



Dave Yost • Auditor of State



**CITY OF BOWLING GREEN  
WOOD COUNTY**

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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, 2014 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, 2014, 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 schedules 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 3, 2015, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 3, 2015

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**City of Bowling Green**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
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, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

**HIGHLIGHTS**

Highlights for 2014 are as follows:

In total, the City's net position increased \$1,703,091, or less than 1 percent. Governmental activities increased less than 1 percent and business-type activities increased 1 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 Fund 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 25 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, Sewer and Water Capital Improvement, 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 2014. 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**  
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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, Sewer and Water Capital 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.

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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 position for 2014 and 2013.

Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<u>Assets</u>						
Current and Other Assets	\$24,732,467	\$22,826,362	\$40,244,966	\$38,737,657	\$64,977,433	\$61,564,019
Capital Assets, Net	46,905,136	48,812,091	112,673,554	112,301,619	159,578,690	161,113,710
Investment in Joint Venture	0	0	7,825,257	9,495,271	7,825,257	9,495,271
Total Assets	<u>71,637,603</u>	<u>71,638,453</u>	<u>160,743,777</u>	<u>160,534,547</u>	<u>232,381,380</u>	<u>232,173,000</u>
<u>Deferred Outflows of Resources</u>	<u>234,255</u>	<u>236,747</u>	<u>130,989</u>	<u>132,654</u>	<u>365,244</u>	<u>369,401</u>
<u>Liabilities</u>						
Current and Other Liabilities	2,435,316	2,104,265	6,496,945	6,820,075	8,932,261	8,924,340
Long-Term Liabilities	29,851,182	30,472,034	7,959,400	9,506,174	37,810,582	39,978,208
Total Liabilities	<u>32,286,498</u>	<u>32,576,299</u>	<u>14,456,345</u>	<u>16,326,249</u>	<u>46,742,843</u>	<u>48,902,548</u>
<u>Deferred Inflows of Resources</u>	<u>2,326,448</u>	<u>2,321,964</u>	<u>3,069,311</u>	<u>2,412,958</u>	<u>5,395,759</u>	<u>4,734,922</u>
<u>Net Position</u>						
Net Investment in Capital Assets	35,974,391	36,866,076	107,289,543	106,369,273	143,263,934	143,235,349
Restricted	13,439,365	11,720,655	0	0	13,439,365	11,720,655
Unrestricted (Deficit)	(12,154,844)	(11,609,794)	36,059,567	35,558,721	23,904,723	23,948,927
Total Net Position	<u>\$37,258,912</u>	<u>\$36,976,937</u>	<u>\$143,349,110</u>	<u>\$141,927,994</u>	<u>\$180,608,022</u>	<u>\$178,904,931</u>

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As reflected in the above table, the change in net position for governmental activities was less than 1 percent. Although there was almost no change in total assets, there are a few changes to note. The increase in current and other assets was primarily due to an increase in cash and cash equivalents. The most significant portion of this increase was related to resources obtained from the Ohio Water Development Authority for capital improvements and not spent as of year end. Note a similar increase in restricted net position. The decrease in net capital assets and the investment in capital assets was primarily due to annual depreciation. The increase in current and other liabilities was largely related to outstanding payables associated with an athletic field construction project. The decrease in long-term liabilities was the result of scheduled debt payments.

The change in net position for business-type activities was also insignificant (1 percent). The increase in current and other assets was primarily related to an increase in cash and cash equivalents and accounts receivable. Rate increases for the electric and water utilities contributed to the increased cash balance and the rate increases as well as the timing of billings contributed to the increase in accounts receivable. These increases, however, were offset by the decrease in the City's investment in the three AMP joint ventures during 2014. The decrease in long-term liabilities is the result of scheduled debt payments.

Table 2 reflects the change in net position for 2014 and 2013.

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$4,026,547	\$3,806,611	\$59,941,131	\$55,190,018	\$63,967,678	\$58,996,629
Operating Grants, Contributions, and Interest	1,995,969	1,856,067	0	0	1,995,969	1,856,067
Capital Grants and Contributions	804,536	36,690	0	0	804,536	36,690
Total Program Revenues	<u>6,827,052</u>	<u>5,699,368</u>	<u>59,941,131</u>	<u>55,190,018</u>	<u>66,768,183</u>	<u>60,889,386</u>
General Revenues						
Property Taxes-General Purposes	1,439,755	1,476,063	0	0	1,439,755	1,476,063
Property Taxes-Playground and Recreation	799,895	830,000	0	0	799,895	830,000
Municipal Income Taxes	18,369,611	17,600,059	0	0	18,369,611	17,600,059
Other Local Taxes	1,909,352	2,074,962	0	0	1,909,352	2,074,962
Grants and Entitlements not Restricted to Specific Programs	808,621	1,022,667	0	0	808,621	1,022,667
Franchise Taxes	297,155	316,714	0	0	297,155	316,714
Interest	292,599	80,365	822	8,682	293,421	89,047
Other	546,596	1,309,246	740,931	1,351,386	1,287,527	2,660,632
Total General Revenues	<u>24,463,584</u>	<u>24,710,076</u>	<u>741,753</u>	<u>1,360,068</u>	<u>25,205,337</u>	<u>26,070,144</u>
Total Revenues	<u>31,290,636</u>	<u>30,409,444</u>	<u>60,682,884</u>	<u>56,550,086</u>	<u>91,973,520</u>	<u>86,959,530</u>

(continued)

**City of Bowling Green**  
**Management's Discussion and Analysis**  
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**Unaudited**

Table 2  
Change in Net Position  
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b><u>Program Expenses</u></b>						
Security of Persons and Property						
Police	\$5,710,744	\$5,465,002	\$0	\$0	\$5,710,744	\$5,465,002
Fire/Ambulance	5,858,334	5,821,816	0	0	5,858,334	5,821,816
Public Health	75,035	77,487	0	0	75,035	77,487
Leisure Time Activities	2,466,841	2,360,088	0	0	2,466,841	2,360,088
Community Environment	919,769	859,797	0	0	919,769	859,797
Basic Utility Services	707,657	656,832	0	0	707,657	656,832
Transportation	6,098,285	6,263,429	0	0	6,098,285	6,263,429
General Government						
Court	1,581,724	1,613,071	0	0	1,581,724	1,613,071
Other	4,015,446	3,379,348	0	0	4,015,446	3,379,348
Internal Service Fund External Portion	21,349	30,911	0	0	21,349	30,911
Interest and Fiscal Charges	748,540	1,156,540	0	0	748,540	1,156,540
Electric	0	0	50,608,894	46,326,742	50,608,894	46,326,742
Water	0	0	5,859,410	5,683,671	5,859,410	5,683,671
Sewer	0	0	5,598,401	4,317,866	5,598,401	4,317,866
Total Expenses	<u>28,203,724</u>	<u>27,684,321</u>	<u>62,066,705</u>	<u>56,328,279</u>	<u>90,270,429</u>	<u>84,012,600</u>
Increase (Decrease) in Net Position						
Before Transfers	3,086,912	2,725,123	(1,383,821)	221,807	1,703,091	2,946,930
Transfers	<u>(2,804,937)</u>	<u>(2,777,236)</u>	<u>2,804,937</u>	<u>2,777,236</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position	281,975	(52,113)	1,421,116	2,999,043	1,703,091	2,946,930
Net Position Beginning of Year	<u>36,976,937</u>	<u>37,029,050</u>	<u>141,927,994</u>	<u>138,928,951</u>	<u>178,904,931</u>	<u>175,958,001</u>
Net Position End of Year	<u>\$37,258,912</u>	<u>\$36,976,937</u>	<u>\$143,349,110</u>	<u>\$141,927,994</u>	<u>\$180,608,022</u>	<u>\$178,904,931</u>

For governmental activities, the increase in program revenues for 2014 was largely due to resources received from the Ohio Department of Transportation for street projects (Poe/Haskins Road). There was little change in general revenues in total; however, there was an increase in municipal income taxes as the economy continues its rebound. Unfortunately this was offset by decreases in other local taxes (largely hotel/motel tax revenue) and unrestricted grants and entitlements (decrease in estate taxes). Total revenues increased approximately 3 percent. The increase in governmental activities expenses was less than 2 percent and not significant.

As expected, program revenues make up a significant portion of the total revenues for business-type activities (almost 99 percent). Rate increases in the electric and water utilities led to the increase in charges for services revenue. There was a 10 percent increase in expenses for business-type activities. The largest increase in the Electric Fund was related to increased purchase of power costs. Plant and distribution costs increased for both the Water and Sewer funds.

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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	
	2014	2013	2014	2013
Security of Persons and Property				
Police	\$5,710,744	\$5,465,002	\$5,381,272	\$5,084,536
Fire/Ambulance	5,858,334	5,821,816	5,293,146	5,216,113
Public Health	75,035	77,487	35,938	40,141
Leisure Time Activities	2,466,841	2,360,088	1,349,510	1,399,067
Community Environment	919,769	859,797	606,439	550,354
Basic Utility Services	707,657	656,832	511,576	618,407
Transportation	6,098,285	6,263,429	3,516,711	4,349,459
General Government				
Court	1,581,724	1,613,071	163,324	427,599
Other	4,015,446	3,379,348	3,769,660	3,146,070
Internal Service Fund External Portion	21,349	30,911	556	(3,333)
Interest and Fiscal Charges	748,540	1,156,540	748,540	1,156,540
<b>Total Expenses</b>	<b>\$28,203,724</b>	<b>\$27,684,321</b>	<b>\$21,376,672</b>	<b>\$21,984,953</b>

For 2014, general revenues provided for 76 percent of the costs of providing governmental activities services (3 percent change from 2013). Note that general revenues provide for most of the costs of providing police, fire, and ambulance services (92 percent paid from general revenues). The programs receiving significant support through program revenues in 2014 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, and the Sewer and Water Capital Improvement capital projects fund. For 2014, the General Fund had a 5 percent decrease in fund balance due to cash carryover spending. There was a modest 3 percent increase in revenues and expenditures were very similar to the prior year.

The Playground and Recreation Fund had a decrease in fund balance of \$83,717. There was a 9 percent increase in revenues; however, a 15 percent increase in expenditures.

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The Sewer and Water Capital Improvement Fund had an increase in fund balance of \$1,155,295 largely due to resources obtained from the Ohio Water Development Authority for capital improvements and not spent as of year end.

**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 2014.

Net position increased 3 percent in the Electric Fund. Rate increases contributed to the 9 percent increase in revenues and higher purchase of power costs led to a 7 percent increase in expenses. The expansion of a local manufacturing firm also contributed to increases in both revenues and expenses.

Despite an operating loss in the Water Fund, there was a 3 percent increase in net position due to the contribution of capital assets from governmental funds.

The Sewer Fund had a decrease in net position of 3 percent. Revenues were similar to the prior year but there was an increase in both plan operation and distribution costs.

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 2014, capital asset contributions from the Sewer and Water Improvement capital projects fund were \$2,501,449 in the Water Fund and \$303,488 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, there was no change from the original budget to the final budget and only modest changes from the final budget to actual revenues. For expenditures, changes from the original budget to the final budget as well as from the final budget to actual 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, 2014, was \$35,974,391 and \$107,289,543, 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 2014 consisted primarily of street construction (Poe/Haskins road project), four new police cruisers, two new vans, and a new dump truck. The most significant additions for business-type activities were construction for the water tower replacement and the completion of the Vehtek substation

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expansion. For further information regarding the City's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2014, the City had \$600,000 in outstanding bond anticipation notes, \$10,565,000 in general obligation bonds, and \$17,708,506 in OWDA loans payable from governmental activities. Business-type activities had \$2,435,000 in bond anticipation notes and \$3,080,000 in general obligation bonds outstanding at year end. In addition, business-type activities, specifically the Electric enterprise fund, owed AMP-Ohio \$2,744,186, 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, and \$1,018,047 related to the City's obligation related to the AMPGS project which was terminated.

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

#### CURRENT ISSUES

John Fawcett, long time City employee and Municipal Administrator, retired at the end of June 2015. Lori Tretter, having been with the City for eighteen years with eight of those years as Assistant Municipal Administrator, has replaced John as municipal administrator.

City Council, with extensive input from the community, approved a future land use plan in 2014 that will provide guidance to the administration and elected officials now and in the future. This plan includes seven key principles to help guide decisions about future land usage and needs.

All five of the City's union contracts were settled for a three-year term during 2014 locking in 3 percent annual wage increases thru the various expiration dates in 2017.

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 implementation was completed in February 2015.

Construction on a new elevated water storage tank began in 2014 and is expected to come online during the summer of 2015. A low-interest Ohio Water Development Authority loan and an Ohio Public Works Commission grant are providing 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, 2014

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$15,897,006	\$31,272,413	\$47,169,419
Cash and Cash Equivalents in Segregated Accounts	4,322	0	4,322
Cash and Cash Equivalents with Fiscal Agents	0	239,226	239,226
Accounts Receivable	663,149	6,345,601	7,008,750
Accrued Interest Receivable	92,441	0	92,441
Due from Other Governments	1,055,978	6,255	1,062,233
Municipal Income Taxes Receivable	3,622,553	0	3,622,553
Other Local Taxes Receivable	56,806	135,540	192,346
Internal Balances	134,022	(134,022)	0
Prepaid Items	78,006	78,006	156,012
Materials and Supplies Inventory	0	1,283,900	1,283,900
Property Taxes Receivable	2,336,895	0	2,336,895
Notes Receivable	468,497	0	468,497
Special Assessments Receivable	322,792	0	322,792
Recovered Purchased Power Receivable	0	1,018,047	1,018,047
Nondepreciable Capital Assets	5,373,906	7,071,890	12,445,796
Depreciable Capital Assets, Net	41,531,230	105,601,664	147,132,894
Investment in Joint Venture	0	7,825,257	7,825,257
<b>Total Assets</b>	<b>71,637,603</b>	<b>160,743,777</b>	<b>232,381,380</b>
<u>Deferred Outflows of Resources</u>			
Deferred Charge on Refunding	234,255	130,989	365,244
<u>Liabilities</u>			
Accrued Wages Payable	427,097	187,570	614,667
Accounts Payable	645,260	3,482,754	4,128,014
Contracts Payable	281,715	94,753	376,468
Due to Other Governments	437,751	197,076	634,827
Accrued Interest Payable	25,092	9,645	34,737
Notes Payable	600,000	2,435,000	3,035,000
Retainage Payable	18,401	0	18,401
Unearned Revenue	0	90,147	90,147
Long-Term Liabilities			
Due Within One Year	2,246,124	2,144,651	4,390,775
Due in More Than One Year	27,605,058	5,814,749	33,419,807
<b>Total Liabilities</b>	<b>32,286,498</b>	<b>14,456,345</b>	<b>46,742,843</b>
<u>Deferred Inflows of Resources</u>			
Property Taxes	2,326,448	0	2,326,448
Recovered Purchased Power	0	3,069,311	3,069,311
<b>Total Deferred Inflows of Resources</b>	<b>2,326,448</b>	<b>3,069,311</b>	<b>5,395,759</b>
<u>Net Position</u>			
Net Investment in Capital Assets	35,974,391	107,289,543	143,263,934
Restricted for			
Debt Service	380,649	0	380,649
Capital Projects	8,150,439	0	8,150,439
Street Maintenance and Repair	1,315,156	0	1,315,156
Community Development	800,356	0	800,356
Security of Persons and Property - Police	602,672	0	602,672
Security of Persons and Property - Fire	859,317	0	859,317
Other Purposes	1,330,776	0	1,330,776
Unrestricted (Deficit)	(12,154,844)	36,059,567	23,904,723
<b>Total Net Position</b>	<b>\$37,258,912</b>	<b>\$143,349,110</b>	<b>\$180,608,022</b>

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green  
Statement of Activities  
For the Year Ended December 31, 2014

	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	\$5,710,744	\$291,556	\$37,916	\$0
Fire/Ambulance	5,858,334	565,188	0	0
Public Health	75,035	39,097	0	0
Leisure Time Activities	2,466,841	925,436	166,240	25,655
Community Environment	919,769	21,453	291,877	0
Basic Utility Services	707,657	2,965	0	193,116
Transportation	6,098,285	697,878	1,297,931	585,765
General Government				
Court	1,581,724	1,220,746	197,654	0
Other	4,015,446	241,435	4,351	0
Internal Service Fund				
External Portion	21,349	20,793	0	0
Interest and Fiscal Charges	748,540	0	0	0
<b>Total Governmental Activities</b>	<b>28,203,724</b>	<b>4,026,547</b>	<b>1,995,969</b>	<b>804,536</b>
<u>Business-Type Activities</u>				
Electric	50,608,894	51,734,023	0	0
Water	5,859,410	4,616,349	0	0
Sewer	5,598,401	3,590,759	0	0
<b>Total Business-Type Activities</b>	<b>62,066,705</b>	<b>59,941,131</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>\$90,270,429</b>	<b>\$63,967,678</b>	<b>\$1,995,969</b>	<b>\$804,536</b>

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 - Restated (Note 3)

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
(\$5,381,272)	\$0	(\$5,381,272)
(5,293,146)	0	(5,293,146)
(35,938)	0	(35,938)
(1,349,510)	0	(1,349,510)
(606,439)	0	(606,439)
(511,576)	0	(511,576)
(3,516,711)	0	(3,516,711)
(163,324)	0	(163,324)
(3,769,660)	0	(3,769,660)
(556)	0	(556)
(748,540)	0	(748,540)
(21,376,672)	0	(21,376,672)
0	1,125,129	1,125,129
0	(1,243,061)	(1,243,061)
0	(2,007,642)	(2,007,642)
0	(2,125,574)	(2,125,574)
(21,376,672)	(2,125,574)	(23,502,246)
1,439,755	0	1,439,755
799,895	0	799,895
6,888,602	0	6,888,602
459,241	0	459,241
4,592,404	0	4,592,404
4,592,403	0	4,592,403
1,836,961	0	1,836,961
1,909,352	0	1,909,352
808,621	0	808,621
297,155	0	297,155
292,599	822	293,421
546,596	740,931	1,287,527
24,463,584	741,753	25,205,337
(2,804,937)	2,804,937	0
21,658,647	3,546,690	25,205,337
281,975	1,421,116	1,703,091
36,976,937	141,927,994	178,904,931
\$37,258,912	\$143,349,110	\$180,608,022

City of Bowling Green  
Balance Sheet  
Governmental Funds  
December 31, 2014

	General	Playground and Recreation	Sewer and Water Capital Improvement	Other Governmental	Total Governmental Funds
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$3,863,033	\$539,773	\$4,906,616	\$6,550,446	\$15,859,868
Cash and Cash Equivalents in Segregated Accounts	0	0	0	4,322	4,322
Accounts Receivable	661,231	0	0	0	661,231
Accrued Interest Receivable	92,441	0	0	0	92,441
Due from Other Governments	497,935	29,490	5,380	523,048	1,055,853
Municipal Income Taxes Receivable	1,358,457	90,564	905,638	1,267,894	3,622,553
Other Local Taxes Receivable	43,021	0	0	13,785	56,806
Interfund Receivable	135,540	0	0	275,000	410,540
Prepaid Items	78,006	0	0	0	78,006
Restricted Assets					
Equity in Pooled Cash and Cash Equivalents	13,926	0	0	0	13,926
Property Taxes Receivable	1,505,877	581,790	0	249,228	2,336,895
Notes Receivable	0	0	0	468,497	468,497
Special Assessments Receivable	0	0	0	322,792	322,792
<b>Total Assets</b>	<b>\$8,249,467</b>	<b>\$1,241,617</b>	<b>\$5,817,634</b>	<b>\$9,675,012</b>	<b>\$24,983,730</b>
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$265,877	\$24,044	\$0	\$134,376	\$424,297
Accounts Payable	313,842	30,440	126,763	164,996	636,041
Contracts Payable	0	114,237	125,406	42,072	281,715
Due to Other Governments	310,517	23,659	1,360	99,538	435,074
Accrued Interest Payable	544	0	0	0	544
Interfund Payable	3,626	250	0	277,036	280,912
Notes Payable	600,000	0	0	0	600,000
Retainage Payable	0	11,950	6,451	0	18,401
<b>Total Liabilities</b>	<b>1,494,406</b>	<b>204,580</b>	<b>259,980</b>	<b>718,018</b>	<b>2,676,984</b>
<u>Deferred Inflows of Resources</u>					
Property Taxes	1,499,176	579,168	0	248,104	2,326,448
Unavailable Revenue	1,792,839	81,438	493,261	1,446,868	3,814,406
<b>Total Deferred Inflows of Resources</b>	<b>3,292,015</b>	<b>660,606</b>	<b>493,261</b>	<b>1,694,972</b>	<b>6,140,854</b>
<u>Fund Balance</u>					
Nonspendable	91,932	0	0	0	91,932
Restricted	0	376,431	5,064,393	6,491,941	11,932,765
Committed	208,051	0	0	884,985	1,093,036
Assigned	603,664	0	0	140,850	744,514
Unassigned (Deficit)	2,559,399	0	0	(255,754)	2,303,645
<b>Total Fund Balance</b>	<b>3,463,046</b>	<b>376,431</b>	<b>5,064,393</b>	<b>7,262,022</b>	<b>16,165,892</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$8,249,467</b>	<b>\$1,241,617</b>	<b>\$5,817,634</b>	<b>\$9,675,012</b>	<b>\$24,983,730</b>

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, 2014

Total Governmental Fund Balance		\$16,165,892
<p>Amounts reported for governmental activities on the statement of net position 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	46,905,136	
Internal Service Fund	<u>(29,769)</u>	46,875,367
<p>Deferred outflows of resources include deferred charges on refundings which do not provide current financial resources and, therefore, are not reported in the funds.</p>		
		234,255
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>		
Accounts Receivable	609,747	
Accrued Interest Receivable	67,697	
Due from Other Governments	819,408	
Municipal Income Taxes Receivable	1,973,041	
Other Local Taxes Receivable	11,274	
Delinquent Property Taxes Receivable	10,447	
Special Assessments Receivable	<u>322,792</u>	3,814,406
<p>An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities.</p>		
		4,394
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Accrued Interest Payable	(24,548)	
General Obligation Bonds Payable	(10,565,000)	
OWDA Loans Payable	(17,708,506)	
Compensated Absences Payable	(1,577,676)	
Compensated Absences Payable - Internal Service Fund	<u>7,660</u>	(29,868,070)
<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 position.</p>		
		<u>32,668</u>
Net Position of Governmental Activities		<u><u>\$37,258,912</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, 2014

	General	Playground and Recreation	Sewer and Water Capital Improvement	Other Governmental	Total Governmental Funds
<u>Revenues</u>					
Property Taxes	\$1,490,167	\$579,511	\$0	\$248,367	\$2,318,045
Municipal Income Taxes	6,687,864	445,858	4,458,577	6,242,009	17,834,308
Other Local Taxes	2,340,048	0	0	171,646	2,511,694
Special Assessments	0	0	0	54,017	54,017
Charges for Services	1,867,001	925,436	0	164,738	2,957,175
Fees, Licenses, and Permits	25,215	0	0	4,009	29,224
Fines and Forfeitures	521,711	0	0	293,763	815,474
Intergovernmental	1,103,979	166,060	193,116	2,150,470	3,613,625
Interest	275,323	0	0	14,022	289,345
Other	195,456	169,247	52,591	124,852	542,146
<b>Total Revenues</b>	<b>14,506,764</b>	<b>2,286,112</b>	<b>4,704,284</b>	<b>9,467,893</b>	<b>30,965,053</b>
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	4,106,239	0	0	1,408,518	5,514,757
Fire	2,212,732	0	0	3,244,366	5,457,098
Ambulance	125,954	0	0	0	125,954
Public Health	67,356	0	0	5,926	73,282
Leisure Time Activities	766	2,348,419	0	0	2,349,185
Community Environment	646,707	0	0	262,473	909,180
Basic Utility Services	704,747	0	0	0	704,747
Transportation	2,199,615	0	0	2,254,989	4,454,604
General Government					
Court	1,270,041	0	0	178,470	1,448,511
Other	3,257,737	21,410	214,094	298,882	3,792,123
Capital Outlay	0	0	3,039,634	467,014	3,506,648
Debt Service					
Principal Retirement	60,000	0	1,791,055	957,762	2,808,817
Interest and Fiscal Charges	11,848	0	408,853	329,394	750,095
<b>Total Expenditures</b>	<b>14,663,742</b>	<b>2,369,829</b>	<b>5,453,636</b>	<b>9,407,794</b>	<b>31,895,001</b>
Excess of Revenues Over (Under) Expenditures	(156,978)	(83,717)	(749,352)	60,099	(929,948)
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	9,050	0	0	0	9,050
OWDA Loans Issued	0	0	2,187,357	0	2,187,357
Transfers In	0	0	0	1,688,166	1,688,166
Transfers Out	(30,491)	0	(282,710)	(1,374,965)	(1,688,166)
<b>Total Other Financing Sources (Uses)</b>	<b>(21,441)</b>	<b>0</b>	<b>1,904,647</b>	<b>313,201</b>	<b>2,196,407</b>
<b>Change in Fund Balance</b>	<b>(178,419)</b>	<b>(83,717)</b>	<b>1,155,295</b>	<b>373,300</b>	<b>1,266,459</b>
<b>Fund Balance Beginning of Year</b>	<b>3,641,465</b>	<b>460,148</b>	<b>3,909,098</b>	<b>6,888,722</b>	<b>14,899,433</b>
<b>Fund Balance End of Year</b>	<b>\$3,463,046</b>	<b>\$376,431</b>	<b>\$5,064,393</b>	<b>\$7,262,022</b>	<b>\$16,165,892</b>

See Accompanying Notes to the Basic Financial Statements

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, 2014

Change in Fund Balance - Total Governmental Funds \$1,266,459

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

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

Capital Outlay	1,499,458	
Depreciation	(3,399,130)	
Depreciation - Internal Service Fund	<u>11,285</u>	(1,888,387)

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds and as non-operating revenue in the internal service fund. However, the cost of the capital asset is removed from the capital asset account on the statement of net position when disposed of resulting in a gain or loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(9,050)	
Gain on Disposal of Capital Assets	4,450	
Loss on Disposal of Capital Assets	<u>(2,683)</u>	(7,283)

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

Property Taxes	(78,395)	
Municipal Income Taxes	535,303	
Other Local Taxes	(133,541)	
Special Assessments	(38,905)	
Charges for Services	(2,252)	
Intergovernmental	(18,521)	
Fines and Forfeitures	19,375	
Interest	<u>17,276</u>	300,340

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

General Obligation Bonds Payable	975,000	
OWDA Loans Payable	1,791,055	
Capital Leases Payable	<u>42,762</u>	2,808,817

OWDA loan proceeds are reported as other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net position. (2,187,357)

Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net position. Accounting losses are amortized over the life of the debt on the statement of activities.

Accrued Interest Payable	4,047	
Amortization of Deferred Charge on Refunding	<u>(2,492)</u>	1,555

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	(608)	
Compensated Absences Payable - Internal Service Fund	<u>(6,505)</u>	(7,113)

(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, 2014  
(continued)

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. (\$4,500)

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. (556)

Change in Net Position of Governmental Activities \$281,975

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$1,646,214	\$1,506,099	\$1,490,167	(\$15,932)
Other Local Taxes	2,350,973	2,362,500	2,227,509	(134,991)
Charges for Services	1,686,056	1,769,400	1,847,245	77,845
Fees, Licenses, and Permits	20,788	21,375	25,215	3,840
Fines and Forfeitures	451,463	461,000	409,634	(51,366)
Intergovernmental	1,051,568	1,077,353	1,117,904	40,551
Interest	149,124	155,000	252,374	97,374
Other	24,291	27,750	139,500	111,750
<b>Total Revenues</b>	<b>7,380,477</b>	<b>7,380,477</b>	<b>7,509,548</b>	<b>129,071</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	4,083,983	4,135,298	4,103,940	31,358
Fire	2,202,693	2,250,839	2,249,224	1,615
Ambulance	159,103	128,862	124,444	4,418
Public Health	73,958	73,958	68,234	5,724
Community Environment	672,075	679,109	658,971	20,138
Basic Utility Services	697,390	708,308	708,153	155
Transportation	2,417,101	2,445,183	2,341,883	103,300
General Government				
Court	1,373,490	1,324,751	1,260,969	63,782
Other	2,419,416	2,841,755	2,697,578	144,177
<b>Total Expenditures</b>	<b>14,099,209</b>	<b>14,588,063</b>	<b>14,213,396</b>	<b>374,667</b>
Excess of Revenues Under Expenditures	(6,718,732)	(7,207,586)	(6,703,848)	503,738
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	12,045	12,045	12,045	0
Bond Anticipation Notes Issued	200,000	200,000	200,000	0
Sale of Capital Assets	0	0	9,050	9,050
Transfers In	6,557,462	6,557,462	6,682,354	124,892
Transfers Out	(336,319)	(319,621)	(319,621)	0
<b>Total Other Financing Sources (Uses)</b>	<b>6,433,188</b>	<b>6,449,886</b>	<b>6,583,828</b>	<b>133,942</b>
<b>Change in Fund Balance</b>	<b>(285,544)</b>	<b>(757,700)</b>	<b>(120,020)</b>	<b>637,680</b>
Fund Balance Beginning of Year	2,786,772	2,786,772	2,786,772	0
Prior Year Encumbrances Appropriated	301,203	301,203	301,203	0
<b>Fund Balance End of Year</b>	<b>\$2,802,431</b>	<b>\$2,330,275</b>	<b>\$2,967,955</b>	<b>\$637,680</b>

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$637,685	\$583,196	\$579,511	(\$3,685)
Municipal Income Taxes	443,518	463,959	452,276	(11,683)
Charges for Services	952,508	992,475	922,672	(69,803)
Intergovernmental	62,296	166,522	166,060	(462)
Other	134,172	141,500	169,247	27,747
<b>Total Revenues</b>	<b>2,230,179</b>	<b>2,347,652</b>	<b>2,289,766</b>	<b>(57,886)</b>
<u>Expenditures</u>				
Current:				
Leisure Time Activities	2,391,738	2,547,811	2,464,505	83,306
General Government				
Other	22,694	22,694	21,656	1,038
<b>Total Expenditures</b>	<b>2,414,432</b>	<b>2,570,505</b>	<b>2,486,161</b>	<b>84,344</b>
Change in Fund Balance	(184,253)	(222,853)	(196,395)	26,458
Fund Balance Beginning of Year	397,964	397,964	397,964	0
Prior Year Encumbrances Appropriated	92,338	92,338	92,338	0
<b>Fund Balance End of Year</b>	<b>\$306,049</b>	<b>\$267,449</b>	<b>\$293,907</b>	<b>\$26,458</b>

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green  
Statement of Fund Net Position  
Proprietary Funds  
December 31, 2014

	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	\$22,842,984	\$5,688,515	\$2,740,914	\$31,272,413	\$23,212
Cash and Cash Equivalents with Fiscal Agents	239,226	0	0	239,226	0
Accounts Receivable	5,509,317	418,400	417,884	6,345,601	1,918
Due from Other Governments	5,583	0	672	6,255	125
Other Local Taxes Receivable	135,540	0	0	135,540	0
Interfund Receivable	14,045	10,953	0	24,998	0
Prepaid Items	26,007	26,007	25,992	78,006	0
Materials and Supplies Inventory	1,171,026	112,874	0	1,283,900	0
Total Current Assets	<u>29,943,728</u>	<u>6,256,749</u>	<u>3,185,462</u>	<u>39,385,939</u>	<u>25,255</u>
<u>Non-Current Assets</u>					
Recovered Purchased Power Receivable	1,018,047	0	0	1,018,047	0
Nondepreciable Capital Assets	1,339,082	3,458,744	2,274,064	7,071,890	0
Depreciable Capital Assets, Net	19,354,258	41,040,996	45,206,410	105,601,664	29,769
Investment in Joint Venture	7,825,257	0	0	7,825,257	0
Total Non-Current Assets	<u>29,536,644</u>	<u>44,499,740</u>	<u>47,480,474</u>	<u>121,516,858</u>	<u>29,769</u>
Total Assets	<u>59,480,372</u>	<u>50,756,489</u>	<u>50,665,936</u>	<u>160,902,797</u>	<u>55,024</u>
<u>Deferred Outflows of Resources</u>					
Deferred Charge on Refunding	0	29,095	101,894	130,989	0
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	79,798	53,764	54,008	187,570	2,800
Accounts Payable	2,074,188	740,642	667,924	3,482,754	9,219
Contracts Payable	85,704	0	9,049	94,753	0
Due to Other Governments	90,132	43,151	63,793	197,076	2,677
Interfund Payable	136,798	2,569	15,259	154,626	0
Accrued Interest Payable	3,269	1,408	4,968	9,645	0
Notes Payable	2,435,000	0	0	2,435,000	0
Unearned Revenue	90,147	0	0	90,147	0
General Obligation Bonds Payable	70,000	60,000	220,000	350,000	0
Compensated Absences Payable	200,226	133,393	123,735	457,354	4,614
AMP Ohio Payable	1,337,297	0	0	1,337,297	0
Total Current Liabilities	<u>6,602,559</u>	<u>1,034,927</u>	<u>1,158,736</u>	<u>8,796,222</u>	<u>19,310</u>
<u>Non-Current Liabilities</u>					
General Obligation Bonds Payable	70,000	590,000	2,070,000	2,730,000	0
Compensated Absences Payable	314,766	138,646	206,401	659,813	3,046
AMP Ohio Payable	2,424,936	0	0	2,424,936	0
Total Non-Current Liabilities	<u>2,809,702</u>	<u>728,646</u>	<u>2,276,401</u>	<u>5,814,749</u>	<u>3,046</u>
Total Liabilities	<u>9,412,261</u>	<u>1,763,573</u>	<u>3,435,137</u>	<u>14,610,971</u>	<u>22,356</u>
<u>Deferred Inflows of Resources</u>					
Recovered Purchased Power	3,069,311	0	0	3,069,311	0
<u>Net Position</u>					
Net Investment in Capital Assets	18,118,340	43,878,835	45,292,368	107,289,543	29,769
Unrestricted	28,880,460	5,143,176	2,040,325	36,063,961	2,899
Total Net Position	<u>\$46,998,800</u>	<u>\$49,022,011</u>	<u>\$47,332,693</u>	<u>143,353,504</u>	<u>\$32,668</u>

Net position reported for business-type activities on the statement of net position is different because it includes a proportionate share of the balance of the internal service fund.

(4,394)

Net position of business-type activities

\$143,349,110

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green  
Statement of Revenues, Expenses,  
and Change in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2014

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Operating Revenues</u>					
Charges for Services	\$49,962,127	\$4,616,349	\$3,590,759	\$58,169,235	\$205,503
Other	435,627	112,782	192,522	740,931	2,430
Total Operating Revenues	<u>50,397,754</u>	<u>4,729,131</u>	<u>3,783,281</u>	<u>58,910,166</u>	<u>207,933</u>
<u>Operating Expenses</u>					
Purchased Power	42,428,317	0	0	42,428,317	0
Plant Operation	0	2,779,332	2,352,830	5,132,162	0
Distribution Operation	1,818,318	1,085,610	979,229	3,883,157	0
Administrative and General	1,405,730	629,926	586,131	2,621,787	0
Information and Technology	184,482	61,552	61,399	307,433	0
Depreciation	1,297,071	1,283,558	1,550,109	4,130,738	11,285
Other	0	0	0	0	202,204
Total Operating Expenses	<u>47,133,918</u>	<u>5,839,978</u>	<u>5,529,698</u>	<u>58,503,594</u>	<u>213,489</u>
Operating Income (Loss)	<u>3,263,836</u>	<u>(1,110,847)</u>	<u>(1,746,417)</u>	<u>406,572</u>	<u>(5,556)</u>
<u>Non-Operating Revenues (Expenses)</u>					
Excise Taxes	1,771,896	0	0	1,771,896	0
Excise Taxes Expense	(1,771,896)	0	0	(1,771,896)	0
Interest Revenue	324	181	317	822	0
Interest Expense	(33,001)	(19,257)	(68,443)	(120,701)	0
Investment in Joint Venture	(1,670,014)	0	0	(1,670,014)	0
Total Non-Operating Revenues (Expenses)	<u>(1,702,691)</u>	<u>(19,076)</u>	<u>(68,126)</u>	<u>(1,789,893)</u>	<u>0</u>
Income (Loss) before Contributions	1,561,145	(1,129,923)	(1,814,543)	(1,383,321)	(5,556)
Capital Contributions	0	2,501,449	303,488	2,804,937	0
Change in Net Position	1,561,145	1,371,526	(1,511,055)	1,421,616	(5,556)
Net Position Beginning of Year - Restated (Note 3)	<u>45,437,655</u>	<u>47,650,485</u>	<u>48,843,748</u>		<u>38,224</u>
Net Position End of Year	<u>\$46,998,800</u>	<u>\$49,022,011</u>	<u>\$47,332,693</u>		<u>\$32,668</u>

The change in net position 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. (500)

Change in net position of business-type activities \$1,421,116

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2014

	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	\$49,895,786	\$4,730,780	\$3,595,541	\$58,222,107	\$0
Cash Received from Transactions with Other Funds	0	0	0	0	205,839
Cash Payments for Purchased Power	(43,542,101)	0	0	(43,542,101)	0
Cash Payments for Plant Operation	0	(2,219,767)	(1,715,658)	(3,935,425)	0
Cash Payments for Distribution Operation	(3,617,462)	(1,057,854)	(973,249)	(5,648,565)	0
Cash Payments for Administrative and General	(1,341,647)	(611,713)	(552,602)	(2,505,962)	0
Cash Payments for Information and Technology	(195,682)	(65,349)	(65,196)	(326,227)	0
Cash Received from Other Revenues	653,761	112,782	192,522	959,065	2,430
Cash Payments for Other Expenses	0	0	0	0	(201,454)
Net Cash Provided by Operating Activities	<u>1,852,655</u>	<u>888,879</u>	<u>481,358</u>	<u>3,222,892</u>	<u>6,815</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Cash Received from Excise Taxes	1,771,896	0	0	1,771,896	0
Cash Payments for Excise Tax Distribution	(1,771,896)	0	0	(1,771,896)	0
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Principal Paid on Bond Anticipation Notes	(2,635,000)	0	0	(2,635,000)	0
Principal Paid on General Obligation Bonds	(70,000)	(60,000)	(220,000)	(350,000)	0
Interest Paid on Bond Anticipation Notes	(25,362)	0	0	(25,362)	0
Interest Paid on General Obligation Bonds	(8,400)	(19,138)	(67,763)	(95,301)	0
Bond Anticipation Notes Issued	2,435,000	0	0	2,435,000	0
Acquisition of Capital Assets	(883,711)	(427,651)	(386,374)	(1,697,736)	0
Net Cash Used for Capital and Related Financing Activities	<u>(1,187,473)</u>	<u>(506,789)</u>	<u>(674,137)</u>	<u>(2,368,399)</u>	<u>0</u>
<u>Cash Flows from Investing Activities</u>					
Interest	324	181	317	822	0
Net Increase (Decrease) in Cash and Cash Equivalents	665,506	382,271	(192,462)	855,315	6,815
Cash and Cash Equivalents Beginning of Year	<u>22,416,704</u>	<u>5,306,244</u>	<u>2,933,376</u>	<u>30,656,324</u>	<u>16,397</u>
Cash and Cash Equivalents End of Year	<u>\$23,082,210</u>	<u>\$5,688,515</u>	<u>\$2,740,914</u>	<u>\$31,511,639</u>	<u>\$23,212</u>

(continued)

City of Bowling Green  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2014  
(continued)

	Business-Type Activities			Total Enterprise Funds	Governmental
	Electric	Water	Sewer		Activity Internal Service Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>					
Operating Income (Loss)	\$3,263,836	(\$1,110,847)	(\$1,746,417)	\$406,572	(\$5,556)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</u>					
Depreciation	1,297,071	1,283,558	1,550,109	4,130,738	11,285
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(596,987)	115,134	4,867	(476,986)	(1,547)
(Increase) Decrease in Due from Other Governments	(2,915)	24	(85)	(2,976)	1,883
Decrease in Other Local Taxes Receivable	709	0	0	709	0
(Increase) Decrease in Interfund Receivable	5,195	(727)	0	4,468	0
Increase in Prepaid Items	(2,940)	(2,925)	(2,910)	(8,775)	0
(Increase) Decrease in Materials and Supplies Inventory	(149,026)	6,649	0	(142,377)	0
Increase in Recovered Purchased Power Receivable	(21,437)	0	0	(21,437)	0
Increase in Accrued Wages Payable	19,023	13,993	12,078	45,094	258
Increase (Decrease) in Accounts Payable	(1,082,156)	628,034	626,311	172,189	6,888
Increase (Decrease) in Contracts Payable	(431,669)	(63,310)	7,596	(487,383)	0
Increase in Due to Other Governments	26,501	7,228	24,721	58,450	109
Decrease in Interfund Payable	(635)	(3,622)	(863)	(5,120)	0
Increase in Unearned Revenue	90,147	0	0	90,147	0
Increase in Compensated Absences Payable	33,370	15,690	5,951	55,011	(6,505)
Decrease in AMP-Ohio Payable	(1,251,785)	0	0	(1,251,785)	0
Increase in Recovered Purchased Power Payable	656,353	0	0	656,353	0
Net Cash Provided by Operating Activities	\$1,852,655	\$888,879	\$481,358	\$3,222,892	\$6,815

Non-Cash Capital Financing Activities:

The Water and Sewer enterprise funds received capital assets that were constructed in the City's governmental funds, in the amount of \$2,501,449 and \$303,488, respectively.

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2014

<u>Assets</u>	
Cash and Cash Equivalents in Segregated Accounts	\$267,171
Special Assessments Receivable	<u>149,071</u>
Total Assets	<u><u>\$416,242</u></u>
 <u>Liabilities</u>	
Undistributed Assets	<u><u>\$416,242</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, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. There were no component units of the City of Bowling Green in 2014.

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 Ohio Rural Water 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. 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, 2014

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**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 position 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 position 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 position 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Governmental Funds

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

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

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

Sewer and Water Capital Improvement Fund - The Sewer and Water Capital Improvement Fund accounts for municipal income taxes and debt proceeds that are restricted for various water and sewer improvements.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, change in net position, 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 position and changes in net position. 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 2014. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for special assessments levied and paid to the Bowling Green Central Business Special Improvement District, Inc., monies collected from a fundraising project for the Bowling Green Central Business Special Improvement District, Inc., and fines and fees collected by the Bowling Green Municipal Court (excluding those due to the City of Bowling Green).

C. Measurement Focus

Government-Wide Financial Statements

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

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 position. The statement of revenues, expenses, and change in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its proprietary activities.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 outflows and deferred inflows of resources, 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 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.

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met because these amounts have not yet been earned.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the City, deferred outflows of resources consists of deferred charges on refundings. A deferred charge on refunding results from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the life of the old debt or the life of the new debt, whichever is shorter.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, recovered purchased power, and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2014, but which were levied to finance 2015 operations. Recovered purchased power represents recovered costs of a regulated business-type activity applicable to a future period. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental and proprietary fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes accrued interest, intergovernmental revenues including grants, municipal income taxes, other local taxes, delinquent property taxes, special assessments, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

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 final amended certificate of estimated resources requested by City Council prior to year end.

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.

**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 fiscal agents (AMP-Ohio) are recorded as “Cash and Cash Equivalents with Fiscal Agents”.

During 2014, the City invested in negotiable and nonnegotiable certificates of deposit, Ohio local government securities, federal agency securities, and mutual funds. Nonnegotiable certificates of deposit are reported at cost. Investments are reported at fair value, which is based on quoted market price or current share price.

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 2014 was \$275,323, which includes \$249,464 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, 2014 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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Unclaimed monies that have a legal restriction on their use are reported as restricted.

**J. 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 position 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 position 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 position 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

**K. Deferred Charge on Refunding**

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as deferred outflows of resources on the statement of net position.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as “Internal Balances.”

M. Compensated Absences

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

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

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, OWDA loans, and capital leases are recognized as liabilities on the governmental fund financial statements when due.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**O. Net Position**

Net position represents the difference between all other elements on the statement of net position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on its 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 position restricted for other purposes includes resources restricted for maintenance of state highways, parks and recreation, cemetery maintenance, and various municipal court operations. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**P. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

**Nonspendable** - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

**Restricted** - The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

**Committed** - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council. The committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Assigned - Amounts in the assigned classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by City Council. City Council has authorized the municipal administrator and the utilities director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The City first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

**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 of capital assets from other funds.

**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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 - RESTATEMENT OF NET POSITION**

In prior years, some expenditures related to construction in progress were duplicated and/or not recorded correctly. The restatement had the following effect on net position of the proprietary funds as they were previously reported.

	Electric	Water	Sewer	Internal Service
Net Position at December 31, 2013	\$45,437,655	\$48,658,743	\$48,477,712	\$38,224
Capital Assets	0	(1,008,258)	366,036	0
Adjusted Net Position at December 31, 2013	<u>\$45,437,655</u>	<u>\$47,650,485</u>	<u>\$48,843,748</u>	<u>\$38,224</u>

The restatement had the following effect on net position.

	Governmental Activities	Business-Type Activities
Net Position at December 31, 2013	\$36,976,937	\$142,570,216
Capital Assets	0	(642,222)
Restated Net Position at December 31, 2013	<u>\$36,976,937</u>	<u>\$141,927,994</u>

**NOTE 4 - ACCOUNTABILITY**

At December 31, 2014, the ODOT Transportation special revenue fund and the Aquatic Facility Capital Improvement capital projects fund had a deficit fund balance, in the amount of \$4,071 and \$251,683, 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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**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 restricted, committed, or assigned fund balance (GAAP basis).

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

Change in Fund Balance

	General	Playground and Recreation
GAAP Basis	(\$178,419)	(\$83,717)
<u>Increases (Decreases) Due To</u>		
Revenue Accruals:		
Accrued 2013, Received in Cash 2014	1,016,547	47,656
Accrued 2014, Not Yet Received in Cash	(1,002,487)	(41,238)
Expenditure Accruals:		
Accrued 2013, Paid in Cash 2014	(770,405)	(78,613)
Accrued 2014, Not Yet Paid in Cash	894,406	204,580
Cash Adjustments:		
Unrecorded Activity 2013	25,093	803
Unrecorded Activity 2014	27,698	(3,567)
Prepaid Items	(8,774)	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses into Financial Statement Fund Types	169,761	0
Bond Anticipation Notes Issued	600,000	0
Bond Anticipation Notes Retired	(600,000)	0
Encumbrances Outstanding at Year End (Budget Basis)	(293,440)	(242,299)
Budget Basis	(\$120,020)	(\$196,395)

**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.

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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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, \$9,809,023 of the City's bank balance of \$19,114,115 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments

At December 31, 2014, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Negotiable Certificates of Deposit	\$247,249	6/6/16
Negotiable Certificates of Deposit	248,041	6/10/16
Negotiable Certificates of Deposit	1,236,424	11/28/16
Negotiable Certificates of Deposit	247,870	12/1/16
Negotiable Certificates of Deposit	247,494	12/5/16
Negotiable Certificates of Deposit	247,139	12/28/16
Negotiable Certificates of Deposit	245,245	12/10/18
Negotiable Certificates of Deposit	732,990	11/26/19
Negotiable Certificates of Deposit	244,253	12/5/19
Ohio Local Government Bonds	501,480	11/1/15
Ohio Local Government Bonds	345,863	12/1/15
Federal Farm Credit Bank Notes	2,003,600	8/17/15
Federal Farm Credit Bank Notes	2,977,980	11/13/17
Federal Farm Credit Bank Notes	1,501,875	8/13/18
Federal Farm Credit Bank Notes	747,525	12/3/18
Federal Farm Credit Bank Notes	1,993,880	7/24/19
Federal Home Loan Bank Notes	997,910	2/28/17
Federal Home Loan Bank Notes	997,420	3/13/17
Federal Home Loan Bank Notes	999,770	3/27/17
Federal Home Loan Bank Notes	497,735	9/19/17

(continued)

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

	<u>Fair Value</u>	<u>Maturity</u>
Federal Home Loan Bank Notes	\$498,205	12/19/17
Federal Home Loan Bank Notes	500,060	9/26/18
Federal Home Loan Mortgage Corporation Notes	1,000,500	2/28/17
Federal Home Loan Mortgage Corporation Notes	2,995,860	5/26/17
Federal Home Loan Mortgage Corporation Notes	998,300	12/12/17
Federal Home Loan Mortgage Corporation Notes	1,000,600	1/16/19
Federal National Mortgage Association Notes	997,750	5/21/18
Federal National Mortgage Association Notes	999,590	9/24/18
Federal National Mortgage Association Notes	503,630	9/11/19
Federal National Mortgage Association Notes	2,003,680	9/18/19
Mutual Funds	200,010	47 Days
	<u>\$28,959,928</u>	

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

Negotiable certificates of deposit are generally covered by FDIC insurance. The Ohio local government bonds carry a rating of Aa1 by Moody's and a rating AA by Standard and Poor's. The Federal Farm Credit Bank notes, Federal Home Loan Bank notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, and mutual funds carry a rating of Aaa by Moody's. The City has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

The following table indicates the percentage of each investment to the City's total portfolio.

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Negotiable Certificates of Deposit	\$3,696,705	12.76%
Ohio Local Government Bonds	847,343	2.93
Federal Farm Credit Bank	9,224,860	31.85
Federal Home Loan Bank	4,491,100	15.51
Federal Home Loan Mortgage Corporation	5,995,260	20.70
Federal National Mortgage Association	4,504,650	15.55

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2014, 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; special assessments, and recovered purchased power. 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 \$277,294, will not be received within one year. Special assessments receivable, in the amount of \$352,144, will not be received within one year. At December 31, 2014, the amount of delinquent special assessments was \$15,680.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$76,172
DARE Grant	11,119
Charges for Services	56,194
Fines and Forfeitures	27,280
Local Government	327,170
Total General Fund	497,935
Playground and Recreation	
Homestead and Rollback	29,490
Sewer and Water Capital Improvement	
Ohio Public Works Commission	5,380
Total Major Funds	532,805
Nonmajor Funds	
Street Maintenance and Repair	
Gasoline Tax	296,861
Auto Registration	85,772
Motor Vehicle License Tax	23,482
Total Street Maintenance and Repair	406,115
State Highway	
Gasoline Tax	24,069
Auto Registration	6,955
Total State Highway	31,024
ODOT Transportation	
Rural Transit	29,110
Law Enforcement Drug	
Fines and Forfeitures	780
Indigent Drivers Alcohol	
Fines and Forfeitures	1,737
Enforcement and Education	
Fines and Forfeitures	174
Interlock and Alcohol Monitoring	
Fines and Forfeitures	1,093
	(continued)

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 7 - RECEIVABLES** (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Municipal Court Special Projects	
Charges for Services	\$880
Fines and Forfeitures	9,798
Total Municipal Court Special Projects	10,678
Municipal Probation Services	
Charges for Services	6,439
Municipal Court Computerization	
Charges for Services	264
Street Repair	
Ohio Department of Transportation	22,995
Aquatic Facility Capital Improvement	
Homestead and Rollback	12,639
Total Nonmajor Funds	523,048
Internal Service	
Charges for Services	125
Total Governmental Activities	\$1,055,978
	Amount
Business Type Activities	
Major Funds	
Electric	
Charges for Services	\$5,583
Sewer	
Charges for Services	672
Total Business Type Activities	\$6,255

**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 2.145 to 3.333 percent and are to be repaid over periods ranging from one and one-half to twenty years. A summary of the changes in notes receivable during 2014 follows:

	Balance December 31, 2013	New Loans	Repayments	Balance December 31, 2014	Due Within One Year
Special Revenue Fund					
CDBG					
Revolving Loan Program	\$477,788	\$100,000	\$158,117	\$419,671	\$154,902
Home Program	51,217	0	2,391	48,826	36,301
Total Notes Receivable	\$529,005	\$100,000	\$160,508	\$468,497	\$191,203

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**NOTE 9 - MUNICIPAL INCOME TAXES**

The City levies and collects an income tax of 2 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 .5 percent is split between the Police Levy (.14) and Fire Levy (.36) special revenue funds.

**NOTE 10 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Real property tax revenues received in 2014 represent the collection of 2013 taxes. Real property taxes received in 2014 were levied after October 1, 2013, on the assessed values as of January 1, 2013, 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 2014 represent the collection of 2013 taxes. Public utility real and tangible personal property taxes received in 2014 became a lien on December 31, 2012, were levied after October 1, 2013, 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.

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 and public utility property taxes which were measurable as of December 31, 2014, and for which there was an enforceable legal claim. In the government funds, the portion of the receivable not levied to finance 2014 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been reported as deferred inflows of resources - unavailable revenue.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 10 - PROPERTY TAXES** (continued)

The full tax rate for all City operations for the year ended December 31, 2014, was \$5.60 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2014 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Agricultural/Residential	\$273,020,580
Commercial/Industrial	178,436,550
Public Utility Real	17,430
Public Utility Personal	2,145,700
Total	\$453,620,260

**NOTE 11 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance December 31, 2013	Additions	Reductions	Balance December 31, 2014
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$4,303,612	\$119,336	\$0	\$4,422,948
Construction in Progress	156,476	794,482	0	950,958
Total Nondepreciable Capital Assets	4,460,088	913,818	0	5,373,906
Depreciable Capital Assets				
Land Improvements	6,554,538	134,379	0	6,688,917
Buildings	19,046,836	0	0	19,046,836
Equipment	2,492,084	129,611	(11,500)	2,610,195
Vehicles	8,126,234	321,650	(204,716)	8,243,168
Streets	59,788,967	0	0	59,788,967
Total Depreciable Capital Assets	96,008,659	585,640	(216,216)	96,378,083
Less Accumulated Depreciation for				
Land Improvements	(1,349,086)	(263,280)	0	(1,612,366)
Buildings	(8,177,035)	(403,701)	0	(8,580,736)
Equipment	(1,781,563)	(207,023)	4,217	(1,984,369)
Vehicles	(5,821,452)	(598,982)	204,716	(6,215,718)
Streets	(34,527,520)	(1,926,144)	0	(36,453,664)
Total Accumulated Depreciation	(51,656,656)	(3,399,130)	208,933	(54,846,853)
Total Depreciable Capital Assets, Net	44,352,003	(2,813,490)	(7,283)	41,531,230
Governmental Activities Capital Assets, Net	\$48,812,091	(\$1,899,672)	(\$7,283)	\$46,905,136

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 11 - CAPITAL ASSETS** (continued)

	Restated Balance December 31, 2013	Additions	Reductions	Balance December 31, 2014
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$3,722,855	\$0	\$0	\$3,722,855
Construction in Progress	5,705,170	3,063,547	(5,419,682)	3,349,035
Total Nondepreciable Capital Assets	<u>9,428,025</u>	<u>3,063,547</u>	<u>(5,419,682)</u>	<u>7,071,890</u>
Depreciable Capital Assets				
Buildings	79,639,272	5,910,215	0	85,549,487
Equipment	2,388,393	26,400	0	2,414,793
Vehicles	5,117,082	428,911	(73,348)	5,472,645
Electric, Water, Sewer, and Storm Sewer Lines	104,558,843	493,282	0	105,052,125
Total Depreciable Capital Assets	<u>191,703,590</u>	<u>6,858,808</u>	<u>(73,348)</u>	<u>198,489,050</u>
Less Accumulated Depreciation for				
Buildings	(35,284,324)	(1,631,893)	0	(36,916,217)
Equipment	(2,272,082)	(44,761)	0	(2,316,843)
Vehicles	(4,544,438)	(267,468)	73,348	(4,738,558)
Electric, Water, Sewer, and Storm Sewer Lines	(46,729,152)	(2,186,616)	0	(48,915,768)
Total Accumulated Depreciation	<u>(88,829,996)</u>	<u>(4,130,738)</u>	<u>73,348</u>	<u>(92,887,386)</u>
Total Depreciable Capital Assets, Net	<u>102,873,594</u>	<u>2,728,070</u>	<u>0</u>	<u>105,601,664</u>
Business-Type Activities Capital Assets, Net	<u>\$112,301,619</u>	<u>\$5,791,617</u>	<u>(\$5,419,682)</u>	<u>\$112,673,554</u>

The Water and Sewer enterprise funds accepted contributions of capital assets from governmental activities with a fair value of \$2,501,449 and \$303,488, respectively

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property-Police	\$167,342
Security of Persons and Property-Fire	252,841
Security of Persons and Property-Ambulance	17,243
Public Health	1,295
Leisure Time Activities	383,140
Community Environment	8,254
Transportation	2,305,328
General Government-Court	160,700
General Government-Other	102,987
Total Depreciation Expense - Governmental Activities	<u>\$3,399,130</u>

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**NOTE 12 - INTERFUND BALANCES**

Interfund balances at December 31, 2014, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Electric	\$135,540
	\$135,540
Due to Other Governmental Funds from:	
Other Governmental	\$275,000
	\$275,000
Due to Electric Fund from:	
Water	\$2,569
Sewer	11,476
Total Electric Fund	\$14,045
Due to Water Fund from:	
General	\$3,626
Playground and Recreation	250
Other Governmental	2,036
Electric	1,258
Sewer	3,783
Total Water Fund	\$10,953

The balances due to the General, Other Governmental, Electric, and Water 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 the \$275,000 in other governmental funds, are expected to be received within one year.

**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 2014, the City contracted with the Buckeye Ohio Risk Management Agency (BORMA) for property, liability, and crime insurance. The BORMA program is subject to a \$25,000 deductible for any property or liability loss. Coverage provided by BORMA is as follows:

Property	
Building and Contents	\$250,000,000
Flood Annual Aggregate	10,000,000
Earthquake Annual Aggregate	10,000,000
Boiler and Machinery	100,000,000

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**NOTE 13 - RISK MANAGEMENT** (continued)

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

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

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

For 2014, the City participated in the Ohio Rural Water Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan. To maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Comp Management, Inc. 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, 2014

**NOTE 13 - RISK MANAGEMENT** (continued)

The City may withdraw from the plan if written notice is provided sixty days prior to the prescribed application deadline to the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal and any participant leaving the Plan allows representatives of the Plan to access loss experience for three years following the last year of participation.

**NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS**

The City has several outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2014:

Vendor	Contract Amount	Amount Paid as of 12/31/14	Outstanding Balance
Gerken Paving	\$141,000	\$126,895	\$14,105
Landmark Structures	1,725,000	787,530	937,470
Municipal Services Agency	6,155,000	4,805,770	1,349,230
Poggemeyer Design Group, Inc.	299,450	221,584	77,866
Reiss Engineering, Inc.	1,325,710	1,183,602	142,108
Shelly Company	742,367	0	742,367
Speer Bros, Inc	432,200	0	432,200

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2015 are as follows:

General Fund	\$293,440
Playground and Recreation	242,299
Sewer and Water Capital Improvement	1,905,420
Other Governmental Funds	823,642

**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. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

**NOTE 15 - DEFINED BENEFIT PENSION PLANS** (continued)

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 visiting <https://www.opers.org/investments/cafr.shtml>, 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 and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll. For 2014, member and employer contribution rates were consistent across all three plans.

The City's 2014 contribution rate was 14 percent. The portion of the City's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the City's contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent. Employer contribution rates are actuarially determined.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, and 2012 was \$1,236,238, \$1,352,262, and \$1,041,020, respectively. For 2014, 97 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012. Contributions to the member-directed plan for 2014 were \$19,474 made by the City and \$13,910 made by the plan members.

**B. Ohio Police and Fire Pension Fund**

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at [www.op-f.org](http://www.op-f.org).

Funding Policy - Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2014, through July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014, through December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent for police officers and 24 percent for firefighters.

**NOTE 15 - DEFINED BENEFIT PENSION PLANS** (continued)

The OPF pension fund is authorized by the Ohio Revised Code to allocate a portion of the employer contribution to retiree health care benefits. For 2014, the portion of the City's contribution used to fund pension benefits was 19 percent of covered payroll for police officers and 23.5 percent of covered payroll for firefighters. The City's contribution to OPF for police and firefighters pension was \$711,992 and \$849,672 for the year ended December 31, 2014, \$596,412 and \$762,008 for the year ended December 31, 2013, and \$367,942 and \$591,881 for the year ended December 31, 2012. For 2014, 96 percent had been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order 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 mandate, 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 visiting <https://www.opers.org/investments/cafr.shtml>, 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). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

**NOTE 16 - POSTEMPLOYMENT BENEFITS** (continued)

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 portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent for both plans as recommended by the OPERS actuary.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided 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, 2014, 2013, and 2012 was \$209,285, \$105,879, and \$425,726, respectively. For 2014, 97 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

**B. Police and Fire Pension Fund**

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

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

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

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the OPF website at [www.op-f.org](http://www.op-f.org).

**NOTE 16 - POSTEMPLOYMENT BENEFITS** (continued)

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as a percentage of payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B premium reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the employer contribution allocated to the health care plan was .5 percent of covered payroll. The amount of employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and 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 health care 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.

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters was \$18,737 and \$18,078 for the year ended December 31, 2014, \$135,804 and \$135,205 for the year ended December 31, 2013, and \$194,793 and \$231,606 for the year ended December 31, 2012. For 2014, 96 percent had been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

**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, except for those employees under the International Association of Firefighters who earn five and ninety-eight hundredths hours for every one hundred four regular hours worked. 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 a maximum payment limit of two hundred forty hours for any employee hired after May 1, 2011, under the International Association of Firefighters, June 18, 2014, under the Bowling Green Police Patrolman's Association, July 1, 2014, under the Bowling Green Municipal Employees Association or the Bowling Green Employees Organization, and September 1, 2014, under Administration or the Bowling Green Police Command Officers Association. Any employee hired prior to these dates, and all municipal court employees, have no maximum payment limit with the exception of the employees under the Police Command Officers' Association who 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  
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**NOTE 18 - NOTES PAYABLE**

The City's note transactions for the year ended December 31, 2014, were as follows:

	Interest Rate	Balance December 31, 2013	Additions	Reductions	Balance December 31, 2014
<u>Governmental Activities</u>					
2013 Real Estate Acquisition Notes	1.00%	\$600,000	\$0	\$600,000	\$0
2014 Real Estate Acquisition Notes	.591	0	600,000	0	600,000
Total Governmental Activities		<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>
<u>Business-Type Activities</u>					
<u>General Obligation Bond Anticipation Notes</u>					
Electric					
2013 Electric System Improvements	1.125%	\$2,635,000	\$0	\$2,635,000	\$0
2014 Electric System Improvements	1.0	0	2,435,000	0	2,435,000
Total Business-Type Activities		<u>\$2,635,000</u>	<u>\$2,435,000</u>	<u>\$2,635,000</u>	<u>\$2,435,000</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.

On November 7, 2013, the City issued \$600,000 in bond anticipation notes to acquire land. The notes have an interest rate of 1 percent and matured on November 7, 2014.

On November 5, 2014, the City issued \$600,000 in bond anticipation notes to retire notes previously issued to acquire land. The notes have an interest rate of .591 percent and mature on November 5, 2015.

During 2013, the City issued electric system improvement bond anticipation notes to pay the costs of improving the City's electric system by constructing a new substation. The notes were issued on November 20, 2013, and matured on November 19, 2014.

During 2014, the City issued electric system improvement bond anticipation notes, in the amount of \$2,435,000, to retire notes previously issued to pay the costs of improving the City's electric system by constructing a new substation. The notes were issued on November 19, 2014, and mature on November 18, 2015.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 19 - LONG-TERM OBLIGATIONS**

The City's long-term obligations activity for the year ended December 31, 2014, was as follows:

	Interest Rate	Balance December 31, 2013	Additions	Reductions	Balance December 31, 2014	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2004 Various Purpose Improvement (Original Issue - \$11,745,000)	3 - 5%	\$940,000	\$0	\$155,000	\$785,000	\$155,000
2006 Park and Recreation (Original Issue - \$480,000)	4.42	120,000	0	60,000	60,000	60,000
2012 Refunding Various Purpose Improvement (Original Issue - \$3,850,000)	.75 - 3	3,800,000	0	40,000	3,760,000	25,000
2013 Refunding Various Purpose Improvement (Original Issue - \$7,095,000)	1.5 - 4	6,680,000	0	720,000	5,960,000	715,000
Total General Obligation Bonds		<u>11,540,000</u>	<u>0</u>	<u>975,000</u>	<u>10,565,000</u>	<u>955,000</u>
Ohio Water Development Authority Loans						
1994 Second Water Transmission Main (Original Issue - \$3,644,348)	5.77	1,613,164	0	232,622	1,380,542	123,022
1999 Granular Activated Carbon System (Original Issue - \$2,880,752)	5.50	327,753	0	327,753	0	0
2002 Clearwell and High Service Pump (Original Issue - \$3,217,619)	3.95	1,433,543	0	297,124	1,136,419	152,977
2004 Wastewater Treatment Plant and Solids Handling Improvements	1.76	2,738,274	0	384,342	2,353,932	0
2008 Intake and Pump Station (Original Issue - \$4,107,626)	3.52	3,498,143	0	166,134	3,332,009	85,266
2009 WWTP Tertiary Filtration (Original Issue - \$2,541,205)	4.14	2,135,856	0	100,687	2,035,169	51,912
2009 Microfiltration/Low Pressure Reverse Osmosis	0.00	3,597,517	0	141,880	3,455,637	0
2010 WWTP Ultraviolet Disinfection Project	0.00	764,984	0	89,833	675,151	0
2012 Poe and Mercer Roads Pump Station Upgrades	3.08	1,154,842	0	50,680	1,104,162	0
2013 Manville Tower Replacement	2.59	48,128	2,187,357	0	2,235,485	0
Total Ohio Water Development Authority Loans		<u>17,312,204</u>	<u>2,187,357</u>	<u>1,791,055</u>	<u>17,708,506</u>	<u>413,177</u>
Other Long-Term Obligations						
Compensated Absences Payable		1,577,068	143,938	143,330	1,577,676	877,947
Capital Leases Payable		42,762	0	42,762	0	0
Total Other Long-Term Obligations		<u>1,619,830</u>	<u>143,938</u>	<u>186,092</u>	<u>1,577,676</u>	<u>877,947</u>
Total Governmental Activities		<u>\$30,472,034</u>	<u>\$2,331,295</u>	<u>\$2,952,147</u>	<u>\$29,851,182</u>	<u>\$2,246,124</u>

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

	Interest Rate	Balance December 31, 2013	Additions	Reductions	Balance December 31, 2014	Due Within One Year
<u>Business-Type Activities</u>						
General Obligation Bonds						
2012 Refunding Various Purpose Improvement (Original Issue - \$2,195,000)	.75 - 3%	\$2,170,000	\$0	\$25,000	\$2,145,000	\$20,000
2013 Refunding Various Purpose Improvement (Original Issue - \$1,280,000)	1.5 - 4	1,260,000	0	325,000	935,000	330,000
Total General Obligation Bonds		<u>3,430,000</u>	<u>0</u>	<u>350,000</u>	<u>3,080,000</u>	<u>350,000</u>
Other Long-Term Obligations						
Compensated Absences Payable		1,062,156	78,097	23,086	1,117,167	457,354
AMP Ohio Payable - JV 2		2,881,055	0	699,931	2,181,124	702,235
AMP Ohio Payable - JV 6		1,136,353	0	573,291	563,062	563,062
AMP Ohio Payable		996,610	21,437	0	1,018,047	72,000
Total Other Long-Term Obligations		<u>6,076,174</u>	<u>99,534</u>	<u>1,296,308</u>	<u>4,879,400</u>	<u>1,794,651</u>
Total Business-Type Activities		<u>\$9,506,174</u>	<u>\$99,534</u>	<u>\$1,646,308</u>	<u>\$7,959,400</u>	<u>\$2,144,651</u>

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), the 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 ranges 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. During 2012 and 2013, a portion of these bonds was refunded.

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

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

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

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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

2012 Refunding Various Purpose Improvement General Obligation Bonds - On June 20, 2012, the City issued \$6,045,000 in unvoted general obligation bonds to refund bonds previously issued in 2004 for the following: a new Municipal Court (\$1,420,000), the Community Center (\$2,430,000), the Water System Improvement (\$485,000), the Wastewater Treatment Plant (\$555,000), and the Sanitary Sewerage System (\$1,155,000). The bonds were issued for a twenty-six year period with maturity beginning December 1, 2012. The interest rate of the bonds ranges from .75 to 3 percent over the remaining life of the bonds. The bonds will be paid from the Debt Service Fund, and the Water and Sewer enterprise funds.

The bonds maturing on or after December 1, 2014, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2012	\$10,000
2013	\$65,000
2014	\$65,000

The bonds maturing on or after December 1, 2017, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2015	\$45,000
2016	\$50,000
2017	\$50,000

The bonds maturing on or after December 1, 2026, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2025	\$220,000
2026	\$225,000

The bonds maturing on or after December 1, 2028, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2027	\$230,000
2028	\$235,000

The bonds maturing on or after December 1, 2019, are subject to optional redemption by and at the sole option of the City, either in whole or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

At December 31, 2014, none of the refunded debt was still outstanding.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

2013 Refunding Various Purpose Improvement General Obligation Bonds - On March 6, 2013, the City issued \$8,375,000 in unvoted general obligation bonds to currently refund bonds previously issued in 2004 (\$2,525,000), to retire notes previously issued (\$4,850,000), the City also paid principal, in the amount of \$1,000,000, and for improvements to the municipal swimming pool and related recreational facilities (\$1,000,000). The bonds were issued for a twenty year period with maturity beginning December 1, 2013. The interest rate of the bonds ranges from 1.5 to 4 percent over the remaining life of the bonds. The bonds will be paid from the Debt Service Fund, and the Water, Sewer, and Electric enterprise funds.

The bonds maturing on December 1, 2028, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2027	\$180,000
2028	\$190,000

The bonds maturing on December 1, 2030, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2029	\$195,000
2030	\$200,000

The bonds maturing and on December 1, 2032, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2031	\$205,000
2032	\$210,000

The bonds are subject to prior redemption on or after December 1, 2019, by and at the sole option of the City, either in whole or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

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 \$9,900,895. Principal and interest paid in the Sewer and Water Capital Improvement capital projects fund for the current year were \$1,791,055 and \$408,853, respectively. Total revenue for the Sewer and Water Capital Improvement capital projects fund was \$4,704,284.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

Compensated Absences - The compensated absences liability will be paid from the General Fund, the Playground and Recreation, Street Maintenance and Repair, ODOT Transportation, Community Development Block Grant, Police Levy, Fire Levy, Law Enforcement Mandatory Drug, and Municipal Probation Services special revenue funds, the Electric, Water, and Sewer enterprise funds, and the Engineering internal service fund.

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.

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 \$2,238,853 payable through 2017 for JV2 and \$565,407 payable through 2015 for JV6. Principal paid for the current year was \$699,931 for JV2 and \$573,291 for JV6. Total net revenues for the Electric enterprise fund were \$4,560,907.

AMP Ohio Payable - The City of Bowling Green is a member of American Municipal Power (AMP) and a participant in the American Municipal Power Generating Station Project (AMPGS). This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share of the project was 21,000 kW of a total capacity of 771,281 kW, giving the City a 2.72 percent share of the project.

The AMPGS project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

The City's estimated share of the impaired costs at March 31, 2014, was \$3,625,332. The City received a credit of \$949,722 related to the AMPGS costs deemed to have future benefit for the project participants, and have made payments of \$1,679,000 leaving a net impaired cost estimate of \$996,610. During 2014, additional costs of \$21,437 were incurred for interest and legal fees. The total liability at December 31, 2014 was \$1,018,047. The City is reporting a payable to AMP in its business-type activities and in its Electric enterprise fund for these impaired costs. AMP financed these costs in its revolving line of credit. Any additional costs (including line of credit interest and legal fees) or amounts received related to the project may result in a future liability to the City. These amounts will be recorded as they become estimable.

The City is paying its liability to AMP by making monthly payments over a fifteen year period. The liability should be paid in full during 2029.

The City's legal debt margin was \$36,605,977 at December 31, 2014.

The Wastewater Treatment Plant and Solids Handling Improvements, the Microfiltration/Low Pressure Reverse Osmosis, the WWTP Ultraviolet Disinfection project, the Poe and Mercer Roads Pump Station Upgrades, and the Manville Tower Replacement 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, 2014, were as follows:

Year	General Obligation Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2015	\$955,000	\$294,608	\$413,177	\$163,044
2016	895,000	256,657	850,351	302,093
2017	915,000	221,456	888,220	264,221
2018	920,000	184,657	927,842	224,601
2019	830,000	158,781	614,994	186,606
2020 to 2024	3,610,000	542,383	1,920,077	622,266
2025 to 2029	1,825,000	227,980	2,128,058	251,436
2030 to 2032	615,000	36,700	141,420	2,489
<b>Total</b>	<b>\$10,565,000</b>	<b>\$1,923,222</b>	<b>\$7,884,139</b>	<b>\$2,016,756</b>

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2014, from the enterprise funds were as follows:

Year	General Obligation Bonds		AMP Ohio Payable	
	Principal	Interest	Principal	Interest
2015	\$350,000	\$82,112	\$1,337,297	\$30,402
2016	350,000	68,513	783,241	19,051
2017	295,000	54,912	839,648	10,621
2018	330,000	43,513	72,000	0
2019	340,000	36,912	72,000	0
2020 to 2024	1,415,000	77,862	360,000	0
2025 to 2029	0	0	298,047	0
Total	\$3,080,000	\$363,824	\$3,762,233	\$60,074

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, 2014
<b>Multi-Family Housing Revenue Bonds</b>			
Bowling Green Village Series 2001 A	6/1/2001	\$3,320,000	\$2,760,000
Student Housing	6/16/2010	81,610,000	80,215,000
<b>Ohio Water Development Authority Loan</b>			
Hiram College	4/29/2004	611,872	611,872

The City is not obligated in any way to pay debt and related charges on multi-family housing revenue bonds or the 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  
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**NOTE 20 - FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Playground and Recreation	Sewer and Water Capital Improvement	Other Governmental Funds
Nonspendable for:				
Prepaid Items	\$78,006	\$0	\$0	\$0
Unclaimed Monies	13,926	0	0	0
Total Nonspendable	<u>91,932</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restricted for:				
Capital Improvements	0	0	5,064,393	475,240
Cemetery Operations and Maintenance	0	0	0	23,163
Community Development	0	0	0	803,419
Court Operations	0	0	0	294,551
Debt Retirement	0	0	0	82,405
Playground and Recreation	0	376,431	0	0
Police and Fire Operations	0	0	0	1,845,603
Street Construction and Maintenance	0	0	0	2,967,560
Total Restricted	<u>0</u>	<u>376,431</u>	<u>5,064,393</u>	<u>6,491,941</u>
Committed to:				
Equipment Replacement	0	0	0	265,164
Facility Replacement	0	0	0	400,000
Parking Enforcement and Maintenance	208,051	0	0	44,821
Roadway Replacement	0	0	0	175,000
Total Committed	<u>208,051</u>	<u>0</u>	<u>0</u>	<u>884,985</u>
Assigned for:				
Debt Retirement	0	0	0	140,850
Payroll Stabilization	150,000	0	0	0
Projected Budget Shortage	251,943			
Unpaid Obligations	201,721	0	0	0
Total Assigned	<u>603,664</u>	<u>0</u>	<u>0</u>	<u>140,850</u>
Unassigned (Deficit)	2,559,399	0	0	(255,754)
Total Fund Balance	<u>\$3,463,046</u>	<u>\$376,431</u>	<u>\$5,064,393</u>	<u>\$7,262,022</u>

**NOTE 21 - INTERFUND TRANSFERS**

During 2014, the General Fund made transfers, in the amount of \$30,491, to other governmental funds for transit operations. The Sewer and Water Capital Improvement capital projects fund made transfers to other governmental funds, in the amount of \$282,710, to fund equipment capital maintenance. Other governmental funds made transfers to other governmental funds, in the amount of \$1,374,965; \$1,170,157 as debt payments came due, \$67,308 for transit operations, and \$137,500 to fund equipment capital maintenance.

**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.

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, 2014. Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., 1100 Superior Avenue, Suite 1700, Cleveland, Ohio 44114.

**B. Ohio Rural Water 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 Ohio Rural Water Association Workers' Compensation Group Rating Plan is an insurance purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating members. Financial information may be obtained from the Ohio Rural Water Association Workers' Compensation Group Rating Plan, 55 Whites Road, Zanesville, Ohio 43701.

**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, 2014, the City had met its debt coverage obligation.

JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The project consists of 138.65 MW of distributed generation (of which 134.081 MW is the participant's entitlement and 4.569 MW are held in reserve). Upon dissolution of JV2, the net position 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. During 2011, AMP-Ohio retired the remaining balance of these bonds; however, the City is still responsible for paying the remainder of their obligation for this debt to AMP-Ohio. The City's net obligation for these bonds at December 31, 2014, was \$2,181,124 (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 \$2,829,187 at December 31, 2014. Complete financial statements for JV2 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

**NOTE 23 - JOINT VENTURES** (continued)

**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 position will be shared by the participants on a percentage of ownership basis. As of December 31, 2014, 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.

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. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable has been reduced at December 31, 2014 to \$57,679,473. AMP will continue to collect debt service from the OMEGA JV5 participants until the note is paid in full.

**NOTE 23 - JOINT VENTURES** (continued)

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 \$469,995 at December 31, 2014. Complete financial statements for JV5 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

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

The City is a participant, with nine 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, 2014, the City had met its 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 position 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, 2014, was \$563,062.

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 \$4,526,075 at December 31, 2014. Complete financial statements for JV6 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

**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, 2014, to December 31, 2014, 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 EVENT**

In January 2014, the City applied for a loan and executed an agreement with the Ohio EPA/Ohio Water Development Authority for Water Supply Revolving Loan Account funding for the design, equipment and construction of the membrane and RO reservoir pump station. The initial project bids came in too high and the project was rebid in August 2015. Work on the project will begin in September 2015 with an estimated cost of \$3.6 million.

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## Comparative Enterprise Fund Financial Statements

City of Bowling Green  
Comparative Statement of Fund Net Position  
Enterprise Funds  
December 31, 2014, and 2013

	Electric		Water	
	2014	2013	2014	2013
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$22,842,984	\$22,177,802	\$5,688,515	\$5,306,244
Cash and Cash Equivalents with Fiscal Agents	239,226	238,902	0	0
Accounts Receivable	5,509,317	4,912,330	418,400	533,534
Due from Other Governments	5,583	2,668	0	24
Other Local Taxes Receivable	135,540	136,249	0	0
Interfund Receivable	14,045	19,240	10,953	10,226
Prepaid Items	26,007	23,067	26,007	23,082
Materials and Supplies Inventory	1,171,026	1,022,000	112,874	119,523
<b>Total Current Assets</b>	<b>29,943,728</b>	<b>28,532,258</b>	<b>6,256,749</b>	<b>5,992,633</b>
<u>Non-Current Assets</u>				
Recovered Purchased Power Receivable	1,018,047	996,610	0	0
Nondepreciable Capital Assets	1,339,082	6,017,841	3,458,744	957,295
Depreciable Capital Assets, Net	19,354,258	15,088,859	41,040,996	41,896,903
Investment in Joint Venture	7,825,257	9,495,271	0	0
<b>Total Non-Current Assets</b>	<b>29,536,644</b>	<b>31,598,581</b>	<b>44,499,740</b>	<b>42,854,198</b>
<b>Total Assets</b>	<b>59,480,372</b>	<b>60,130,839</b>	<b>50,756,489</b>	<b>48,846,831</b>
<u>Deferred Outflows of Resources</u>				
Deferred Charge on Refunding	0	0	29,095	29,401
<u>Current Liabilities</u>				
Accrued Wages Payable	79,798	60,775	53,764	39,771
Accounts Payable	2,074,188	3,156,344	740,642	112,608
Contracts Payable	85,704	517,373	0	63,310
Due to Other Governments	90,132	63,631	43,151	35,923
Interfund Payable	136,798	137,433	2,569	6,191
Accrued Interest Payable	3,269	4,030	1,408	1,595
Notes Payable	2,435,000	2,635,000	0	0
Unearned Revenue	90,147	0	0	0
General Obligation Bonds Payable	70,000	70,000	60,000	60,000
Compensated Absences Payable	200,226	157,938	133,393	98,285
AMP Ohio Payable	1,337,297	1,266,860	0	0
<b>Total Current Liabilities</b>	<b>6,602,559</b>	<b>8,069,384</b>	<b>1,034,927</b>	<b>417,683</b>
<u>Non-Current Liabilities</u>				
General Obligation Bonds Payable	70,000	140,000	590,000	650,000
Compensated Absences Payable	314,766	323,684	138,646	158,064
AMP Ohio Payable	2,424,936	3,747,158	0	0
<b>Total Non-Current Liabilities</b>	<b>2,809,702</b>	<b>4,210,842</b>	<b>728,646</b>	<b>808,064</b>
<b>Total Liabilities</b>	<b>9,412,261</b>	<b>12,280,226</b>	<b>1,763,573</b>	<b>1,225,747</b>
<u>Deferred Inflows of Resources</u>				
Recovered Purchased Power	3,069,311	2,412,958	0	0
<u>Net Position</u>				
Net Investment in Capital Assets	18,118,340	18,261,700	43,878,835	42,173,599
Unrestricted	28,880,460	27,175,955	5,143,176	5,476,886
<b>Total Net Position</b>	<b>\$46,998,800</b>	<b>\$45,437,655</b>	<b>\$49,022,011</b>	<b>\$47,650,485</b>

Sewer		Totals	
2014	2013	2014	2013
\$2,740,914	\$2,933,376	\$31,272,413	\$30,417,422
0	0	239,226	238,902
417,884	422,751	6,345,601	5,868,615
672	587	6,255	3,279
0	0	135,540	136,249
0	0	24,998	29,466
25,992	23,082	78,006	69,231
0	0	1,283,900	1,141,523
<u>3,185,462</u>	<u>3,379,796</u>	<u>39,385,939</u>	<u>37,904,687</u>
0	0	1,018,047	996,610
2,274,064	2,452,889	7,071,890	9,428,025
45,206,410	45,887,832	105,601,664	102,873,594
0	0	7,825,257	9,495,271
<u>47,480,474</u>	<u>48,340,721</u>	<u>121,516,858</u>	<u>122,793,500</u>
<u>50,665,936</u>	<u>51,720,517</u>	<u>160,902,797</u>	<u>160,698,187</u>
<u>101,894</u>	<u>103,253</u>	<u>130,989</u>	<u>132,654</u>
54,008	41,930	187,570	142,476
667,924	41,613	3,482,754	3,310,565
9,049	1,453	94,753	582,136
63,793	39,072	197,076	138,626
15,259	16,122	154,626	159,746
4,968	5,647	9,645	11,272
0	0	2,435,000	2,635,000
0	0	90,147	0
220,000	220,000	350,000	350,000
123,735	105,642	457,354	361,865
0	0	1,337,297	1,266,860
<u>1,158,736</u>	<u>471,479</u>	<u>8,796,222</u>	<u>8,958,546</u>
2,070,000	2,290,000	2,730,000	3,080,000
206,401	218,543	659,813	700,291
0	0	2,424,936	3,747,158
<u>2,276,401</u>	<u>2,508,543</u>	<u>5,814,749</u>	<u>7,527,449</u>
<u>3,435,137</u>	<u>2,980,022</u>	<u>14,610,971</u>	<u>16,485,995</u>
<u>0</u>	<u>0</u>	<u>3,069,311</u>	<u>2,412,958</u>
45,292,368	45,933,974	107,289,543	106,369,273
2,040,325	2,909,774	36,063,961	35,562,615
<u>\$47,332,693</u>	<u>\$48,843,748</u>	<u>\$143,353,504</u>	<u>\$141,931,888</u>

City of Bowling Green  
Comparative Statement of Revenues, Expenses, and Change in Fund Net Position  
Enterprise Funds  
For the Years Ended December 31, 2014, and 2013

	Electric		Water	
	2014	2013	2014	2013
<u>Operating Revenues</u>				
Charges for Services	\$49,962,127	\$45,848,266	\$4,616,349	\$4,218,674
Other	435,627	556,805	112,782	338,745
Total Operating Revenues	<u>50,397,754</u>	<u>46,405,071</u>	<u>4,729,131</u>	<u>4,557,419</u>
<u>Operating Expenses</u>				
Purchased Power	42,428,317	35,174,963	0	0
Plant Operation	0	0	2,779,332	3,120,332
Distribution Operation	1,818,318	5,945,187	1,085,610	684,565
Administrative and General	1,405,730	1,351,515	629,926	539,825
Information and Technology	184,482	165,170	61,552	55,482
Depreciation	1,297,071	1,224,539	1,283,558	1,260,319
Total Operating Expenses	<u>47,133,918</u>	<u>43,861,374</u>	<u>5,839,978</u>	<u>5,660,523</u>
Operating Income (Loss)	<u>3,263,836</u>	<u>2,543,697</u>	<u>(1,110,847)</u>	<u>(1,103,104)</u>
<u>Non-Operating Revenues (Expenses)</u>				
Excise Taxes	1,771,896	1,761,550	0	0
Excise Taxes Expense	(1,771,896)	(1,761,550)	0	0
Interest Revenue	324	8,000	181	265
Interest Expense	(33,001)	(47,743)	(19,257)	(24,198)
Investment in Joint Venture	(1,670,014)	(656,465)	0	0
Total Non-Operating Revenues (Expenses)	<u>(1,702,691)</u>	<u>(696,208)</u>	<u>(19,076)</u>	<u>(23,933)</u>
Income (Loss) Before Contributions	1,561,145	1,847,489	(1,129,923)	(1,127,037)
Capital Contributions	0	0	2,501,449	279,322
Change in Net Position	1,561,145	1,847,489	1,371,526	(847,715)
Net Position Beginning of Year	<u>45,437,655</u>	<u>43,590,166</u>	<u>47,650,485</u>	<u>48,498,200</u>
Net Position End of Year	<u>\$46,998,800</u>	<u>\$45,437,655</u>	<u>\$49,022,011</u>	<u>\$47,650,485</u>

Sewer		Totals	
2014	2013	2014	2013
\$3,590,759	\$3,361,528	\$58,169,235	\$53,428,468
192,522	455,836	740,931	1,351,386
<u>3,783,281</u>	<u>3,817,364</u>	<u>58,910,166</u>	<u>54,779,854</u>
0	0	42,428,317	35,174,963
2,352,830	1,263,336	5,132,162	4,383,668
979,229	861,047	3,883,157	7,490,799
586,131	564,235	2,621,787	2,455,575
61,399	55,482	307,433	276,134
1,550,109	1,494,754	4,130,738	3,979,612
<u>5,529,698</u>	<u>4,238,854</u>	<u>58,503,594</u>	<u>53,760,751</u>
<u>(1,746,417)</u>	<u>(421,490)</u>	<u>406,572</u>	<u>1,019,103</u>
0	0	1,771,896	1,761,550
0	0	(1,771,896)	(1,761,550)
317	417	822	8,682
(68,443)	(80,571)	(120,701)	(152,512)
0	0	(1,670,014)	(656,465)
<u>(68,126)</u>	<u>(80,154)</u>	<u>(1,789,893)</u>	<u>(800,295)</u>
(1,814,543)	(501,644)	(1,383,321)	218,808
<u>303,488</u>	<u>2,497,914</u>	<u>2,804,937</u>	<u>2,777,236</u>
(1,511,055)	1,996,270	1,421,616	2,996,044
<u>48,843,748</u>	<u>46,847,478</u>	<u>141,931,888</u>	<u>138,935,844</u>
<u>\$47,332,693</u>	<u>\$48,843,748</u>	<u>\$143,353,504</u>	<u>\$141,931,888</u>

City of Bowling Green  
Comparative Statement of Cash Flows  
Enterprise Funds  
For the Years Ended December 31, 2014, and 2013

	Electric		Water	
	2014	2013	2014	2013
<u>Increases (Decreases) in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$49,895,786	\$45,982,947	\$4,730,780	\$4,128,827
Cash Payments for Purchased Power	(43,542,101)	(39,123,294)	0	0
Cash Payments for Plant Operation	0	0	(2,219,767)	(2,082,201)
Cash Payments for Distribution Operation	(3,617,462)	(2,806,999)	(1,057,854)	(656,218)
Cash Payments for Administrative and General	(1,341,647)	(1,392,574)	(611,713)	(552,515)
Cash Payments for Information and Technology	(195,682)	(164,353)	(65,349)	(55,230)
Cash Received from Other Revenues	653,761	557,483	112,782	338,745
Net Cash Provided by Operating Activities	<u>1,852,655</u>	<u>3,053,210</u>	<u>888,879</u>	<u>1,121,408</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Cash Received from Excise Taxes	1,771,896	1,761,550	0	0
Cash Payments for Excise Tax Distribution	(1,771,896)	(1,761,550)	0	0
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Paid on Bond Anticipation Notes	(2,635,000)	(3,085,000)	0	0
Principal Paid on General Obligation Bonds	(70,000)	(295,000)	(60,000)	(310,000)
Interest Paid on Bond Anticipation Notes	(25,362)	(29,790)	0	0
Interest Paid on General Obligation Bonds	(8,400)	(15,089)	(19,138)	(24,155)
Bond Anticipation Notes Issued	2,435,000	5,562,399	0	0
General Obligation Bonds Issued	0	215,000	0	235,000
Acquisition of Capital Assets	(883,711)	(4,928,514)	(427,651)	(648,549)
Net Cash Used for Capital and Related Financing Activities	<u>(1,187,473)</u>	<u>(2,575,994)</u>	<u>(506,789)</u>	<u>(747,704)</u>
<u>Cash Flows from Investing Activities</u>				
Interest	324	8,000	181	265
Net Increase in Cash and Cash Equivalents	665,506	485,216	382,271	373,969
Cash and Cash Equivalents Beginning of Year	<u>22,416,704</u>	<u>21,931,488</u>	<u>5,306,244</u>	<u>4,932,275</u>
Cash and Cash Equivalents End of Year	<u>\$23,082,210</u>	<u>\$22,416,704</u>	<u>\$5,688,515</u>	<u>\$5,306,244</u>

Sewer		Totals	
2014	2013	2014	2013
\$3,595,541	\$3,400,710	\$58,222,107	\$53,512,484
0	0	(43,542,101)	(39,123,294)
(1,715,658)	(1,654,801)	(3,935,425)	(3,737,002)
(973,249)	(849,527)	(5,648,565)	(4,312,744)
(552,602)	(571,459)	(2,505,962)	(2,516,548)
(65,196)	(55,230)	(326,227)	(274,813)
192,522	455,836	959,065	1,352,064
481,358	725,529	3,222,892	4,900,147
0	0	1,771,896	1,761,550
0	0	(1,771,896)	(1,761,550)
0	0	0	0
0	0	(2,635,000)	(3,085,000)
(220,000)	(1,100,000)	(350,000)	(1,705,000)
0	0	(25,362)	(29,790)
(67,763)	(80,153)	(95,301)	(119,397)
0	0	2,435,000	5,562,399
0	830,000	0	1,280,000
(386,374)	(184,416)	(1,697,736)	(5,761,479)
(674,137)	(534,569)	(2,368,399)	(3,858,267)
317	417	822	8,682
(192,462)	191,377	855,315	1,050,562
2,933,376	2,741,999	30,656,324	29,605,762
<u>\$2,740,914</u>	<u>\$2,933,376</u>	<u>\$31,511,639</u>	<u>\$30,656,324</u>

(continued)

City of Bowling Green  
Comparative Statement of Cash Flows  
Enterprise Funds  
For the Years Ended December 31, 2014, and 2013  
(continued)

	Electric		Water	
	2014	2013	2014	2013
Reconciliation of Operating Income (Loss) to Net				
<u>Cash Provided by Operating Activities:</u>				
Operating Income (Loss)	\$3,263,836	\$2,543,697	(\$1,110,847)	(\$94,846)
Adjustments to Reconcile Operating Income (Loss) to Net				
<u>Cash Provided by Operating Activities:</u>				
Depreciation	1,297,071	1,224,539	1,283,558	1,260,319
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(596,987)	(3,374)	115,134	(91,227)
(Increase) Decrease in Due from Other Governments	(2,915)	(818)	24	0
(Increase) Decrease in Other Local Taxes Receivable	709	(1,657)	0	0
(Increase) Decrease in Interfund Receivable	5,195	64	(727)	1,380
(Increase) Decrease in Prepaid Items	(2,940)	3,359	(2,925)	3,343
(Increase) Decrease in Materials and Supplies Inventory	(149,026)	3,773	6,649	(2,311)
(Increase) Decrease in Recovered Purchased Power Receivable	(21,437)	903,640	0	0
Increase in Accrued Wages Payable	19,023	7,617	13,993	5,099
Increase (Decrease) in Accounts Payable	(1,082,156)	156,606	628,034	(9,005)
Increase (Decrease) in Contracts Payable	(431,669)	513,028	(63,310)	63,310
Increase (Decrease) in Due to Other Governments	26,501	(47,219)	7,228	(18,603)
Increase (Decrease) in Interfund Payable	(635)	(147,107)	(3,622)	362
Increase in Unearned Revenue	90,147	0	0	0
Increase in Compensated Absences Payable	33,370	12,229	15,690	3,587
Decrease in AMP-Ohio Payable	(1,251,785)	(2,254,654)	0	0
Increase in Recovered Purchased Power Payable	656,353	139,487	0	0
Net Cash Provided by Operating Activities	<u>\$1,852,655</u>	<u>\$3,053,210</u>	<u>\$888,879</u>	<u>\$1,121,408</u>

Sewer		Totals	
2014	2013	2014	2013
(\$1,746,417)	(\$787,526)	\$406,572	\$1,661,325
1,550,109	1,494,754	4,130,738	3,979,612
4,867	38,002	(476,986)	(56,599)
(85)	1,180	(2,976)	362
0	0	709	(1,657)
0	0	4,468	1,444
(2,910)	3,340	(8,775)	10,042
0	0	(142,377)	1,462
0	0	(21,437)	903,640
12,078	5,030	45,094	17,746
626,311	(29,211)	172,189	118,390
7,596	1,306	(487,383)	577,644
24,721	(17,730)	58,450	(83,552)
(863)	(256)	(5,120)	(147,001)
0	0	90,147	0
5,951	16,640	55,011	32,456
0	0	(1,251,785)	(2,254,654)
0	0	656,353	139,487
<u>\$481,358</u>	<u>\$725,529</u>	<u>\$3,222,892</u>	<u>\$4,900,147</u>

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**CITY OF BOWLING GREEN  
WOOD COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Direct Assistance			
Community Development Block Grants/Entitlement Grants (CDBG) Cluster			
Entitlement Grant	N/A	14.218	\$289,902
CDBG Revolving Loans	N/A	14.218	<u>100,379</u>
Total Community Development Block Grant/Entitlement Grants Cluster			<u>390,281</u>
<i>Passed through Ohio Development Services Agency</i>			
Home Investment Partnerships Program Revolving Loans	N/A	14.239	<u>38,285</u>
Total U.S. Department of Housing and Urban Development			<u><b>428,566</b></u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Formula Grants for Rural Areas			
	RPT- 0087-033-133	20.509	11,611
	RPT- 4087-031-131	20.509	4,720
	RPTF-0093-034-143	20.509	7,566
	RPTF-4093-034-141	20.509	<u>216,344</u>
Total Formula Grants for Rural Areas			<u>240,241</u>
State of Good Repair Grants Program	SUA-0087-100141	20.525	47,420
Highway Planning and Construction Grant	Grant Number 90659	20.205	<u>503,740</u>
Total U.S. Department of Transportation			<u><b>791,401</b></u>
<b>Total Federal Awards Expenditures</b>			<u><b>\$1,219,967</b></u>

*Note: The accompanying notes are an integral part of this schedule.*

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**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, 2014, the gross amounts of loans outstanding under this program were \$419,671.

Activity in the CDBG revolving loan fund during 2014 is as follows:

Beginning loans receivable balance as of January 1, 2014	\$477,788
Loans made and consolidated:	100,000
Loan principal repaid:	(158,117)
Ending Loans receivable balance as of December 31, 2014	<u>\$419,671</u>
Program Expenditures:	
Loans Issued in 2014	\$100,000
Administrative costs expended during 2014	379
Other grants administered through the 14.218 program	289,902
<b>Total CDBG 14.218 program expenditures</b>	<u><b>\$390,281</b></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, 2014, the gross amounts of loans outstanding under this program were \$48,826. The City made no new loans under this program in 2014.

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**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 worked with two properties with program costs totaling \$37,595 and \$690 in administrative expenditures under this program in 2014.

**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.

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# Dave Yost • Auditor of State

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, Ohio (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 3, 2015.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 3, 2015



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE 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:

### ***Report on Compliance for the Major Federal Program***

We have audited the City of Bowling Green, Wood County, Ohio's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the City of Bowling Green's major federal program for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal program.

### ***Management's Responsibility***

The City's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the City of Bowling Green, Wood County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

**Report on Internal Control Over Compliance**

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 3, 2015

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2014**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Planning and Construction Grant - CFDA #20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • 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 22, 2015**