022)
Cash Received from Other Revenues	901,204	1,210,537	84,196	54,736
Net Cash Provided by (Used for) Operating Activities	874,697	5,338,168	(265,285)	259,277
<u>Cash Flows from Non-Capital Financing Activities</u>				
Grants	1,500			
Cash Received from Excise Taxes	1,540,571	1,739,948		
Cash Payments for Excise Tax Distribution	(1,540,571)	(1,739,948)		
Net Cash Provided by Noncapital Financing Activities	1,500			
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Paid on Bond Anticipation Notes	(3,266,000)	(4,216,000)		
Principal Paid on General Obligation Bonds	(60,000)	(60,000)	(50,000)	(50,000)
Principal Paid on Capital Leases			(50,423)	(48,044)
Interest Paid on Bond Anticipation Notes	(86,401)	(145,920)		
Interest Paid on General Obligation Bonds	(20,025)	(22,025)	(40,100)	(41,600)
Interest Paid on Capital Leases			(7,865)	(10,243)
Proceeds of Bond Anticipation Notes	2,886,000	3,266,000		
Acquisition of Capital Assets	(2,913,535)	(300,588)	(752,878)	(97,829)
Net Cash Used for Capital and Related Financing Activities	(3,459,961)	(1,478,533)	(901,266)	(247,716)
<u>Cash Flows from Investing Activities</u>				
Interest	168,220	247,112	81,976	119,938
Net Increase (Decrease) in Cash and Cash Equivalents	(2,415,544)	4,106,747	(1,084,575)	131,499
Cash and Cash Equivalents Beginning of Year	13,969,351	9,862,604	5,179,275	5,047,776
Cash and Cash Equivalents End of Year	\$11,553,807	\$13,969,351	\$4,094,700	\$5,179,275

Sewer		Totals	
2009	2008	2009	2008
\$3,498,296	\$3,651,047	\$43,828,026	\$41,633,459
(1,918,335)	(1,621,586)	(32,764,994)	(25,681,991)
(833,738)	(866,876)	(3,790,289)	(3,270,567)
(883,576)	(992,765)	(4,592,925)	(4,986,677)
(47,248)	(46,022)	(3,004,171)	(3,008,144)
297,408	243,888	(236,236)	(230,110)
112,807	367,686	1,282,808	1,509,161
		1,500	
		1,540,571	1,739,948
		(1,540,571)	(1,739,948)
		1,500	
(180,000)	(170,000)	(3,266,000)	(4,216,000)
(29,507)	(52,998)	(290,000)	(280,000)
		(79,930)	(101,042)
		(86,401)	(145,920)
(141,562)	(146,662)	(201,687)	(210,287)
(2,614)	(5,097)	(10,479)	(15,340)
		2,886,000	3,266,000
(795,211)	(113,687)	(4,461,624)	(512,104)
(1,148,894)	(488,444)	(5,510,121)	(2,214,693)
35,518	125,182	285,714	492,232
(1,000,569)	4,424	(4,500,688)	4,242,670
3,687,822	3,683,398	22,836,448	18,593,778
\$2,687,253	\$3,687,822	\$18,335,760	\$22,836,448

(continued)

City of Bowling Green
Comparative Statement of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2009, and 2008
(continued)

	Electric		Water	
	2009	2008	2009	2008
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss)	\$2,237,298	\$4,803,389	(\$1,121,578)	(\$738,597)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>				
Depreciation	1,145,581	1,141,419	943,100	927,099
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(1,390,100)	341,998	(46,002)	50,301
(Increase) Decrease in Due from Other Governments	35,920	(34,424)	(598)	560
(Increase) Decrease in Other Local Taxes Receivable	(2,386)	10,518		
(Increase) Decrease in Interfund Receivable	(4,286)	88,128	11,766	(3,031)
(Increase) Decrease in Prepaid Items	1,972	4,222	(4,850)	209
(Increase) Decrease in Materials and Supplies Inventory	(39,979)	(54,499)	(6,069)	(47,835)
Increase in Recovered Purchased Power Receivable	(794,979)			
Increase (Decrease) in Accrued Wages Payable	(80,480)	28,183	(47,870)	17,624
Increase (Decrease) in Accounts Payable	672,966	(144,701)	(14,311)	28,166
Increase (Decrease) in Due to Other Governments	6,105	13,698	5,512	2,014
Increase (Decrease) in Interfund Payable	(1,068)	(11,106)	424	(3,644)
Increase (Decrease) in Compensated Absences Payable	25,726	10,682	15,191	26,411
Decrease in AMP-Ohio Payable	(937,593)	(859,339)		
Net Cash Provided by (Used for) Operating Activities	<u>\$874,697</u>	<u>\$5,338,168</u>	<u>(\$265,285)</u>	<u>\$259,277</u>

Sewer		Totals	
2009	2008	2009	2008
(\$1,111,879)	(\$1,058,134)	\$3,841	\$3,006,658
1,218,198	1,224,425	3,306,879	3,292,943
(39,513)	150,828	(1,475,615)	543,127
(4,920)	(2,092)	30,402	(35,956)
		(2,386)	10,518
6,972	(1,127)	14,452	83,970
(8,763)	5,554	(11,641)	9,985
19,788	33,392	(26,260)	(68,942)
		(794,979)	
(49,773)	12,101	(178,123)	57,908
76,515	21,660	735,170	(94,875)
(4,796)	4,621	6,821	20,333
(1,587)	(21,439)	(2,231)	(36,189)
12,565	(2,103)	53,482	34,990
		(937,593)	(859,339)
<u>\$112,807</u>	<u>\$367,686</u>	<u>\$722,219</u>	<u>\$5,965,131</u>

**CITY OF BOWLING GREEN
WOOD COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Assistance			
Community Development Block Grants/Entitlement Grants (CDBG)			
Entitlement Grant	N/A	14.218	\$289,843
CDBG Revolving Loans	N/A	14.218	242,175
Passed through Lucas County			
CDBG Neighborhood Stabilization Program Grant	None	14.218	990
Total Community Development Block Grants			<u>533,008</u>
Direct Assistance			
Community Development Block Grant ARRA Entitlement Grants		14.253	<u>41,351</u>
<i>Passed through Ohio Department of Development</i>			
Home Investment Partnerships Program Revolving Loans	N/A	14.239	<u>94,852</u>
Total U.S. Department of Housing and Urban Development			<u>669,211</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Assistance			
Bulletproof Vest Partnership Program	N/A	16.607	<u>2,021</u>
Direct Assistance			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	N/A	16.804	<u>20,196</u>
Total U.S. Department of Justice			<u>22,217</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	Grant Number 15568	20.205	<u>8,112</u>
<i>Passed Through Ohio Department of Transportation</i>			
Formula Grants for Other than Urbanized Areas	RPT-4087-027-081	20.509	17,198
	None	20.509	1,539
	RPT-4087-029-091	20.509	205,709
Formula Grants for Other than Urbanized Areas - ARRA	RPTS-0087-001-093	20.509	<u>6,260</u>
Total Formula Grants for Other than Urbanized Areas			230,706
Total U.S. Department of Transportation			<u>238,818</u>
Total Federal Awards Expenditures			<u><u>\$930,246</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, 2009**

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, 2009, the gross amounts of loans outstanding under this program were \$565,707.

Activity in the CDBG revolving loan fund during 2009 is as follows:

Beginning loans receivable balance as of January 1, 2009	\$508,080
Loans made:	241,000
Loan principal repaid:	<u>(183,373)</u>
Ending Loans receivable balance as of December 31, 2009	565,707
Administrative costs expended during 2009	<u>1,175</u>
Other grants administered through the 14.218 program	290,833
Total CDBG 14.218 program expenditures	<u><u>\$533,008</u></u>

NOTE C – DOWNPAYMENT ASSISTANCE (HOME) LOAN PROGRAMS

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

These loans are collateralized by mortgages on the property. At December 31, 2009, the gross amounts of loans outstanding under this program were \$91,885. The City made no new loans under this program in 2009.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2009**

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

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

The City paid \$88,629 for new loans and \$6,223 in administrative expenditures under this program in 2009.

NOTE E - MATCHING REQUIREMENTS

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

NOTE F – FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS

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



Mary Taylor, CPA

Auditor of State

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

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

To the City of Bowling Green:

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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 17, 2010. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated September 17, 2010.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

September 17, 2010



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 REQUIRED BY 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 each of its major federal programs for the year ended December 31, 2009. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 each of its major federal programs for the year ended December 31, 2009.

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

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determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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.

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

Mary Taylor, CPA
Auditor of State

September 17, 2010

**CITY OF BOWLING GREEN
WOOD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants/Entitlement Grants CFDA #14.218 and Community Development Block Grant ARRA Entitlement Grants CFDA #14.253
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code Section 5705.36(A)(2) states upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included in an official certificate, the fiscal officer may certify the amount of the deficiency or excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess.

Ohio Revised Code Section 5705.36(A)(4) states upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

We found the following variance that met the requirement for obtaining a reduced amended certificate as of December 31, 2009:

Fund	Actual Resources	Appropriations	Deficiency
Water and Sewer Capital Improvement Fund	\$14,218,104	\$22,574,048	(\$8,355,944)

We recommend the Finance Director check the latest certificate of estimated resources before making any appropriations to determine the total resources certified as available for appropriations. We also recommend the Finance Director monitor total available resources (actual receipts plus unencumbered beginning fund balance) more closely throughout the year to determine whether the current level of appropriations is exceeding total available resources. If so, the Finance Director should request an amended certificate of estimated resources and then the City Council should amend appropriations to be in line with the amended certificate.

Officials' Response

We understand that a reduced amended certificate should have been obtained for the Water and Sewer Capital Improvement Fund in 2009. In this fund there were several large multiple year projects funded through a loan with the Ohio Water Development Authority. The projects were budgeted in totality rather than just the portion for the current year. In the future we will monitor the revenue and appropriation level and submit an amended certificate when appropriate. Additionally, we will only budget for the portion of projects that are expected to be completed in the current year.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

CITY OF BOWLING GREEN

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 30, 2010**