



Dave Yost • Auditor of State

**CITY OF BOWLING GREEN
WOOD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities.....	17
Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Funds.....	18
Reconciliation of Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures, and Change in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund	21
Statement of Revenues, Expenditures, and Change in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Playground and Recreation Fund	22
Statement of Fund Net Position - Proprietary Funds.....	23
Statement of Revenues, Expenses, and Change in Fund Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds.....	25
Statement of Fiduciary Assets and Liabilities - Agency Funds.....	27
Notes to the Basic Financial Statements.....	28
Comparative Financial Statements:	
Comparative Statement of Fund Net Position - Enterprise Funds	72
Comparative Statement of Revenues, Expenses, and Change in Fund Net Position – Enterprise Funds	74
Comparative Statement of Cash Flows - Enterprise Funds	76
Federal Awards Expenditures Schedule.....	81
Notes to the Federal Awards Expenditures Schedule	82
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	85
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	87
Schedule of Findings.....	89

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Playground and Recreation Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The comparative enterprise fund financial statements present additional analysis and are not a required part of the basic financial statements.

The Federal Awards Expenditures Schedule also presents additional analysis as required by the 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 financial statements.

The statements and schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the statements and schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Dave Yost
Auditor of State

Columbus, Ohio

September 2, 2014

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City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2013
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, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2013 are as follows:

In total, the City's net position increased \$3,589,152, or 2 percent. Governmental activities decreased less than 1 percent and business-type activities increased almost 3 percent.

A review of the enterprise funds reflects an operating income for the Electric Fund and an operating loss for the Water Fund and Sewer Fund. However, the Water and Sewer funds both had an increase in net position due to capital contributions.

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 position 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, Debt Service, Electric, Water, and Sewer funds.

REPORTING THE CITY AS A WHOLE

The statement of net position and the statement of activities reflect how the City did financially during 2013. 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
For the Year Ended December 31, 2013
Unaudited

These statements report the City's net position and changes in net position. This change in net position 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 position 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, Debt Service, 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, 2013
Unaudited

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 position for 2013 and 2012.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<u>Assets</u>						
Current and Other Assets	\$22,826,362	\$24,775,428	\$38,737,657	\$38,395,789	\$61,564,019	\$63,171,217
Capital Assets, Net	48,812,091	50,227,060	112,943,841	108,384,738	161,755,932	158,611,798
Investment in Joint Venture	0	0	9,495,271	10,151,736	9,495,271	10,151,736
Total Assets	<u>71,638,453</u>	<u>75,002,488</u>	<u>161,176,769</u>	<u>156,932,263</u>	<u>232,815,222</u>	<u>231,934,751</u>
<u>Deferred Outflows of Resources</u>	<u>236,747</u>	<u>239,246</u>	<u>132,654</u>	<u>134,319</u>	<u>369,401</u>	<u>373,565</u>
<u>Liabilities</u>						
Current and Other Liabilities	2,104,265	3,447,440	6,820,075	3,710,788	8,924,340	7,158,228
Long-Term Liabilities	30,472,034	32,465,151	9,506,174	12,153,372	39,978,208	44,618,523
Total Liabilities	<u>32,576,299</u>	<u>35,912,591</u>	<u>16,326,249</u>	<u>15,864,160</u>	<u>48,902,548</u>	<u>51,776,751</u>
<u>Deferred Inflows of Resources</u>	<u>2,321,964</u>	<u>2,300,093</u>	<u>2,412,958</u>	<u>2,273,471</u>	<u>4,734,922</u>	<u>4,573,564</u>
<u>Net Position</u>						
Net Investment in Capital Assets	36,866,076	39,374,799	107,011,495	104,506,456	143,877,571	143,881,255
Restricted	11,720,655	11,240,959	0	0	11,720,655	11,240,959
Unrestricted (Deficit)	(11,609,794)	(13,586,708)	35,558,721	34,422,495	23,948,927	20,835,787
Total Net Position	<u>\$36,976,937</u>	<u>\$37,029,050</u>	<u>\$142,570,216</u>	<u>\$138,928,951</u>	<u>\$179,547,153</u>	<u>\$175,958,001</u>

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

As reflected in the above table, the change in net position for governmental activities was a decrease of less than 1 percent. Although the overall change is not significant, there are a few changes to note. There was a decrease in cash and cash equivalents of \$1.5 million due to spending the remainder of debt proceeds received in the prior year for improvements for the aquatic center. There was also a decrease of approximately \$725,000 in amounts due from other governments. For 2012, the City had a receivable for estate taxes and grant resources that were outstanding at year end. The decrease in capital assets and invested in capital assets largely represents capital assets transferred to business-type activities. Current and other liabilities decreased due to a reduction in outstanding contracts and retainage related to construction projects at the end of the year, the timing of payment for the December police and fire pension contribution, and a decrease in short-term bond anticipation notes. The decrease in long-term liabilities was the result of scheduled debt payments.

Business-type activities reflect an increase in net position of \$3.6 million (3 percent). There was an increase in cash and cash equivalents (current and other assets) of \$1.1 million primarily due to the excess of revenues over expenses in the Electric enterprise fund. This increase is also reflected in the increase in unrestricted net position. The increase in net capital assets and invested in capital assets is due to the completion of the North Prospect/Ordway waterline, the Poe and Mercer Road pump station improvements, and the North Main Street widening projects. The increase in current and other liabilities is the result of an increase in short-term bond anticipation notes for electric system improvements. The decrease in long-term liabilities is the result of scheduled debt payments..

Table 2 reflects the change in net position for 2013 and 2012.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,806,611	\$4,120,498	\$55,190,018	\$49,510,747	\$58,996,629	\$53,631,245
Operating Grants, Contributions, and Interest	1,856,067	2,179,147	0	302,517	1,856,067	2,481,664
Capital Grants and Contributions	36,690	5,896,744	0	0	36,690	5,896,744
Total Program Revenues	<u>5,699,368</u>	<u>12,196,389</u>	<u>55,190,018</u>	<u>49,813,264</u>	<u>60,889,386</u>	<u>62,009,653</u>
General Revenues						
Property Taxes-General Purposes	1,476,063	1,463,354	0	0	1,476,063	1,463,354
Property Taxes-Playground and Recreation	830,000	569,082	0	0	830,000	569,082
Municipal Income Taxes	17,600,059	16,167,886	0	0	17,600,059	16,167,886
Other Local Taxes	2,074,962	1,959,175	0	0	2,074,962	1,959,175
Grants and Entitlements not Restricted to Specific Programs	1,022,667	1,683,772	0	0	1,022,667	1,683,772
Franchise Taxes	316,714	320,000	0	0	316,714	320,000
Interest	80,365	191,533	8,682	890	89,047	192,423
Other	1,309,246	686,276	1,351,386	1,267,366	2,660,632	1,953,642
Total General Revenues	<u>24,710,076</u>	<u>23,041,078</u>	<u>1,360,068</u>	<u>1,268,256</u>	<u>26,070,144</u>	<u>24,309,334</u>
Total Revenues	<u>30,409,444</u>	<u>35,237,467</u>	<u>56,550,086</u>	<u>51,081,520</u>	<u>86,959,530</u>	<u>86,318,987</u>

(continued)

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Table 2
Change in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<u>Program Expenses</u>						
Security of Persons and Property						
Police	\$5,465,002	\$5,430,502	\$0	\$0	\$5,465,002	\$5,430,502
Fire/Ambulance	5,821,816	5,546,732	0	0	5,821,816	5,546,732
Public Health	77,487	79,346	0	0	77,487	79,346
Leisure Time Activities	2,360,088	2,147,769	0	0	2,360,088	2,147,769
Community Environment	859,797	910,349	0	0	859,797	910,349
Basic Utility Services	656,832	618,008	0	0	656,832	618,008
Transportation	6,263,429	5,532,616	0	0	6,263,429	5,532,616
General Government						
Court	1,613,071	1,608,917	0	0	1,613,071	1,608,917
Other	3,379,348	3,027,525	0	0	3,379,348	3,027,525
Internal Service Fund External Portion	30,911	42,958	0	0	30,911	42,958
Interest and Fiscal Charges	1,156,540	997,382	0	0	1,156,540	997,382
Electric	0	0	46,326,742	39,566,375	46,326,742	39,566,375
Water	0	0	4,675,413	4,667,751	4,675,413	4,667,751
Sewer	0	0	4,683,902	4,750,299	4,683,902	4,750,299
Total Expenses	<u>27,684,321</u>	<u>25,942,104</u>	<u>55,686,057</u>	<u>48,984,425</u>	<u>83,370,378</u>	<u>74,926,529</u>
Increase in Net Position						
Before Transfers	2,725,123	9,295,363	864,029	2,097,095	3,589,152	11,392,458
Transfers	<u>(2,777,236)</u>	<u>(3,556,809)</u>	<u>2,777,236</u>	<u>3,556,809</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position	(52,113)	5,738,554	3,641,265	5,653,904	3,589,152	11,392,458
Net Position Beginning of Year	<u>37,029,050</u>	<u>31,290,496</u>	<u>138,928,951</u>	<u>133,275,047</u>	<u>175,958,001</u>	<u>164,565,543</u>
Net Position End of Year	<u>\$36,976,937</u>	<u>\$37,029,050</u>	<u>\$142,570,216</u>	<u>\$138,928,951</u>	<u>\$179,547,153</u>	<u>\$175,958,001</u>

For governmental activities, program revenues decreased substantially (over 53 percent) due to a decrease in capital grants and contributions. In the prior year, the City received capital grants for improvements on North Main Street. There was a 7 percent increase in general revenues primarily due to an increase in municipal income taxes as economic conditions continue to improve and other revenues from a one-time reimbursement.

There was an increase in expenses from the prior year of almost 7 percent, the largest increase reflected in the transportation program. This increase is related to the North Main Street widening project as well as other street improvements.

As expected, program revenues make up a significant portion of the total revenues for business-type activities (over 97 percent). There was a significant increase in program revenues. The expansion of a manufacturing facility in the City increased charges for services revenue in the Electric Fund. Expenses for the Electric Fund also increased substantially due to the increase in purchase of power costs from this increased demand in electricity.

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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	
	2013	2012	2013	2012
Security of Persons and Property				
Police	\$5,465,002	\$5,430,502	\$5,084,536	\$5,056,361
Fire/Ambulance	5,821,816	5,546,732	5,216,113	5,138,023
Public Health	77,487	79,346	40,141	34,701
Leisure Time Activities	2,360,088	2,147,769	1,399,067	1,278,440
Community Environment	859,797	910,349	550,354	547,580
Basic Utility Services	656,832	618,008	618,407	(394,252)
Transportation	6,263,429	5,532,616	4,349,459	(1,575,127)
General Government				
Court	1,613,071	1,608,917	427,599	(150,607)
Other	3,379,348	3,027,525	3,146,070	2,804,272
Internal Service Fund External Portion	30,911	42,958	(3,333)	8,942
Interest and Fiscal Charges	1,156,540	997,382	1,156,540	997,382
Total Expenses	<u>\$27,684,321</u>	<u>\$25,942,104</u>	<u>\$21,984,953</u>	<u>\$13,745,715</u>

For 2013, there was a substantial decrease in program revenues (due to the significant decrease in capital grants and contributions), therefore, more costs had to be provided for through general revenues (primarily property taxes, income taxes, and unrestricted grants and entitlements). Note that general revenues provide for most of the costs of providing police, fire, and ambulance services (91 percent paid from general revenues). The programs receiving significant support through program revenues in 2013 included the leisure time activities, community environment, and transportation programs. The leisure time activities program is supported through admission and sports fees, rentals, and concession charges. The community environment program receives grant resources through the Ohio Department of Development for neighborhood stabilization efforts. The transportation program receives charges for services in the form of permissive motor vehicle license monies and operating grants in the form of State levied motor vehicle license fees 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, the Debt Service debt service fund. For 2013, the General Fund had a 12 percent decrease in fund balance. Revenues decreased over \$900,000 primarily from a decrease in intergovernmental resources and there was a modest increase (3 percent) in expenditures.

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The Playground and Recreation Fund had an increase in fund balance of \$38,563. Both revenues and expenditures increased approximately 9 percent. The Debt Service fund had a 95 percent increase in fund balance. During 2013, the City refunded debt and received a substantial transfer from other funds.

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 position reveals an operating income for the Electric Fund, while the Water and Sewer funds had operating losses again in 2013. Net position increased 4 percent in the Electric Fund. There was a significant increase in both revenues and expenses due, in part, to the expansion of a local manufacturing firm.

Despite an operating loss in the Water and Sewer funds, these funds reflect an increase in net position of less than 1 percent and 3 percent, respectively, due to the contribution of capital assets from governmental funds.

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 2013, capital asset contributions from the Sewer and Water Improvement capital projects fund were \$279,322 in the Water Fund and \$2,497,914 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 and expenditures, modifications from the original budget to the final budget and from the final budget to actual revenues and expenditures were not significant.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2013, was \$36,866,076 and \$107,011,495, 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 2013 consisted primarily of the North Main Street widening project and the aquatic complex improvements. The most significant additions for business-type activities were construction in progress for electric system improvements as a result of the local manufacturing firm expansion and the completion of the utilities related to the North Main Street widening project. 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
For the Year Ended December 31, 2013
Unaudited

Debt - At December 31, 2013, the City had \$600,000 in outstanding bond anticipation notes, \$11,540,000 in general obligation bonds, and \$17,312,204 in OWDA loans payable from governmental activities. Business-type activities had \$2,635,000 in bond anticipation notes and \$3,430,000 in general obligation bonds outstanding at year end. In addition, business-type activities, specifically the Electric enterprise fund, owed AMP-Ohio \$4,017,408, 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 as well as the City's obligation to AMP-Ohio for the remainder of the stranded costs for the AMPGS project which was terminated. For further information regarding the City's debt, refer to Notes 18, 19, and 20 to the basic financial statements.

CURRENT ISSUES

Several major projects were completed in 2013 including the North Main Street widening project and the completion of the aquatic facility located in City Park. Bonds were issued to cover these costs as part of a larger refinancing of 2004 Various Purpose Improvement bonds allowing the City to take advantage of the current favorable interest rate environment. Near the end of 2013, the City issued bond anticipation notes for \$600,000 for the purchase of land for athletic fields and park land.

As part of a regular periodic review, Standard and Poor's revised the City's issuer credit rating upward to AA- from A+. They also increased the City's long-term rating to AA- from A+ on the City's series 2012 and 2013 general obligation bonds. The outlook was graded as stable.

The City converted to an upgraded software system through the current vendor, New World Systems, for finance, human resources, and payroll. Implementation went live in January 2014. The utility billing system is currently in the upgrade process and this portion of the project is expected to go live in November 2014.

Work continues on the electric system improvements due to the expansion of Vehtek Systems, a local automotive manufacturer. The final phase of the improvements will require the expansion of the Dunbridge Road substation. An additional \$3,000,000 in bond anticipation notes will be issued to finance the project.

Construction on a new elevated water storage tank (water tower) has begun in 2014. A low-interest OWDA loan and an OWPC grant will provide funding this project.

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 Position
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$14,017,672	\$30,417,422	\$44,435,094
Cash and Cash Equivalents in Segregated Accounts	2,531	0	2,531
Cash and Cash Equivalents with Escrow Agents	56,994	0	56,994
Cash and Cash Equivalents with Fiscal Agents	0	238,902	238,902
Accounts Receivable	703,783	5,868,615	6,572,398
Accrued Interest Receivable	54,561	0	54,561
Due from Other Governments	1,083,945	3,279	1,087,224
Municipal Income Taxes Receivable	3,343,964	0	3,343,964
Other Local Taxes Receivable	57,998	136,249	194,247
Internal Balances	134,174	(134,174)	0
Prepaid Items	69,232	69,231	138,463
Materials and Supplies Inventory	0	1,141,523	1,141,523
Property Taxes Receivable	2,410,806	0	2,410,806
Notes Receivable	529,005	0	529,005
Special Assessments Receivable	361,697	0	361,697
Recovered Purchased Power Receivable	0	996,610	996,610
Nondepreciable Capital Assets	4,460,088	10,070,247	14,530,335
Depreciable Capital Assets, Net	44,352,003	102,873,594	147,225,597
Investment in Joint Venture	0	9,495,271	9,495,271
Total Assets	71,638,453	161,176,769	232,815,222
<u>Deferred Outflows of Resources</u>			
Deferred Charge on Refunding	236,747	132,654	369,401
<u>Liabilities</u>			
Accrued Wages Payable	379,608	142,476	522,084
Accounts Payable	609,730	3,310,565	3,920,295
Contracts Payable	20,758	582,136	602,894
Due to Other Governments	408,580	138,626	547,206
Accrued Interest Payable	28,595	11,272	39,867
Notes Payable	600,000	2,635,000	3,235,000
Retainage Payable	56,994	0	56,994
Long-Term Liabilities			
Due Within One Year	2,337,838	1,978,725	4,316,563
Due in More Than One Year	28,134,196	7,527,449	35,661,645
Total Liabilities	32,576,299	16,326,249	48,902,548
<u>Deferred Inflows of Resources</u>			
Property Taxes	2,321,964	0	2,321,964
Recovered Purchased Power	0	2,412,958	2,412,958
Total Deferred Inflows of Resources	2,321,964	2,412,958	4,734,922
<u>Net Position</u>			
Net Investment in Capital Assets	36,866,076	107,011,495	143,877,571
Restricted for			
Debt Service	423,590	0	423,590
Capital Projects	6,338,373	0	6,338,373
Street Maintenance and Repair	1,151,604	0	1,151,604
Community Development	798,575	0	798,575
Security of Persons and Property - Police	655,545	0	655,545
Security of Persons and Property - Fire	932,657	0	932,657
Other Purposes	1,420,311	0	1,420,311
Unrestricted (Deficit)	(11,609,794)	35,558,721	23,948,927
Total Net Position	\$36,976,937	\$142,570,216	\$179,547,153

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Activities
For the Year Ended December 31, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$5,465,002	\$327,502	\$52,964	\$0
Fire/Ambulance	5,821,816	605,703	0	0
Public Health	77,487	37,346	0	0
Leisure Time Activities	2,360,088	902,626	58,395	0
Community Environment	859,797	9,858	299,585	0
Basic Utility Services	656,832	1,735	0	36,690
Transportation	6,263,429	674,980	1,238,990	0
General Government				
Court	1,613,071	980,591	204,881	0
Other	3,379,348	232,026	1,252	0
Internal Service Fund				
External Portion	30,911	34,244	0	0
Interest and Fiscal Charges	1,156,540	0	0	0
Total Governmental Activities	27,684,321	3,806,611	1,856,067	36,690
<u>Business-Type Activities</u>				
Electric	46,326,742	47,609,816	0	0
Water	4,675,413	4,218,674	0	0
Sewer	4,683,902	3,361,528	0	0
Total Business-Type Activities	55,686,057	55,190,018	0	0
Total	\$83,370,378	\$58,996,629	\$1,856,067	\$36,690

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 Position

Net Position Beginning of Year

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$5,084,536)	\$0	(\$5,084,536)
(5,216,113)	0	(5,216,113)
(40,141)	0	(40,141)
(1,399,067)	0	(1,399,067)
(550,354)	0	(550,354)
(618,407)	0	(618,407)
(4,349,459)	0	(4,349,459)
(427,599)	0	(427,599)
(3,146,070)	0	(3,146,070)
3,333	0	3,333
(1,156,540)	0	(1,156,540)
<u>(21,984,953)</u>	<u>0</u>	<u>(21,984,953)</u>
0	1,283,074	1,283,074
0	(456,739)	(456,739)
0	(1,322,374)	(1,322,374)
<u>0</u>	<u>(496,039)</u>	<u>(496,039)</u>
<u>(21,984,953)</u>	<u>(496,039)</u>	<u>(22,480,992)</u>
1,476,063	0	1,476,063
830,000	0	830,000
6,600,021	0	6,600,021
440,002	0	440,002
4,400,017	0	4,400,017
4,400,013	0	4,400,013
1,760,006	0	1,760,006
2,074,962	0	2,074,962
1,022,667	0	1,022,667
316,714	0	316,714
80,365	8,682	89,047
1,309,246	1,351,386	2,660,632
24,710,076	1,360,068	26,070,144
<u>(2,777,236)</u>	<u>2,777,236</u>	<u>0</u>
<u>21,932,840</u>	<u>4,137,304</u>	<u>26,070,144</u>
(52,113)	3,641,265	3,589,152
<u>37,029,050</u>	<u>138,928,951</u>	<u>175,958,001</u>
<u>\$36,976,937</u>	<u>\$142,570,216</u>	<u>\$179,547,153</u>

City of Bowling Green
Balance Sheet
Governmental Funds
December 31, 2013

	General	Playground and Recreation	Debt Service	Other Governmental	Total Governmental Funds
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$3,892,099	\$491,105	\$150,849	\$9,433,230	\$13,967,283
Cash and Cash Equivalents in Segregated Accounts	0	0	0	2,531	2,531
Accounts Receivable	701,867	0	0	1,545	703,412
Accrued Interest Receivable	54,561	0	0	0	54,561
Due from Other Governments	568,202	29,310	0	484,425	1,081,937
Municipal Income Taxes Receivable	1,253,987	83,599	0	2,006,378	3,343,964
Other Local Taxes Receivable	40,785	0	0	17,213	57,998
Interfund Receivable	136,249	0	0	275,000	411,249
Prepaid Items	69,232	0	0	0	69,232
<u>Restricted Assets</u>					
Equity in Pooled Cash and Cash Equivalents	33,992	0	0	0	33,992
Cash and Cash Equivalents with Escrow Agents	0	0	0	56,994	56,994
Property Taxes Receivable	1,551,968	601,265	0	257,573	2,410,806
Notes Receivable	0	0	0	529,005	529,005
Special Assessments Receivable	0	0	0	361,697	361,697
Total Assets	<u>\$8,302,942</u>	<u>\$1,205,279</u>	<u>\$150,849</u>	<u>\$13,425,591</u>	<u>\$23,084,661</u>
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$236,923	\$21,528	\$0	\$118,615	\$377,066
Accounts Payable	304,450	28,025	0	274,924	607,399
Contracts Payable	0	0	0	20,758	20,758
Due to Other Governments	225,401	28,837	0	151,774	406,012
Interfund Payable	3,631	223	0	277,115	280,969
Notes Payable	600,000	0	0	0	600,000
Payable from Restricted Assets					
Retainage Payable	0	0	0	56,994	56,994
Total Liabilities	<u>1,370,405</u>	<u>78,613</u>	<u>0</u>	<u>900,180</u>	<u>2,349,198</u>
<u>Deferred Inflows of Resources</u>					
Property Taxes	1,494,855	579,055	0	248,054	2,321,964
Unavailable Revenue	1,796,217	87,463	0	1,630,386	3,514,066
Total Deferred Inflows of Resources	<u>3,291,072</u>	<u>666,518</u>	<u>0</u>	<u>1,878,440</u>	<u>5,836,030</u>
<u>Fund Balance</u>					
Nonspendable	103,224	0	0	0	103,224
Restricted	0	460,148	0	10,028,987	10,489,135
Committed	245,921	0	0	818,043	1,063,964
Assigned	373,520	0	150,849	0	524,369
Unassigned (Deficit)	2,918,800	0	0	(200,059)	2,718,741
Total Fund Balance	<u>3,641,465</u>	<u>460,148</u>	<u>150,849</u>	<u>10,646,971</u>	<u>14,899,433</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$8,302,942</u>	<u>\$1,205,279</u>	<u>\$150,849</u>	<u>\$13,425,591</u>	<u>\$23,084,661</u>

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
 Reconciliation of Total Governmental Fund Balance
 to Net Position of Governmental Activities
 December 31, 2013

Total Governmental Fund Balance \$14,899,433

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

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

Governmental Activities	48,812,091	
Internal Service Fund	(41,054)	
		48,771,037

Deferred outflows of resources include deferred charges on refundings which do not provide current financial resources and, therefore, are not reported in the funds.

236,747

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accounts Receivable	145,908	
Accrued Interest Receivable	50,421	
Due from Other Governments	837,929	
Municipal Income Taxes Receivable	1,437,738	
Other Local Taxes Receivable	140,376	
Delinquent Property Taxes Receivable	88,842	
Special Assessments Receivable	812,852	
		3,514,066

An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities.

3,894

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest Payable	(28,595)	
General Obligation Bonds Payable	(11,540,000)	
OWDA Loans Payable	(17,312,204)	
Compensated Absences Payable	(1,577,068)	
Compensated Absences Payable - Internal Service Fund	14,165	
Capital Leases Payable	(42,762)	
		(30,486,464)

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 position.

38,224

Net Position of Governmental Activities

\$36,976,937

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, 2013

	General	Playground and Recreation	Debt Service	Other Governmental	Total Governmental Funds
<u>Revenues</u>					
Property Taxes	\$1,476,641	\$574,494	\$0	\$246,212	\$2,297,347
Municipal Income Taxes	6,560,591	437,373	0	10,496,947	17,494,911
Other Local Taxes	2,269,076	0	0	177,159	2,446,235
Special Assessments	0	0	0	46,773	46,773
Charges for Services	1,659,274	902,626	0	163,065	2,724,965
Fees, Licenses, and Permits	25,146	0	0	2,956	28,102
Fines and Forfeitures	553,418	0	0	335,628	889,046
Intergovernmental	1,276,644	57,859	0	1,597,301	2,931,804
Interest	82,229	0	0	37,146	119,375
Other	211,991	133,145	477,223	453,394	1,275,753
Total Revenues	14,115,010	2,105,497	477,223	13,556,581	30,254,311
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	4,092,198	0	0	1,173,774	5,265,972
Fire	2,473,140	0	0	2,936,987	5,410,127
Ambulance	133,743	0	0	0	133,743
Public Health	65,460	0	0	10,855	76,315
Leisure Time Activities	561,706	2,047,692	0	2,884,407	5,493,805
Community Environment	562,275	0	0	278,052	840,327
Basic Utility Services	655,970	0	0	0	655,970
Transportation	2,129,428	0	0	1,911,874	4,041,302
General Government					
Court	1,284,619	0	0	204,198	1,488,817
Other	2,649,086	19,242	0	458,115	3,126,443
Capital Outlay	0	0	0	1,290,711	1,290,711
Debt Service					
Principal Retirement	60,000	0	7,180,000	1,928,654	9,168,654
Interest and Fiscal Charges	7,956	0	581,712	583,387	1,173,055
Total Expenditures	14,675,581	2,066,934	7,761,712	13,661,014	38,165,241
Excess of Revenues Over (Under) Expenditures	(560,571)	38,563	(7,284,489)	(104,433)	(7,910,930)
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	22,166	0	0	9,915	32,081
Bonds Issued	0	0	6,095,000	1,000,000	7,095,000
OWDA Loans Issued	0	0	0	48,128	48,128
Transfers In	62,906	0	1,262,854	878,599	2,204,359
Transfers Out	(40,397)	0	0	(2,163,962)	(2,204,359)
Total Other Financing Sources (Uses)	44,675	0	7,357,854	(227,320)	7,175,209
Change in Fund Balance	(515,896)	38,563	73,365	(331,753)	(735,721)
Fund Balance Beginning of Year	4,157,361	421,585	77,484	10,978,724	15,635,154
Fund Balance End of Year	\$3,641,465	\$460,148	\$150,849	\$10,646,971	\$14,899,433

See Accompanying Notes to the Basic Financial Statements