



**CITY OF BOWLING GREEN
WOOD COUNTY
DECEMBER 31, 2020**

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WOOD COUNTY
DECEMBER 31, 2020**

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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, 2020, 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 such 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, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Playground and Recreation funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 26 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter.

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*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is 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 this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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, this information is 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 October 25, 2021, 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.



Keith Faber
Auditor of State
Columbus, Ohio

October 25, 2021

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City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2020
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, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2020 are as follows:

In total, the City's net position increased \$5,992,319, or almost 4 percent. Net position increased over 100 percent for governmental activities primarily due to the receipt of CARES Act funding. Net position increased less than 2 percent for business-type activities generally due to a reduction in purchased power in 2020 in the Electric Fund.

A review of the enterprise funds reflects that the Electric fund had an operating income and the Water and Sewer funds had an operating loss for 2020. However, the Water and Sewer funds had an increase in net position due to capital contributions.

One important aspect to consider with the Water and Sewer funds is that governmental funds finance a significant portion of water and sewer infrastructure improvements through a portion of the City's income tax. Of the one and one-half percent income tax that is divided by ordinance between various funds, the Sewer and Water Improvement Fund receives 33 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 2020. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the City's major funds, the General, Playground and Recreation, 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.

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 presents a summary of the City's net position for 2020 and 2019.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<u>Assets</u>						
Current and Other Assets	\$32,698,557	\$31,156,242	\$52,533,132	\$48,933,098	\$85,231,689	\$80,089,340
Net Pension Asset	187,814	109,405	195,483	105,114	383,297	214,519
Capital Assets, Net	54,365,523	55,231,129	132,523,421	134,170,404	186,888,944	189,401,533
Investment in Joint Venture	0	0	2,890,624	3,524,307	2,890,624	3,524,307
Total Assets	<u>87,251,894</u>	<u>86,496,776</u>	<u>188,142,660</u>	<u>186,732,923</u>	<u>275,394,554</u>	<u>273,229,699</u>
<u>Deferred Outflows of Resources</u>						
Pension	4,675,696	11,319,691	1,381,959	3,607,498	6,046,632	14,909,518
OPEB	3,277,040	2,800,156	1,026,682	517,856	4,241,878	3,318,012
Other Amounts	151,705	178,183	3,474,716	1,335,419	3,626,421	1,513,602
Total Deferred Outflows of Resources	<u>8,104,441</u>	<u>14,298,030</u>	<u>5,883,357</u>	<u>5,460,773</u>	<u>13,914,931</u>	<u>19,741,132</u>
<u>Liabilities</u>						
Current and Other Liabilities	2,251,405	3,978,521	4,937,472	5,278,991	7,188,877	9,257,512
Long-Term Liabilities						
Pension	29,611,989	38,728,167	8,495,640	11,536,863	38,107,629	50,265,030
OPEB	8,931,711	8,787,037	6,022,773	5,578,325	14,954,484	14,365,362
Other Amounts	41,714,744	44,934,825	3,105,541	3,477,554	44,820,285	48,412,379
Total Liabilities	<u>82,509,849</u>	<u>96,428,550</u>	<u>22,561,426</u>	<u>25,871,733</u>	<u>105,071,275</u>	<u>122,300,283</u>
<u>Deferred Inflows of Resources</u>						
Pension	5,613,220	1,447,829	1,873,345	428,175	7,475,542	1,858,333
OPEB	3,006,827	1,917,110	940,272	178,248	3,885,255	2,095,358
Other Amounts	3,024,654	2,856,417	0	0	3,024,654	2,856,417
Total Deferred Inflows of Resources	<u>11,644,701</u>	<u>6,221,356</u>	<u>2,813,617</u>	<u>606,423</u>	<u>14,385,451</u>	<u>6,810,108</u>

(continued)

City of Bowling Green
Management’s Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Table 1
Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<u>Net Position</u>						
Net Investment in Capital Assets	\$38,876,480	\$38,851,880	\$131,510,403	\$132,800,045	\$170,386,883	\$171,651,925
Restricted	16,128,355	14,595,668	0	0	16,128,355	14,595,668
Unrestricted (Deficit)	(53,803,050)	(55,302,648)	37,140,571	32,915,495	(16,662,479)	(22,387,153)
Total Net Position (Deficit)	<u>\$1,201,785</u>	<u>(\$1,855,100)</u>	<u>\$168,650,974</u>	<u>\$165,715,540</u>	<u>\$169,852,759</u>	<u>\$163,860,440</u>

The net pension/OPEB liability (asset) reported by the City at December 31, 2020, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. For reasons discussed below, end users of these financial statements will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability (asset), and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s net pension or net OPEB liability. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio’s statewide pension/OPEB plans and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statements No. 68 and No. 75 require the net pension liability (asset) and the net OPEB liability to equal the City’s proportionate share of each plan’s collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees’ past service minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange”, that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution to provide for these OPEB benefits.

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or in the case of compensated absences (i.e. vacation and sick leave) are satisfied through paid time off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the City. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statements No. 68 and No. 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability (asset) and the net OPEB liability, respectively, not accounted for as deferred outflows/inflows.

Pension/OPEB changes noted in the above table reflect an overall decrease in deferred outflows and overall increase in deferred inflows. These changes are affected by changes in benefits, contribution rates, return on investments, and actuarial assumptions. The increase in the net pension liability and decrease in the net OPEB liability represent the City's proportionate share of the unfunded benefits.

Aside from changes related to pension, there were several other items of note for governmental activities. The increase in current and other assets was primarily an increase in cash and cash equivalents largely resulting from Covid relief monies received (reduced expenditures for police and fire). There was also an increase in the receivable for municipal income taxes as the City begins recovery from the pandemic. These increases were partially offset by a reduction in the amount due from other governments (large receivable in the prior year for the microfiltration membrane project) and a reduction in assets held for resale as the building being held was sold. The decrease in current and other liabilities included a decrease in accrued wages (due to the timing of pay periods) and a significant decrease in contracts payable. At the end of the prior year, the City has substantial liabilities related to the construction of a park building, Poe Road reconstruction project, and the microfiltration membrane project. There was an increase in notes payable (short-term portion of real estate acquisition notes). In the prior year, this entire note was a long-term liability. The decrease in other long-term liabilities is scheduled debt retirement.

For business-type activities, the increase in current and other assets was primarily an increase in cash and cash equivalents (largely resulting from a reduction in purchase of power costs). There was also an increase in accounts receivable which reflects an increase in utility rates based on a multi-year plan approved by City Council. The decrease in net capital assets is due to annual depreciation. The decrease in current and other liabilities is largely due to a decrease in accrued wages (due to the timing of pay periods) and the decrease in other long-term liabilities represents scheduled debt retirement.

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Table 2 reflects the change in net position for 2020 and 2019.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,687,322	\$4,739,826	\$71,519,910	\$73,344,413	\$75,207,232	\$78,084,239
Operating Grants, Contributions, and Interest	4,493,907	1,987,171	0	0	4,493,907	1,987,171
Capital Grants and Contributions	281,694	3,167,528	0	0	281,694	3,167,528
Total Program Revenues	<u>8,462,923</u>	<u>9,894,525</u>	<u>71,519,910</u>	<u>73,344,413</u>	<u>79,982,833</u>	<u>83,238,938</u>
General Revenues						
Property Taxes-General Purposes	1,684,660	1,636,521	0	0	1,684,660	1,636,521
Property Taxes-Playground and Recreation	1,196,774	1,170,492	0	0	1,196,774	1,170,492
Municipal Income Taxes	20,501,322	21,128,645	0	0	20,501,322	21,128,645
Other Local Taxes	1,799,276	2,141,629	0	0	1,799,276	2,141,629
Grants and Entitlements not Restricted to Specific Programs	935,776	974,831	0	0	935,776	974,831
Franchise Taxes	237,716	244,409	0	0	237,716	244,409
Interest	1,268,167	1,599,528	0	0	1,268,167	1,599,528
Other	1,802,984	800,283	1,863,821	1,373,647	3,666,805	2,173,930
Total General Revenues	<u>29,426,675</u>	<u>29,696,338</u>	<u>1,863,821</u>	<u>1,373,647</u>	<u>31,290,496</u>	<u>31,069,985</u>
Total Revenues	<u>37,889,598</u>	<u>39,590,863</u>	<u>73,383,731</u>	<u>74,718,060</u>	<u>111,273,329</u>	<u>114,308,923</u>
<u>Program Expenses</u>						
Security of Persons and Property						
Police	7,129,719	1,489,142	0	0	7,129,719	1,489,142
Fire/Ambulance	7,563,053	(974,666)	0	0	7,563,053	(974,666)
Public Health	12,082	60,599	0	0	12,082	60,599
Leisure Time Activities	2,225,888	2,886,246	0	0	2,225,888	2,886,246
Community Environment	1,284,826	1,233,709	0	0	1,284,826	1,233,709
Basic Utility Services	1,041,377	953,421	0	0	1,041,377	953,421
Transportation	6,549,858	6,700,720	0	0	6,549,858	6,700,720
General Government						
Court	1,565,470	1,919,672	0	0	1,565,470	1,919,672
Other	4,719,616	3,955,096	0	0	4,719,616	3,955,096
Internal Service Fund External Portion	21,227	26,542	0	0	21,227	26,542
Interest and Fiscal Charges	794,286	816,051	0	0	794,286	816,051
Electric	0	0	59,434,691	64,274,442	59,434,691	64,274,442
Water	0	0	7,160,814	6,998,639	7,160,814	6,998,639
Sewer	0	0	5,778,103	6,092,393	5,778,103	6,092,393
Total Expenses	<u>32,907,402</u>	<u>19,066,532</u>	<u>72,373,608</u>	<u>77,365,474</u>	<u>105,281,010</u>	<u>96,432,006</u>
Increase (Decrease) in Net Position						
Before Transfers	4,982,196	20,524,331	1,010,123	(2,647,414)	5,992,319	17,876,917
Transfers	(1,925,311)	(9,989,885)	1,925,311	9,989,885	0	0
Increase in Net Position	<u>3,056,885</u>	<u>10,534,446</u>	<u>2,935,434</u>	<u>7,342,471</u>	<u>5,992,319</u>	<u>17,876,917</u>
Net Position (Deficit)						
Beginning of Year	(1,855,100)	(12,389,546)	165,715,540	158,373,069	163,860,440	145,983,523
Net Position (Deficit) End of Year	<u>\$1,201,785</u>	<u>(\$1,855,100)</u>	<u>\$168,650,974</u>	<u>\$165,715,540</u>	<u>\$169,852,759</u>	<u>\$163,860,440</u>

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

For governmental activities, there were significant fluctuations in program revenues. Charges for services revenue decreased over \$1 million due to the swimming pool being closed (gate fees and concessions), a decrease in court fines (court activities reduced due to the pandemic), and also in State patrol fines. The increase in operating grants and contributions was generally due to Covid relief monies received by the City. The decrease in capital grants and contributions is the result of monies received in the prior year from the Ohio Department of Transportation for the I-75 roundabout and various road resurfacing. In total, general revenues were similar to the prior year. The significant increase in expenses was primarily due to an overall increase in pension/OPEB expenses (largely related to police and fire/ambulance programs). In 2019, the City reported a negative OPEB expense of \$13,694,783; for 2020, the OPEB expense was a positive \$1,496,906.

As expected, program revenues make up a significant portion of the total revenues for business-type activities (97 percent). The decrease in charges for services was related to the electric utility (based on demand) as both the water and sewer utilities had a modest increase in charges for services. The overall decrease in expenses was also related to the electric utility due to a reduction in purchase of power costs.

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	
	2020	2019	2020	2019
Security of Persons and Property				
Police	\$7,129,719	\$1,489,142	\$6,489,902	\$1,166,018
Fire/Ambulance	7,563,053	(974,666)	5,567,294	(1,544,235)
Public Health	12,082	60,599	(38,123)	3,139
Leisure Time Activities	2,225,888	2,886,246	1,727,349	1,884,049
Community Environment	1,284,826	1,233,709	925,532	925,848
Basic Utility Services	1,041,377	953,421	(47,072)	117,840
Transportation	6,549,858	6,700,720	4,049,416	1,493,611
General Government				
Court	1,565,470	1,919,672	501,767	532,527
Other	4,719,616	3,955,096	4,461,915	3,767,801
Internal Service Fund External Portion	21,227	26,542	12,213	9,358
Interest and Fiscal Charges	794,286	816,051	794,286	816,051
Total Expenses	\$32,907,402	\$19,066,532	\$24,444,479	\$9,172,007

For 2020, general revenues provided for 74 percent of the costs of providing governmental activities services (48 percent in 2019). This difference is the result of the changes related to the OPEB expense as mentioned previously. Note that general revenues provide for the majority of the costs of providing police, fire, and ambulance services. Generally, the leisure time activities program receives significant support through program revenues generated through admission and sports fees, rentals, and concession charges. This was not the case in 2020 due to the effect of the pandemic. 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.

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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 2020, the General Fund had a 32 percent increase in fund balance despite a slight decrease in revenues. However, there was a \$3.1 million decrease in expenditures (primarily the police and fire departments) due to costs being offset with Covid relief resources received.

There was an increase in fund balance in the Playground and Recreation Fund; both revenues and expenditures decreased from the prior year but the changes were fairly similar. Property taxes, income taxes, and changes for services continue to be sufficient to cover operating costs.

The Sewer and Water Capital Improvement Fund had an increase in fund balance. Revenues were similar to the prior year; however expenditures decreased substantially. Due to the pandemic, far fewer projects were undertaken during the year.

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 increase in net position for all three funds in 2020.

The Electric Fund had a modest 3 percent increase in net position. Both revenues and expenses were lower than the prior year; revenues due to a reduction in charges for services (based on demand) and expenses due to reduced purchase of power costs.

The increase in net position in the Water Fund was less than 1 percent and primarily due to capital contributions.

The increase in net position in the Sewer Fund was 1 percent and primarily due to capital contributions.

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, changes from the original budget to the final budget as well as from the final budget to actual revenues were not significant. For expenditures, the changes from the original budget to the final budget were not significant. Changes from the final budget to actual expenditures were largely the result of the receipt of CARES Act resources.

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2020, was \$38,876,480 and \$131,510,403, 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 consisted primarily of ongoing and completed street improvements, a recreation building, three new vehicles for the street department, and fire equipment. The most significant additions for business-type activities were improvements at the water and wastewater treatment plants, vehicles, and electric, water, and sewer lines. For further information regarding the City's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2020, the City had \$1,515,000 in bond anticipation notes, \$14,130,000 in general obligation bonds, and \$24,500,372 in OWDA loans payable from governmental activities. Business-type activities had \$1,065,000 in general obligation bonds outstanding at year end. In addition, business-type activities, specifically the Electric enterprise fund, owed AMP-Ohio \$599,244 related to the City's obligation for the AMPGS project which was terminated. During 2020, the City issued \$1,515,000 in bond anticipation notes for the acquisition of real estate.

In addition to the debt outlined above, the City's long-term obligations also include the net pension liability, net OPEB liability, and compensated absences. For further information regarding the City's debt, refer to Notes 18 and 19 to the basic financial statements.

CURRENT ISSUES

In May 2021, the City issued thirty year general obligation bonds, in the amount of \$9,140,000, for two projects. The first is for the multipurpose building at the park (\$1,010,000) and the second if for the construction of a new administration building (\$8,130,000).

The City will receive additional assistance directly from the federal government's American Rescue Plan Act to assist with the financial hardship that the COVID-19 pandemic created. The City is anticipating over \$7.3 million over the next two years. These funds will provide relief as the underlying economy in Bowling Green and Northwest Ohio continues to recover.

City utility projects continue with the water treatment plant microfiltration membrane expansion project which is expected to be completed by the end of 2021. The WPC Blower Improvements project continues as well as the ATAD Tank Cover Replacement project.

Revenues are rebounding across the board as the local economy starts to improve against the effects of COVID-19.

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 Dana Pinkert, Finance Director, 304 North Church Street, Bowling Green, Ohio 43402-2399.

City of Bowling Green
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activities*	Total*
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$22,934,675	\$40,396,370	\$63,331,045
Cash and Cash Equivalents in Segregated Accounts	5,519	0	5,519
Accounts Receivable	653,596	9,665,320	10,318,916
Accrued Interest Receivable	107,198	0	107,198
Due from Other Governments	1,240,164	8,852	1,249,016
Municipal Income Taxes Receivable	3,435,154	0	3,435,154
Other Local Taxes Receivable	83,567	108,632	192,199
Internal Balances	208,843	(208,843)	0
Prepaid Items	252,268	165,730	417,998
Materials and Supplies Inventory	0	1,797,827	1,797,827
Property Taxes Receivable	3,049,523	0	3,049,523
Notes Receivable	642,762	0	642,762
Special Assessments Receivable	85,288	0	85,288
Recovered Purchased Power Receivable	0	599,244	599,244
Net Pension Asset	187,814	195,483	383,297
Nondepreciable Capital Assets	4,538,408	11,433,413	15,971,821
Depreciable Capital Assets, Net	49,827,115	121,090,008	170,917,123
Investment in Joint Venture	0	2,890,624	2,890,624
Total Assets	87,251,894	188,142,660	275,394,554
<u>Deferred Outflows of Resources</u>			
Deferred Charge on Refunding	151,705	65,115	216,820
Recovered Purchased Power	0	3,409,601	3,409,601
Pension	4,675,696	1,381,959	6,046,632
OPEB	3,277,040	1,026,682	4,241,878
Total Deferred Outflows of Resources	8,104,441	5,883,357	13,914,931
<u>Liabilities</u>			
Accrued Wages Payable	221,811	101,160	322,971
Accounts Payable	887,216	4,634,362	5,521,578
Contracts Payable	14,739	18,069	32,808
Due to Other Governments	330,000	181,955	511,955
Unearned Revenue	25,737	0	25,737
Retainage Payable	222,275	0	222,275
Accrued Interest Payable	44,627	1,926	46,553
Notes Payable	505,000	0	505,000
Long-Term Liabilities			
Due Within One Year	3,998,280	879,213	4,877,493
Due in More Than One Year			
Net Pension Liability	29,611,989	8,495,640	38,107,629
Net OPEB Liability	8,931,711	6,022,773	14,954,484
Other Amounts Due in More Than One Year	37,716,464	2,226,328	39,942,792
Total Liabilities	82,509,849	22,561,426	105,071,275
<u>Deferred Inflows of Resources</u>			
Property Taxes	3,024,654	0	3,024,654
Pension	5,613,220	1,873,345	7,475,542
OPEB	3,006,827	940,272	3,885,255
Total Deferred Inflows of Resources	11,644,701	2,813,617	14,385,451

(continued)

City of Bowling Green
Statement of Net Position
December 31, 2020
(continued)

	Governmental Activities	Business-Type Activities*	Total*
<u>Net Position</u>			
Net Investment in Capital Assets	\$38,876,480	\$131,510,403	\$170,386,883
Restricted for			
Debt Service	64,030	0	64,030
Capital Projects	9,965,954	0	9,965,954
Playground and Recreation	731,292	0	731,292
Street Maintenance and Repair	1,294,268	0	1,294,268
Community Development	809,256	0	809,256
Security of Persons and Property - Police	991,801	0	991,801
Security of Persons and Property - Fire	1,486,340	0	1,486,340
Other Purposes	785,414	0	785,414
Unrestricted (Deficit)	<u>(53,803,050)</u>	<u>37,140,571</u>	<u>(16,662,479)</u>
Total Net Position	<u>\$1,201,785</u>	<u>\$168,650,974</u>	<u>\$169,852,759</u>

* After deferred outflows and inflows related to the change in internal proportionate share of pension/OPEB related items have been eliminated.

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Activities
For the Year Ended December 31, 2020

	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	\$7,129,719	\$147,719	\$492,098	\$0
Fire	7,563,053	463,640	1,274,925	257,194
Public Health	12,082	47,805	2,400	0
Leisure Time Activities	2,225,888	310,356	163,683	24,500
Community Environment	1,284,826	15,495	343,799	0
Basic Utility Services	1,041,377	1,022,610	65,839	0
Transportation	6,549,858	725,037	1,775,405	0
General Government				
Court	1,565,470	851,831	211,872	0
Other	4,719,616	93,815	163,886	0
Internal Service Fund				
External Portion	21,227	9,014	0	0
Interest and Fiscal Charges	794,286	0	0	0
Total Governmental Activities	32,907,402	3,687,322	4,493,907	281,694
<u>Business-Type Activities</u>				
Electric	59,434,691	60,384,190	0	0
Water	7,160,814	6,695,283	0	0
Sewer	5,778,103	4,440,437	0	0
Total Business-Type Activities	72,373,608	71,519,910	0	0
Total	\$105,281,010	\$75,207,232	\$4,493,907	\$281,694

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 (Deficit) 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
(\$6,489,902)	\$0	(\$6,489,902)
(5,567,294)	0	(5,567,294)
38,123	0	38,123
(1,727,349)	0	(1,727,349)
(925,532)	0	(925,532)
47,072	0	47,072
(4,049,416)	0	(4,049,416)
(501,767)	0	(501,767)
(4,461,915)	0	(4,461,915)
(12,213)	0	(12,213)
(794,286)	0	(794,286)
<u>(24,444,479)</u>	<u>0</u>	<u>(24,444,479)</u>
0	949,499	949,499
0	(465,531)	(465,531)
0	(1,337,666)	(1,337,666)
<u>0</u>	<u>(853,698)</u>	<u>(853,698)</u>
<u>(24,444,479)</u>	<u>(853,698)</u>	<u>(25,298,177)</u>
1,684,660	0	1,684,660
1,196,774	0	1,196,774
7,687,995	0	7,687,995
512,533	0	512,533
5,125,332	0	5,125,332
5,125,331	0	5,125,331
2,050,131	0	2,050,131
1,799,276	0	1,799,276
935,776	0	935,776
237,716	0	237,716
1,268,167	0	1,268,167
1,802,984	1,863,821	3,666,805
29,426,675	1,863,821	31,290,496
(1,925,311)	1,925,311	0
<u>27,501,364</u>	<u>3,789,132</u>	<u>31,290,496</u>
3,056,885	2,935,434	5,992,319
(1,855,100)	165,715,540	163,860,440
<u>\$1,201,785</u>	<u>\$168,650,974</u>	<u>\$169,852,759</u>

City of Bowling Green
Balance Sheet
Governmental Funds
December 31, 2020

	General	Playground and Recreation	Sewer and Water Capital Improvement	Other Governmental
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$8,162,285	\$781,053	\$8,068,686	\$5,738,494
Cash and Cash Equivalents in Segregated Accounts	0	0	0	5,519
Accounts Receivable	651,476	0	0	0
Accrued Interest Receivable	107,198	0	0	0
Due from Other Governments	458,956	6,824	172,524	601,838
Municipal Income Taxes Receivable	1,288,182	85,879	858,789	1,202,304
Other Local Taxes Receivable	66,315	0	0	17,252
Interfund Receivable	183,199	0	0	250,000
Prepaid Items	195,241	11,548	0	43,859
<u>Restricted Assets</u>				
Equity in Pooled Cash and Cash Equivalents	62,545	0	0	0
Property Taxes Receivable	1,835,744	949,599	0	264,180
Notes Receivable	0	0	0	642,762
Special Assessments Receivable	0	0	0	85,288
Total Assets	\$13,011,141	\$1,834,903	\$9,099,999	\$8,851,496
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$138,567	\$12,791	\$0	\$68,856
Accounts Payable	537,980	25,821	95,763	227,073
Contracts Payable	0	0	12,263	2,476
Due to Other Governments	232,706	10,832	0	85,140
Interfund Payable	148	0	0	250,000
Unearned Revenue	0	0	0	25,737
Retainage Payable	0	0	222,275	0
Accrued Interest Payable	3,002	0	0	0
Notes Payable	505,000	0	0	0
Total Liabilities	1,417,403	49,444	330,301	659,282
<u>Deferred Inflows of Resources</u>				
Property Taxes	1,821,547	941,401	0	261,706
Unavailable Revenue	1,644,998	52,224	546,618	1,123,235
Total Deferred Inflows of Resources	3,466,545	993,625	546,618	1,384,941
<u>Fund Balance</u>				
Nonspendable	257,786	11,548	0	43,859
Restricted	0	780,286	8,223,080	5,919,886
Committed	72,016	0	0	1,004,344
Assigned	1,908,252	0	0	31,774
Unassigned (Deficit)	5,889,139	0	0	(192,590)
Total Fund Balance	8,127,193	791,834	8,223,080	6,807,273
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$13,011,141	\$1,834,903	\$9,099,999	\$8,851,496

See Accompanying Notes to the Basic Financial Statements

Total
Governmental
Funds

\$22,750,518
5,519
651,476
107,198
1,240,142
3,435,154
83,567
433,199
250,648

62,545
3,049,523
642,762
85,288

\$32,797,539

\$220,214
886,637
14,739
328,678
250,148
25,737
222,275
3,002
505,000

2,456,430

3,024,654
3,367,075

6,391,729

313,193
14,923,252
1,076,360
1,940,026
5,696,549

23,949,380

\$32,797,539

City of Bowling Green
Statement of Revenues, Expenditures,
and Change in Fund Balance
Governmental Funds
For the Year Ended December 31, 2020

	General	Playground and Recreation	Sewer and Water Capital Improvement	Other Governmental	Total Governmental Funds
<u>Revenues</u>					
Property Taxes	\$1,690,301	\$939,022	\$0	\$261,039	\$2,890,362
Municipal Income Taxes	7,653,924	510,261	5,102,615	7,143,661	20,410,461
Other Local Taxes	2,175,749	0	0	180,478	2,356,227
Special Assessments	0	0	0	44,322	44,322
Charges for Services	2,551,238	310,356	0	143,355	3,004,949
Fees, Licenses, and Permits	51,970	0	10,500	13,209	75,679
Fines and Forfeitures	213,542	0	0	199,844	413,386
Intergovernmental	1,179,030	16,131	0	4,365,448	5,560,609
Interest	1,305,950	0	0	28,920	1,334,870
Other	1,061,548	213,185	10,626	495,290	1,780,649
Total Revenues	17,883,252	1,988,955	5,123,741	12,875,566	37,871,514
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	4,300,783	0	0	1,956,649	6,257,432
Fire	1,523,746	0	0	5,139,697	6,663,443
Public Health	0	0	0	4,840	4,840
Leisure Time Activities	0	1,543,975	0	1,004,390	2,548,365
Community Environment	743,655	0	0	444,926	1,188,581
Basic Utility Services	894,232	0	0	65,839	960,071
Transportation	2,703,127	0	0	2,178,325	4,881,452
General Government					
Court	1,246,836	0	0	123,028	1,369,864
Other	3,271,146	22,825	228,239	438,904	3,961,114
Capital Outlay	0	0	2,029,725	708,587	2,738,312
Debt Service					
Principal Retirement	0	0	1,964,446	1,064,500	3,028,946
Current Refunding	0	0	0	890,000	890,000
Interest and Fiscal Charges	3,002	0	344,437	444,750	792,189
Total Expenditures	14,686,527	1,566,800	4,566,847	14,464,435	35,284,609
Excess of Revenues Over (Under) Expenditures	3,196,725	422,155	556,894	(1,588,869)	2,586,905
<u>Other Financing Sources (Uses)</u>					
Bond Anticipation Notes Issued	0	0	0	1,010,000	1,010,000
OWDA Loans Issued	0	0	1,179,997	0	1,179,997
Current Refunding	0	0	0	(1,010,000)	(1,010,000)
Sale of Capital Assets	25,527	0	0	0	25,527
Transfers In	0	0	0	4,281,881	4,281,881
Transfers Out	(1,265,531)	(230,519)	0	(2,785,831)	(4,281,881)
Total Other Financing Sources (Uses)	(1,240,004)	(230,519)	1,179,997	1,496,050	1,205,524
Change in Fund Balance	1,956,721	191,636	1,736,891	(92,819)	3,792,429
Fund Balance Beginning of Year	6,170,472	600,198	6,486,189	6,900,092	20,156,951
Fund Balance End of Year	<u>\$8,127,193</u>	<u>\$791,834</u>	<u>\$8,223,080</u>	<u>\$6,807,273</u>	<u>\$23,949,380</u>

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, 2020

Change in Fund Balance - Total Governmental Funds \$3,792,429

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	2,229,321	
Depreciation	(3,041,772)	
Depreciation - Internal Service Fund	<u>4,590</u>	(807,861)

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

Proceeds from Sale of Capital Assets	(25,527)	
Gain on Disposal of Capital Assets	22,335	
Loss on Disposal of Capital Assets	<u>(49,963)</u>	(53,155)

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

Property Taxes	(8,928)	
Municipal Income Taxes	90,861	
Other Local Taxes	(138,757)	
Special Assessments	(39,248)	
Charges for Services	(5,463)	
Fines and Forfeitures	4,205	
Intergovernmental	121,848	
Interest	(37,783)	
OWDA Loans Issued	<u>(615,874)</u>	(629,139)

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

Bond Anticipation Notes Payable	1,900,000	
General Obligation Bonds Payable	1,120,000	
OWDA Loans Payable	<u>1,908,946</u>	4,928,946

Debt proceeds are reported as other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net position.

Bond Anticipation Notes Payable	(1,010,000)	
OWDA Loans Payable	<u>(564,123)</u>	(1,574,123)

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	24,381	
Amortization of Deferred Charge on Refunding	<u>(26,478)</u>	(2,097)

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	(134,742)	
Compensated Absences Payable - Internal Service Fund	<u>(837)</u>	(135,579)

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, 2020
 (continued)

Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense on the statement of activities.

Pension Expense	(\$3,835,654)	
Pension Expense - Internal Service Fund	26,141	
OPEB Expense	(794,271)	
OPEB Expense - Internal Service Fund	12,236	
		(4,591,548)

Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.

Contractually Required Contributions - Pension	2,220,855	
Contractually Required Contributions - Pension - Internal Service Fund	(17,373)	
Contractually Required Contributions - OPEB	36,764	
Contractually Required Contributions - OPEB - Internal Service Fund	(98)	
		2,240,148

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. (98,923)

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. (12,213)

Change in Net Position of Governmental Activities \$3,056,885

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$1,672,621	\$1,646,653	\$1,690,301	\$43,648
Other Local Taxes	2,355,000	2,355,000	2,067,359	(287,641)
Charges for Services	2,851,250	2,851,250	2,546,534	(304,716)
Fees, Licenses, and Permits	35,900	35,900	51,973	16,073
Fines and Forfeitures	321,500	321,500	187,490	(134,010)
Intergovernmental	1,115,778	1,115,778	1,179,622	63,844
Interest	890,000	890,000	788,741	(101,259)
Other	80,100	272,400	1,028,361	755,961
Total Revenues	9,322,149	9,488,481	9,540,381	51,900
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,237,177	5,239,460	4,495,053	744,407
Fire	3,109,282	3,136,611	1,756,037	1,380,574
Public Health	901	1,759	858	901
Community Environment	945,535	950,386	901,611	48,775
Basic Utility Services	1,076,339	1,079,576	936,213	143,363
Transportation	3,551,655	3,568,555	3,198,875	369,680
General Government				
Court	1,357,207	1,368,123	1,296,167	71,956
Other	3,032,001	3,210,830	2,914,331	296,499
Total Expenditures	18,310,097	18,555,300	15,499,145	3,056,155
Excess of Revenues Under Expenditures	(8,987,948)	(9,066,819)	(5,958,764)	3,108,055
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	7,875	7,875	7,875	0
Sale of Capital Assets	0	0	25,527	25,527
Transfers In	8,062,162	8,062,162	7,928,578	(133,584)
Transfers Out	(86,784)	(773,221)	(773,221)	0
Total Other Financing Sources (Uses)	7,983,253	7,296,816	7,188,759	(108,057)
Change in Fund Balance	(1,004,695)	(1,770,003)	1,229,995	2,999,998
Fund Balance Beginning of Year	3,977,795	3,977,795	3,977,795	0
Prior Year Encumbrances Appropriated	903,219	903,219	903,219	0
Fund Balance End of Year	\$3,876,319	\$3,111,011	\$6,111,009	\$2,999,998

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$929,770	\$922,261	\$939,022	\$16,761
Municipal Income Taxes	540,265	540,265	503,883	(36,382)
Charges for Services	911,725	911,725	311,389	(600,336)
Fines and Forfeitures	250	250	0	(250)
Intergovernmental	16,281	16,281	16,131	(150)
Other	147,350	158,898	213,250	54,352
Total Revenues	2,545,641	2,549,680	1,983,675	(566,005)
<u>Expenditures</u>				
Current:				
Leisure Time Activities	2,428,391	2,439,939	1,666,565	773,374
General Government				
Other	21,608	23,108	22,134	974
Total Expenditures	2,449,999	2,463,047	1,688,699	774,348
Excess of Revenues Over Expenditures	95,642	86,633	294,976	208,343
<u>Other Financing Uses</u>				
Transfers Out	(230,519)	(230,519)	(230,519)	0
Change in Fund Balance	(134,877)	(143,886)	64,457	208,343
Fund Balance Beginning of Year	534,183	534,183	534,183	0
Prior Year Encumbrances Appropriated	99,836	99,836	99,836	0
Fund Balance End of Year	\$499,142	\$490,133	\$698,476	\$208,343

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Fund Net Position
Proprietary Funds
December 31, 2020

	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	\$28,447,477	\$8,227,128	\$3,721,765	\$40,396,370	\$121,612
Accounts Receivable	8,331,590	739,588	594,142	9,665,320	2,120
Due from Other Governments	7,708	583	561	8,852	22
Other Local Taxes Receivable	108,632	0	0	108,632	0
Interfund Receivable	8,899	2,592	172	11,663	2,798
Prepaid Items	65,302	51,171	49,257	165,730	1,620
Materials and Supplies Inventory	1,263,847	533,980	0	1,797,827	0
Total Current Assets	38,233,455	9,555,042	4,365,897	52,154,394	128,172
<u>Non-Current Assets</u>					
Recovered Purchased Power Receivable	599,244	0	0	599,244	0
Net Pension Asset	88,159	57,495	49,829	195,483	3,833
Nondepreciable Capital Assets	1,698,433	5,880,165	3,854,815	11,433,413	0
Depreciable Capital Assets, Net	17,556,687	52,454,682	51,078,639	121,090,008	6,505
Investment in Joint Venture	2,890,624	0	0	2,890,624	0
Total Non-Current Assets	22,833,147	58,392,342	54,983,283	136,208,772	10,338
Total Assets	61,066,602	67,947,384	59,349,180	188,363,166	138,510
<u>Deferred Outflows of Resources</u>					
Deferred Charge on Refunding	0	14,395	50,720	65,115	0
Recovered Purchased Power	3,409,601	0	0	3,409,601	0
Pension	681,394	482,932	352,072	1,516,398	26,967
OPEB	469,351	329,122	246,135	1,044,608	18,926
Total Deferred Outflows of Resources	4,560,346	826,449	648,927	6,035,722	45,893
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	44,738	29,269	27,153	101,160	1,597
Accounts Payable	4,395,027	163,990	75,345	4,634,362	579
Contracts Payable	11,634	6,435	0	18,069	0
Due to Other Governments	90,885	40,229	50,841	181,955	1,322
Interfund Payable	183,414	4,487	9,611	197,512	0
Accrued Interest Payable	0	425	1,501	1,926	0
General Obligation Bonds Payable	0	75,000	265,000	340,000	0
Compensated Absences Payable	216,408	122,315	128,490	467,213	4,624
AMP Ohio Payable	72,000	0	0	72,000	0
Total Current Liabilities	5,014,106	442,150	557,941	6,014,197	8,122
<u>Non-Current Liabilities</u>					
General Obligation Bonds Payable	0	160,000	565,000	725,000	0
Compensated Absences Payable	428,317	266,926	278,841	974,084	4,692
AMP Ohio Payable	527,244	0	0	527,244	0
Net Pension Liability	3,831,367	2,498,718	2,165,555	8,495,640	166,581
Net OPEB Liability	2,716,152	1,771,404	1,535,217	6,022,773	118,094
Total Non-Current Liabilities	7,503,080	4,697,048	4,544,613	16,744,741	289,367
Total Liabilities	12,517,186	5,139,198	5,102,554	22,758,938	297,489

(continued)

City of Bowling Green
Statement of Fund Net Position
Proprietary Funds
December 31, 2020
(continued)

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Deferred Inflows of Resources</u>					
Pension	\$844,918	\$580,861	\$582,005	\$2,007,784	\$41,038
OPEB	389,917	275,854	292,427	958,198	19,883
Total Deferred Inflows of Resources	1,234,835	856,715	874,432	2,965,982	60,921
<u>Net Position</u>					
Net Investment in Capital Assets	19,248,422	58,107,807	54,154,174	131,510,403	6,505
Unrestricted (Deficit)	32,626,505	4,670,113	(133,053)	37,163,565	(180,512)
Total Net Position (Deficit)	\$51,874,927	\$62,777,920	\$54,021,121	168,673,968	(\$174,007)
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.				(22,994)	
Net position of business-type activities				\$168,650,974	

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, 2020

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Operating Revenues</u>					
Charges for Services	\$59,034,041	\$6,695,283	\$4,440,437	\$70,169,761	\$77,919
Other	750,325	377,625	708,871	1,836,821	12,224
Total Operating Revenues	59,784,366	7,072,908	5,149,308	72,006,582	90,143
<u>Operating Expenses</u>					
Purchased Power	48,130,527	0	0	48,130,527	0
Plant Operation	0	3,184,621	1,980,464	5,165,085	0
Geographical Information Systems	260,834	244,969	81,368	587,171	0
Distribution Operation	4,392,437	1,314,257	1,089,263	6,795,957	0
Administrative and General	2,828,984	696,467	679,101	4,204,552	0
Information and Technology	188,766	62,040	59,857	310,663	0
Sustainability	39,412	12,604	12,901	64,917	0
Depreciation	1,608,800	1,629,882	1,830,497	5,069,179	4,590
Other	0	0	0	0	207,681
Total Operating Expenses	57,449,760	7,144,840	5,733,451	70,328,051	212,271
Operating Income (Loss)	2,334,606	(71,932)	(584,143)	1,678,531	(122,128)
<u>Non-Operating Revenues (Expenses)</u>					
Gain on Disposal of Capital Assets	0	27,000	0	27,000	0
Excise Taxes	1,350,149	0	0	1,350,149	0
Excise Taxes Expense	(1,350,149)	0	0	(1,350,149)	0
Interest Expense	0	(11,467)	(39,266)	(50,733)	0
Investment in Joint Venture	(633,683)	0	0	(633,683)	0
Total Non-Operating Revenues (Expenses)	(633,683)	15,533	(39,266)	(657,416)	0
Income (Loss) before Contributions	1,700,923	(56,399)	(623,409)	1,021,115	(122,128)
Capital Contributions	0	508,057	1,417,254	1,925,311	0
Change in Net Position	1,700,923	451,658	793,845	2,946,426	(122,128)
Net Position (Deficit)					
Beginning of Year - Restated (Note 3)	50,174,004	62,326,262	53,227,276		(51,879)
Net Position (Deficit) End of Year	\$51,874,927	\$62,777,920	\$54,021,121		(\$174,007)
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.				(10,992)	
Change in net position of business-type activities				<u>\$2,935,434</u>	

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	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	\$58,537,351	\$6,668,999	\$4,458,540	\$69,664,890	\$0
Cash Received from Transactions with Other Funds	0	0	0	0	88,910
Cash Payments for Purchased Power	(50,197,027)	0	0	(50,197,027)	0
Cash Payments for Plant Operation	0	(3,070,461)	(1,940,767)	(5,011,228)	0
Cash Payments for Geographical Information Systems	(225,873)	(235,847)	(75,128)	(536,848)	0
Cash Payments for Distribution Operation	(4,180,415)	(1,229,147)	(1,065,659)	(6,475,221)	0
Cash Payments for Administrative and General	(2,707,814)	(662,687)	(657,443)	(4,027,944)	0
Cash Payments for Information and Technology	(184,738)	(61,418)	(61,418)	(307,574)	0
Cash Payments for Sustainability	(35,671)	(11,420)	(12,395)	(59,486)	0
Cash Received from Other Revenues	751,829	377,617	708,826	1,838,272	12,231
Cash Payments for Other Expenses	0	0	0	0	(196,458)
Net Cash Provided by (Used for) Operating Activities	1,757,642	1,775,636	1,354,556	4,887,834	(95,317)
<u>Cash Flows from Noncapital Financing Activities</u>					
Cash Received from Excise Taxes	1,350,149	0	0	1,350,149	0
Cash Payments for Excise Tax Distribution	(1,350,149)	0	0	(1,350,149)	0
Net Cash Provided by Noncapital Financing Activities	0	0	0	0	0
<u>Cash Flows from Capital and Related Financing Activities</u>					
Principal Paid on General Obligation Bonds	0	(80,000)	(270,000)	(350,000)	0
Interest Paid on General Obligation Bonds	0	(6,700)	(23,413)	(30,113)	0
Acquisition of Capital Assets	(572,629)	(515,327)	(410,473)	(1,498,429)	0
Net Cash Used for Capital and Related Financing Activities	(572,629)	(602,027)	(703,886)	(1,878,542)	0
Net Increase (Decrease) in Cash and Cash Equivalents	1,185,013	1,173,609	650,670	3,009,292	(95,317)
Cash and Cash Equivalents Beginning of Year	27,262,464	7,053,519	3,071,095	37,387,078	216,929
Cash and Cash Equivalents End of Year	\$28,447,477	\$8,227,128	\$3,721,765	\$40,396,370	\$121,612

(continued)

City of Bowling Green
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
(continued)

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>					
Operating Income (Loss)	\$2,334,606	(\$71,932)	(\$584,143)	\$1,678,531	(\$122,128)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>					
Depreciation	1,608,800	1,629,882	1,830,497	5,069,179	4,590
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(499,808)	(27,161)	15,019	(511,950)	(1,837)
(Increase) Decrease in Due from Other Governments	(6,449)	(8)	3,048	(3,409)	7
Decrease in Other Local Taxes Receivable	4,850	0	0	4,850	0
(Increase) Decrease in Interfund Receivable	11,071	877	(9)	11,939	12,828
(Increase) Decrease in Prepaid Items	4,117	2,409	1,341	7,867	(161)
Increase in Materials and Supplies Inventory	(146,442)	(21,036)	0	(167,478)	0
Increase in Recovered Purchased Power Receivable	(2,098,023)	0	0	(2,098,023)	0
Increase in Net Pension Asset	(12,824)	(8,364)	(7,248)	(28,436)	(559)
Decrease in Accrued Wages Payable	(92,659)	(55,085)	(48,864)	(196,608)	(2,882)
Increase (Decrease) in Accounts Payable	71,924	(73,879)	(63,847)	(65,802)	(5,256)
Decrease in Contracts Payable	(6,413)	0	0	(6,413)	0
Decrease in Due to Other Governments	(30,264)	(12,308)	(997)	(43,569)	(547)
Increase (Decrease) in Interfund Payable	6,849	(1,507)	(11,372)	(6,030)	0
Increase (Decrease) in Compensated Absences Payable	8,511	3,558	28,395	40,464	(837)
Decrease in AMP-Ohio Payable	(62,477)	0	0	(62,477)	0
Increase in Net Pension Liability	86,799	56,609	49,061	192,469	3,774
Increase in Net OPEB Liability	165,280	107,792	93,420	366,492	7,186
Decrease in Deferred Outflows - Pension	905,126	608,291	502,577	2,015,994	38,477
Decrease in Deferred Outflows - OPEB	435,172	297,820	237,529	970,521	18,162
Decrease in Deferred Inflows - Pension	(679,668)	(476,070)	(485,172)	(1,640,910)	(32,924)
Decrease in Deferred Inflows - OPEB	(250,436)	(184,252)	(204,679)	(639,367)	(13,210)
Net Cash Provided by (Used for) Operating Activities	<u>\$1,757,642</u>	<u>\$1,775,636</u>	<u>\$1,354,556</u>	<u>\$4,887,834</u>	<u>(\$95,317)</u>

Non-Cash Capital Financing Activities:

At December 31, 2020, the Electric and Water enterprise funds had payables related to the acquisition of capital assets, in the amount of \$6,698 and \$6,435, respectively. At December 31, 2019, the Electric enterprise fund had payables related to the acquisition of capital assets, in the amount of \$41,677.

The Water and Sewer enterprise funds received capital assets that were constructed in the City's governmental funds, in the amount of \$508,057 and \$1,417,254, respectively.

During 2020, the Water enterprise fund received a trade in value of \$27,000 on a fully depreciated asset.

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2020

<u>Assets</u>	
Cash and Cash Equivalents in Segregated Accounts	\$116,918
Special Assessments Receivable	<u>113,628</u>
Total Assets	<u>230,546</u>
<u>Liabilities</u>	
Accounts Payable	114,768
Due to Other Governments	<u>46,412</u>
Total Liabilities	<u>161,180</u>
<u>Net Position</u>	
Restricted for Individuals, Organizations, and Other Governments	<u><u>\$69,366</u></u>
See Accompanying Notes to the Basic Financial Statements	

City of Bowling Green
Statement of Change in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2020

<u>Additions</u>	
Fines and Forfeitures for Other Governments	\$1,713,403
Special Assessments Collections for Others	<u>103,381</u>
Total Additions	<u>1,816,784</u>
<u>Deductions</u>	
Fines and Forfeitures Distributions to Other Governments	1,724,927
Special Assessments Distributions to Others	<u>103,381</u>
Total Deductions	<u>1,828,308</u>
Net Decrease in Fiduciary Net Position	(11,524)
Net Position Beginning of Year	<u>80,890</u>
Net Position End of Year	<u><u>\$69,366</u></u>

See Accompanying Notes to the Basic Financial Statements

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City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 2020.

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, 2020

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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City's fiduciary funds are custodial funds. Custodial funds are used to 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 and fiduciary funds are accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For proprietary funds, the statement of revenues, expenses, and changes 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.

Fiduciary funds present a statement of change in fiduciary net position which reports additions to and deductions from custodial funds.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 includes deferred charges on refundings, recovered purchased power, pension, and OPEB. 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. Recovered purchased power represents recovered costs of a regulated business-type activity applicable to a future period. These amounts have been recorded as deferred outflows of resources on both the government-wide statement of net position and the proprietary fund financial statements. Deferred outflows of resources related to pension and OPEB are reported on the government-wide and proprietary funds statement of net position and explained in Notes 15 and 16 to the basic financial statements.

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 until that time. For the City, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. 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, 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. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities on page 19. Deferred inflows of resources related to pension and OPEB are reported on the government-wide and proprietary funds statement of net position and explained in Notes 15 and 16 to the basic financial statements.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Process

All funds, except custodial funds, are required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. 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 the City 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.

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".

During 2020, the City invested in mutual funds, negotiable certificates of deposit, federal agency securities, U.S. Treasury securities, commercial paper, and STAR Ohio. Investments are reported at fair value. Fair value is based on quoted market price or current share price. Commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board Statement No. 79, "Certain External Investment Pools and Pool Participants". The City measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV that approximates fair value.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million requiring the excess amount to be transacted the following business day(s) but only to the \$100 million limit. All accounts of the participant will be combined for this purpose.

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 2020 was \$1,305,950, which includes \$1,188,168 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, 2020 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

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

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

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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition 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.

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.

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".

Deferred inflows of resources and deferred outflows of resources from the change in internal proportionate share related to pension/OPEB items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column on the government-wide statement of net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Compensated Absences

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

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

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. The net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient to pay those benefits. General obligation bond anticipation notes, general obligation bonds, and OWDA loans are recognized as liabilities on the governmental fund financial statements when due.

O. Net Position

Net position represents the difference between all other elements on the statement of financial 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, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. Assigned amounts represent intended uses established by City Council. Fund balance policy of City Council has authorized the Safety Director and the Service Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The City Council has also assigned fund balance for debt retirement, and to cover a gap between estimated resources and appropriations in the 2021 budget.

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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

T. Pension/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pension/OPEB, pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans, and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The retirement systems report investments at fair value.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

V. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

A. Change in Accounting Principles

For 2020, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83, "Certain Asset Retirement Obligations". GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

State and federal laws and regulations require the City to go through a decommissioning process if the wastewater treatment facility was to close. Through the decommissioning process, the City would be responsible for remediating any public safety issues associated with the wastewater treatment facility. The asset retirement obligation associated with the City's wastewater treatment facility cannot be estimated at this time.

B. Restatement of Net Position

In the prior year, the City recorded an addition for a capital asset that did not belong to the City. The restatement had the following effect on net position.

	Electric	Water	Sewer
Net Position at December 31, 2019	\$52,128,971	\$62,326,262	\$53,227,276
Nondepreciable Capital Assets	(1,954,967)	0	0
Restated Net Position at December 31, 2019	\$50,174,004	\$62,326,262	\$53,227,276
		Business-Type Activities	
Net Position December 31, 2019		\$167,670,507	
Nondepreciable Capital Assets		(1,954,967)	
Restated Net Position December 31, 2019		\$165,715,540	

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2020, the Aquatic Facility Capital Improvement capital projects fund had a deficit fund balance, in the amount of \$192,590, 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.

At December 31, 2020, the internal service fund had a deficit net position, in the amount of \$174,007, due to recording the net pension/OPEB liability. This amount will be paid by the pension/OPEB systems in future years as individuals retire.

B. Compliance

The following accounts had expenditures plus encumbrances in excess of appropriations for the year ended December 31, 2020.

Fund Program/Department/Object	Appropriations	Expenditures Plus Encumbrances	Excess
General Fund			
General Government - Other			
Clerk of Council			
Salaries	\$40,208	\$41,290	\$1,082
Information Technology			
Fringe Benefits	42,108	43,718	1,610
Prosecutor			
Fringe Benefits	102,492	104,366	1,874
Playground and Recreation Fund			
Leisure Time Activities			
Playground and Recreation Administration			
Fringe Benefits	49,645	49,653	8
Street Maintenance and Repair Fund			
Transportation			
Fringe Benefits	139,963	142,893	2,930
Law Enforcement Drug Fund			
Security of Persons and Property - Police			
Fringe Benefits	9,720	10,079	359
Special Assessment Bond Retirement Fund			
Debt Service			
Operating	59,950	60,475	525

(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

Fund Program/Department/Object	Appropriations	Expenditures Plus Encumbrances	Excess
Electric Fund			
Geographical Information Systems			
Fringe Benefits	\$33,389	\$33,677	\$288
Administrative and General			
Fringe Benefits	268,877	280,751	11,874
Information Technology			
Fringe Benefits	25,273	27,144	1,871
Water Fund			
Geographical Information Systems			
Fringe Benefits	11,130	11,471	341
Information Technology			
Fringe Benefits	8,425	8,923	498
Sewer Fund			
Geographical Information Systems			
Fringe Benefits	11,130	11,467	337
Information Technology			
Fringe Benefits	8,425	8,923	498

The Finance Director will monitor budgetary transactions to ensure expenditures are within amounts appropriated.

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).

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

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	\$1,956,721	\$191,636
<u>Increases (Decreases) Due To</u>		
Revenue Accruals:		
Accrued 2019, Received in Cash 2020	960,080	42,364
Accrued 2020, Not Yet Received in Cash	(1,124,525)	(48,677)
Expenditure Accruals:		
Accrued 2019, Paid in Cash 2020	(1,610,115)	(135,048)
Accrued 2020, Not Yet Paid in Cash	912,403	49,444
Cash Adjustments:		
Unrecorded Activity 2019	558,717	45,218
Unrecorded Activity 2020	(1,032,251)	(11,597)
Prepaid Items	5,324	2,097
Asset Held for Resale	367,470	0
Bond Anticipation Notes Issued	505,000	0
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses into Financial Statement Fund Types	399,657	0
Encumbrances Outstanding at Year End (Budget Basis)	(668,486)	(70,980)
Budget Basis	\$1,229,995	\$64,457

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 deposits are public deposits determined to be necessary to meet current demands upon the City treasury. Active deposits 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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio (if training requirements have been met);
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time (if training requirements have been met).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the City Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of a 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, \$5,753,655 of the City's bank balance of \$19,183,878 was exposed to custodial credit risk because it was uninsured and uncollateralized. The City's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured or by participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments

Investments are reported at fair value or amortized cost. At December 31, 2020, the City had the following investments:

Measurement/Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Fair Value - Level One Inputs					
Mutual Funds	\$666,202	\$666,202	\$0	\$0	\$0
Fair Value - Level Two Inputs					
Negotiable Certificates of Deposit	11,272,434	1,487,031	0	4,072,038	5,713,365
Federal Farm Credit Bank Notes	9,306,652	0	111,628	2,405,825	6,789,199
Federal Home Loan Bank Notes	1,674,767	0	0	270,666	1,404,101
Federal Home Loan Mortgage Corporation Notes	7,638,753	0	0	770,048	6,868,705
Federal National Mortgage Association Notes	3,675,211	0	0	0	3,675,211
United States Treasury Bills	414,414	0	0	0	414,414
Total Fair Value - Level Two Inputs	<u>33,982,231</u>	<u>1,487,031</u>	<u>111,628</u>	<u>7,518,577</u>	<u>24,864,995</u>
Amortized Cost					
Commercial Paper	7,249,948	5,516,292	1,733,656	0	0
Net Value Per Share					
STAR Ohio	4,000,680	4,000,680	0	0	0
Total Investments	<u>\$45,899,061</u>	<u>\$11,670,205</u>	<u>\$1,845,284</u>	<u>\$7,518,577</u>	<u>\$24,864,995</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2020. The mutual funds are measured at fair value using quoted market prices (Level 1 inputs). The City's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

The negotiable certificates of deposit are generally covered by FDIC insurance. The mutual funds, federal agency securities, and U.S. Treasury securities carry a rating of Aaa by Moody's. The commercial paper carries a rating of P-1 by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The City has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service, commercial paper must be rated in the highest category at the time of purchase by two nationally recognized standard rating services, and STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	\$11,272,434	24.56%
Federal Farm Credit Bank	9,306,652	20.28
Federal Home Loan Bank	1,674,767	3.65
Federal Home Loan Mortgage Corporation	7,638,753	16.64
Federal National Mortgage Association	3,675,211	8.01
United States Treasury	414,414	.90
Commercial Paper	7,249,948	15.80

NOTE 7 - RECEIVABLES

Receivables at December 31, 2020, 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 \$343,113, will not be received within one year. Special assessments receivable, in the amount of \$39,974, will not be received within one year. At December 31, 2020, the amount of delinquent special assessments was \$29,973.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 7 - RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$89,282
Local Government	367,816
Ohio Bureau of Workers' Compensation	1,858
Total General Fund	458,956
Playground and Recreation	
Homestead and Rollback	6,616
Ohio Bureau of Workers' Compensation	208
Total Playground and Recreation	6,824
Sewer and Water Capital Improvement	
Ohio Water Development Authority	172,524
Total Major Funds	638,304
Nonmajor Funds	
Street Maintenance and Repair	
Gasoline Tax	379,647
Auto Registration	69,373
Motor Vehicle License Tax	22,553
Ohio Bureau of Workers' Compensation	76
Total Street Maintenance and Repair	471,649
State Highway	
Gasoline Tax	30,782
Auto Registration	5,625
Total State Highway	36,407
ODOT Transportation	
Ohio Department of Transportation	81,029
	(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Revolving Loan	
Ohio Bureau of Workers' Compensation	\$17
Police Levy	
Ohio Bureau of Workers' Compensation	227
Fire Levy	
Ohio Bureau of Workers' Compensation	529
Aquatic Facility Capital Improvement	
Homestead and Rollback	11,980
Total Nonmajor Funds	601,838
Internal Service Fund	
Ohio Bureau of Workers' Compensation	22
Total Governmental Activities	\$1,240,164
 Business Type Activities	
Major Funds	
Electric	
Charges for Services	\$6,824
Ohio Bureau of Workers' Compensation	884
Total Electric	7,708
Water	
Ohio Bureau of Workers' Compensation	583
Sewer	
Ohio Bureau of Workers' Compensation	561
Total Business Type Activities	\$8,852

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 0 to 4.75 percent and are to be repaid over periods ranging from one and a half to twenty years. A summary of the changes in notes receivable during 2020 follows:

	Balance December 31, 2019	New Loans	Repayments	Balance December 31, 2020	Due Within One Year
Special Revenue Fund					
CDBG					
Revolving Loan Program	\$614,227	\$290,000	\$288,096	\$616,131	\$273,018
Home Program	41,633	0	15,002	26,631	26,631
Total Notes Receivable	<u>\$655,860</u>	<u>\$290,000</u>	<u>\$303,098</u>	<u>\$642,762</u>	<u>\$299,649</u>

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 2020 represent the collection of 2019 taxes. Real property taxes received in 2020 were levied after October 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 10 - PROPERTY TAXES (continued)

Public utility property tax revenues received in 2020 represent the collection of 2019 taxes. Public utility real and tangible personal property taxes received in 2020 became a lien on December 31, 2018, were levied after October 1, 2019, 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, 2020, and for which there was an enforceable legal claim. In the government funds, the portion of the receivable not levied to finance 2020 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.

The full tax rate for all City operations for the year ended December 31, 2020, was \$6.20 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2020 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	
Agricultural/Residential	\$312,256,100
Commercial/Industrial	193,421,620
Public Utility Real	20,370
Public Utility Personal	4,550,820
Total	<u><u>\$510,248,910</u></u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 11 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$4,422,948	\$0	\$0	\$4,422,948
Construction in Progress	4,609,545	1,076,924	(5,571,009)	115,460
Total Nondepreciable Capital Assets	9,032,493	1,076,924	(5,571,009)	4,538,408
Depreciable Capital Assets				
Land Improvements	3,736,306	0	(20,000)	3,716,306
Buildings	24,054,370	5,002,078	(22,750)	29,033,698
Equipment	3,321,914	399,491	0	3,721,405
Vehicles	9,596,256	191,587	(241,027)	9,546,816
Streets	73,191,849	1,130,250	(107,518)	74,214,581
Total Depreciable Capital Assets	113,900,695	6,723,406	(391,295)	120,232,806
Less Accumulated Depreciation for				
Land Improvements	(1,906,039)	(134,185)	20,000	(2,020,224)
Buildings	(11,530,750)	(579,927)	22,750	(12,087,927)
Equipment	(2,942,623)	(181,022)	0	(3,123,645)
Vehicles	(7,948,642)	(373,151)	237,835	(8,083,958)
Streets	(43,374,005)	(1,773,487)	57,555	(45,089,937)
Total Accumulated Depreciation	(67,702,059)	(3,041,772)	338,140	(70,405,691)
Total Depreciable Capital Assets, Net	46,198,636	3,681,634	(53,155)	49,827,115
Governmental Activities Capital Assets, Net	\$55,231,129	\$4,758,558	(\$5,624,164)	\$54,365,523

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 11 - CAPITAL ASSETS (continued)

	Restated Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$6,488,400	\$0	\$0	\$6,488,400
Construction in Progress	6,975,230	1,636,924	(3,667,141)	4,945,013
Total Nondepreciable Capital Assets	<u>13,463,630</u>	<u>1,636,924</u>	<u>(3,667,141)</u>	<u>11,433,413</u>
Depreciable Capital Assets				
Buildings	107,366,250	1,274,452	0	108,640,702
Equipment	3,115,582	111,782	0	3,227,364
Vehicles	7,249,389	540,943	(67,539)	7,722,793
Electric, Water, Sewer, and Storm Sewer Lines	117,759,203	3,525,236	0	121,284,439
Total Depreciable Capital Assets	<u>235,490,424</u>	<u>5,452,413</u>	<u>(67,539)</u>	<u>240,875,298</u>
Less Accumulated Depreciation for				
Buildings	(45,563,343)	(1,996,284)	0	(47,559,627)
Equipment	(2,856,347)	(131,135)	0	(2,987,482)
Vehicles	(6,134,468)	(478,732)	67,539	(6,545,661)
Electric, Water, Sewer, and Storm Sewer Lines	(60,229,492)	(2,463,028)	0	(62,692,520)
Total Accumulated Depreciation	<u>(114,783,650)</u>	<u>(5,069,179)</u>	<u>67,539</u>	<u>(119,785,290)</u>
Total Depreciable Capital Assets, Net	<u>120,706,774</u>	<u>383,234</u>	<u>0</u>	<u>121,090,008</u>
Business-Type Activities Capital Assets, Net	<u>\$134,170,404</u>	<u>\$2,020,158</u>	<u>(\$3,667,141)</u>	<u>\$132,523,421</u>

The Water and Sewer enterprise funds accepted contributions of capital assets from governmental activities with a fair value of \$508,057 and \$1,417,254, respectively.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property-Police	\$76,800
Security of Persons and Property-Fire	169,683
Public Health	7,242
Leisure Time Activities	440,133
Community Environment	40,026
Basic Utility Services	36,727
Transportation	1,988,873
General Government-Court	100,146
General Government-Other	182,142
Total Depreciation Expense - Governmental Activities	<u>\$3,041,772</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 12 - INTERFUND BALANCES

Interfund balances at December 31, 2020, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Electric	<u>\$183,199</u>
Due to Other Governmental Funds from:	
Other Governmental	<u>\$250,000</u>
Due to Electric Fund from:	
Water	\$3,500
Sewer	5,399
Total Electric Fund	<u>\$8,899</u>
Due to Water Fund from:	
Electric	\$129
Sewer	2,463
Total Water Fund	<u>\$2,592</u>
Due to Sewer Fund from :	
Electric	\$86
Water	86
Total Sewer Fund	<u>\$172</u>
Due to Internal Service Fund from:	
General Fund	\$148
Water	901
Sewer	1,749
Total Internal Service Fund	<u>\$2,798</u>

The balances due to the General, Other Governmental, Electric, Water, Sewer, and Internal Service funds resulted from the time lag between dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All of these amounts, except \$202,500 in other governmental funds, are expected to be received within one year.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 2020, 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	\$500,000,000
Flood Annual Aggregate	10,000,000
Earthquake Annual Aggregate	10,000,000
Boiler and Machinery	100,000,000
General Liability	
Per Occurrence	2,000,000
Employee Benefit Liability	2,000,000
Ohio Stop Gap Liability	2,000,000
Public Official Liability	2,000,000
Law Enforcement Professional Liability	2,000,000
Automobile Liability	2,000,000
Crime	
Employee Dishonesty and Faithful Performance	500,000
Depositor's Forgery	500,000
Money and Securities	500,000
Excess Liability	
Per Occurrence	8,000,000
Annual Aggregate	8,000,000

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

The City participates in the Buckeye Ohio Risk Management Agency (BORMA), a public entity shared risk pool among several cities in Northern Ohio. 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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 13 - RISK MANAGEMENT (continued)

For 2020, 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.

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, 2020:

Vendor	Contract Amount	Amount Paid as of 12/31/20	Outstanding Balance
Poggemeyer Design Group, Inc.	\$324,900	\$10,209	\$314,691
Shelly Company	300,000	235,542	64,458
Utility Truck Equipment, Inc.	249,522	0	249,522

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2021 are as follows:

General Fund	\$668,486
Playground and Recreation	70,980
Sewer and Water Capital Improvement	812,322
Other Governmental Funds	186,783

NOTE 15 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset)/Net OPEB Liability

The net pension liability (asset) and the net OPEB liability reported on the statement of net position represent a liability to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions/OPEB are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables including estimated average life expectancies, earnings on investments, cost of living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation, including pension and OPEB.

GASB Statements No. 68 and No. 75 assume the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All pension contributions to date have come solely from the employer (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contribution to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care cost in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within thirty years. If the pension amortization period exceeds thirty years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a net pension/OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included as an intergovernmental payable on both the accrual and modified accrual basis of accounting.

The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate 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 and the combined plan is a combination cost-sharing multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, public safety, and law enforcement divisions. While members in the state and local divisions may participate in all three plans, public safety and law enforcement divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor, and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343. (See the OPERS Comprehensive Annual Financial Report referenced above for additional information including requirements for reduced and unreduced benefits.)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 years

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other groups and members hired on or after January 7, 2013
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost of living adjustment.

When a traditional plan benefit recipient has received benefits for twelve months, current law provides an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost of living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index capped at 3 percent.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Defined contribution plan benefits are established in the plan documents which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed plan participants must have attained the age of fifty-five, have money on deposit in the defined contribution plan, and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the member's contributions, vested employer contributions, and investment gains or losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five year period at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS account. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance net of taxes withheld, or a combination of these options.

Beginning in 2022, the combined plan will be consolidated under the traditional plan (defined benefit plan) and the combined plan option will no longer be available for new hires beginning in 2022.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows.

	State and Local	Public Safety	Law Enforcement
2020 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0 %	**	***
2020 Actual Contribution Rates			
Employer			
Pension ****	14.0 %	18.1 %	18.1 %
Postemployment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Total Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** This rate is determined by OPERS' Board and has no maximum rate established by the ORC.

*** This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contribution rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2020, the City's contractually required contribution was \$1,620,971 for the traditional plan, \$116,269 for the combined plan, and \$24,453 for the member-directed plan. Of these amounts, \$145,954 is reported as an intergovernmental payable for the traditional plan, \$10,462 for the combined plan, and \$2,199 for the member-directed plan.

Plan Description - Ohio Police and Fire Pension Fund (OPF)

Plan Description - Full-time police and firefighters participate in the Ohio Police and Fire Pension Fund (OPF), a cost-sharing multiple-employer defined benefit pension plan administered by OPF. 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, required supplementary information, and detailed information about OPF's fiduciary net position that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, an OPF member may retire and receive a lifetime monthly pension. OPF offers four types of service retirement; normal, service commuted, age/service commuted, and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is fifty-two for normal service retirement with at least twenty-five years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is forty-eight for normal service retirement with at least twenty-five years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first twenty years of service credit, 2 percent for each of the next five years of service credit, and 1.5 percent for each year of service credit in excess of twenty-five years. The maximum pension of 72 percent of the allowable average annual salary is paid after thirty-three years of service credit. (See the OPF Comprehensive Annual Financial Report referenced above for additional information including requirements for deferred retirement option plan provisions and reduced and unreduced benefits.)

Under normal service retirement, retired members who are at least fifty-five years old and have been receiving OPF benefits for at least one year may be eligible for a cost of living allowance adjustment. The age fifty-five provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Members retiring under normal service retirement, with less than fifteen years of service credit on July 1, 2013, will receive a COLA equal to either 3 percent or the percentage increase, if any, in the Consumer Price Index over the twelve month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least fifteen years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows.

	Police	Firefighters
2020 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
 2020 Actual Contribution Rates		
Employer		
Pension	19.00 %	23.50 %
Postemployment Health Care Benefits	.50	.50
Total Employer	19.50 %	24.00 %
Total Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll.

The City's contractually required contribution was \$1,369,607 for 2020. Of this amount, \$151,975 is reported as an intergovernmental payable.

Pension Liability (Asset) , Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

The net pension liability (asset) for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Following is information related to the proportionate share and pension expense.

	OPERS Traditional Plan	OPERS Combined Plan	OPF	Total
Proportion of the Net Pension Liability/Asset				
Current Measurement Date	0.08427800%	0.18381500%	0.31840570%	
Prior Measurement Date	0.08596700%	0.19183900%	0.32735000%	
Change in Proportionate Share	<u>0.00168900%</u>	<u>0.00802400%</u>	<u>0.00894430%</u>	
Proportionate Share				
Net Pension Liability	\$16,658,119	\$0	\$21,449,510	\$38,107,629
Net Pension Asset	\$0	\$383,297	\$0	\$383,297
Pension Expense	\$2,566,748	\$47,346	\$2,646,669	\$5,260,763

Pension expense for the member-directed defined contribution plan was \$24,453 for 2020. The aggregate pension expense for all pension plans was \$5,285,216 for 2020.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources.

	OPERS Traditional Plan	OPERS Combined Plan	OPF	Total
Deferred Outflows of Resources				
Difference Between Expected and Actual Experience	\$0	\$0	\$811,934	\$811,934
Changes of Assumptions	889,739	39,522	526,530	1,455,791
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	0	30,173	641,887	672,060
City Contributions Subsequent to the Measurement Date	<u>1,620,971</u>	<u>116,269</u>	<u>1,369,607</u>	<u>3,106,847</u>
Total Deferred Outflows of Resources	<u>\$2,510,710</u>	<u>\$185,964</u>	<u>\$3,349,958</u>	<u>\$6,046,632</u>
Deferred Inflows of Resources				
Difference Between Expected and Actual Experience	\$210,618	\$89,987	\$1,106,238	\$1,406,843
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,322,920	49,715	1,036,184	4,408,819
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	<u>430,706</u>	<u>0</u>	<u>1,229,174</u>	<u>1,659,880</u>
Total Deferred Inflows of Resources	<u>\$3,964,244</u>	<u>\$139,702</u>	<u>\$3,371,596</u>	<u>\$7,475,542</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

\$3,106,847 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase in the net pension asset in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

Year Ending December 31,	OPERS Traditional Plan	OPERS Combined Plan	OPF	Total
2021	(\$740,049)	(\$20,301)	(\$319,762)	(\$1,080,112)
2022	(1,152,641)	(19,368)	(198,042)	(1,370,051)
2023	137,602	(5,506)	299,452	431,548
2024	(1,319,417)	(23,706)	(1,036,341)	(2,379,464)
2025	0	(1,068)	(136,552)	(137,620)
Thereafter	0	(58)	0	(58)
Total	<u>(\$3,074,505)</u>	<u>(\$70,007)</u>	<u>(\$1,391,245)</u>	<u>(\$4,535,757)</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre-January 7, 2013	3 percent simple	3 percent simple
Post-January 7, 2013	1.4 percent simple through 2020, then 2.15 percent simple	1.4 percent simple through 2020, then 2.15 percent simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	individual entry age	individual entry age

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013, retirees changing it from 3 percent simple through 2018 then 2.15 percent simple to 1.4 percent simple through 2020 then 2.15 percent simple.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Preretirement mortality rates were based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios; the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. Each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, is summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	<u>100.00 %</u>	

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.2 percent for the traditional and the combined plans. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for all three plans was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.2 percent) or one percentage point higher (8.2 percent) than the current rate.

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
City's Proportionate Share of the Net Pension Liability (Asset)			
OPERS Traditional Plan	\$27,474,628	\$16,658,119	\$6,934,394
OPERS Combined Plan	(\$231,607)	(\$383,297)	(\$492,624)

Actuarial Assumptions - OPF

OPF's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67 as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modification as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI based COLA, investment returns, salary increases, and payroll growth.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2019, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	entry age normal
Investment Rate of Return	8 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum compounded annually consisting of an inflation rate of 2.75 percent plus productivity increase rate of .5 percent
Cost of Living Adjustments	3 percent simple; 2.2 percent simple for increases based on lesser of the increase in CPI and 3 percent

Mortality for nondisabled participants was based on the RP-2014 Total Employee and Healthy Annuitant Mortality Table rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries were adjusted by 120 percent.

Age	Police	Fire
67 or less	77%	68%
68 - 77	105	87
78 and up	115	120

Mortality for disabled retirees was based on the RP-2014 Disabled Mortality Table rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60 - 69	60	45
70 - 79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

The long-term expected rate of return on pension plan investments was determined using a building block approach and assumes a time horizon as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2019, are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Cash and Cash Equivalents	0.00 %	1.00 %
Domestic Equities	16.00	5.40
Non-U.S. Equities	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income*	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds*	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	<u>120.00 %</u>	

Note: assumptions are geometric

* levered 2x

OPF's Board of Trustees has incorporated the risk parity concept into OPF's asset liability valuation with the goal of reducing equity risk exposure which reduces overall total portfolio risk without sacrificing return and creating a more risk balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the total portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate and, to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 8 percent as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7 percent) or one percentage point higher (9 percent) than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City’s Proportionate Share of the Net Pension Liability	\$29,728,273	\$21,449,510	\$14,525,143

NOTE 16 - DEFINED BENEFIT OPEB PLANS

See Note 15 for a description of the net OPEB liability.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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 trust which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a health reimbursement arrangement to qualifying benefit recipients of both the traditional and combined pension plans. This trust is also used to fund health care for member-directed plan participants in the form of a retiree medical account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined pension plans must have twenty or more years of qualifying Ohio service credit and a minimum age of sixty or generally thirty years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 75. (See the OPERS Comprehensive Annual Financial Report referenced below for additional information.)

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

NOTE 16 - DEFINED BENEFIT OPEB PLANS (continued)

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional and combined plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. For 2020, OPERS did not allocate any employer contributions to health care for members in the traditional and combined plans.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2020.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$9,781 for 2020. Of this amount, \$880 is reported as an intergovernmental payable.

Plan Description - Ohio Police and Fire Pension Fund (OPF)

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OPF implemented a new model for health care. Under this model, OPF provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OPF health care stipend unless they have access to any other group coverage, including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage, including employer or retirement coverage, they are not eligible for stipend support from OPF. Even if an OPF member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OPF meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 75.

NOTE 16 - DEFINED BENEFIT OPEB PLANS (continued)

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.

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 to contribute to the pension plan at rates expressed as a percentage of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contribution for retiree health care benefits. For 2020, the portion of the employer contribution allocated to health care was .5 percent of covered payroll. The amount of the 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.

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 contractually required contribution to OPF was \$31,972 for 2020. Of this amount, \$3,542 is reported as an intergovernmental payable.

OPEB Liability, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and the total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OPF's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS (continued)

Following is information related to the proportionate share and OPEB expense.

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Current Measurement Date	0.08549700%	0.31840570%	
Prior Measurement Date	0.08731900%	0.32735000%	
Change in Proportionate Share	<u>0.00182200%</u>	<u>0.00894430%</u>	
Proportionate Share of the Net OPEB Liability	\$11,809,358	\$3,145,126	\$14,954,484
OPEB Expense	\$1,223,712	\$273,194	\$1,496,906

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources			
Difference Between Expected and Actual Experience	\$317	\$0	\$317
Changes of Assumptions	1,869,296	1,838,762	3,708,058
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	12,959	478,791	491,750
City Contributions Subsequent to the Measurement Date	9,781	31,972	41,753
Total Deferred Outflows of Resources	<u>\$1,892,353</u>	<u>\$2,349,525</u>	<u>\$4,241,878</u>
Deferred Inflows of Resources			
Difference Between Expected and Actual Experience	\$1,080,020	\$338,228	\$1,418,248
Changes of Assumptions	0	670,274	670,274
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	601,329	144,727	746,056
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	306,833	743,844	1,050,677
Total Deferred Inflows of Resources	<u>\$1,988,182</u>	<u>\$1,897,073</u>	<u>\$3,885,255</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS (continued)

\$41,753 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

Year Ending December 31,	OPERS	OPF	Total
2021	\$70,238	\$75,414	\$145,652
2022	80,628	75,414	156,042
2023	479	105,101	105,580
2024	(256,955)	58,297	(198,658)
2025	0	59,865	59,865
Thereafter	0	46,389	46,389
Total	(\$105,610)	\$420,480	\$314,870

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74.

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	
Current Measurement Date	3.16 percent
Prior Measurement Date	3.96 percent
Investment Rate of Return	6 percent
Municipal Bond Rate	
Current Measurement Date	2.75 percent
Prior Measurement Date	3.31 percent
Health Care Cost Trend Rate	
Current Measurement Date	10.5 percent initial
Prior Measurement Date	3.50 percent ultimate in 2030
Prior Measurement Date	7.25 percent initial
Prior Measurement Date	3.25 percent ultimate in 2029
Actuarial Cost Method	individual entry age

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS (continued)

Preretirement mortality rates were based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes assets for health care expenses for the traditional plan, the combined plan, and the member-directed plan eligible members. Within the Health Care portfolio, if any contributions are made into the plan, contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made and health care related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS (continued)

Each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2019, is summarized in the following table.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	100.00 %	

Discount Rate - A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of twenty year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the expected rate of return on the health care investment portfolio of 6 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2034 and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.16 percent) or one percentage point higher (4.16 percent) than the current rate.

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
City's Proportionate Share of the Net OPEB Liability	\$15,454,438	\$11,809,358	\$8,890,833

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS (continued)

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using assumed trend rates and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1 percent lower or 1 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.5 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not too distant future, the health plan cost trend will decrease to a level at or near wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate assumed to be 3.5 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City’s Proportionate Share of the Net OPEB Liability	\$11,460,873	\$11,809,358	\$12,153,399

Changes Between the Measurement Date and the Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees as well as replacing OPERS sponsored medical plans for pre-Medicare retirees with monthly allowances similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions - OPF

OPF’s total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled forward using generally accepted actuarial procedures. The total OPEB liability is determined by OPF’s actuaries in accordance with GASB Statement No. 74 as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effect of legal or contractual funding limitations.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	entry age normal
Investment Rate of Return	8 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Single Discount Rate	
Current Measurement Date	3.56 percent
Prior Measurement Date	4.66 percent
Cost of Living Adjustments	3 percent simple; 2.2 percent simple for increases based on lesser of the increase in CPI and 3 percent

Mortality for nondisabled participants was based on the RP-2014 Total Employee and Healthy Annuitant Mortality Table rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries were adjusted by 120 percent.

Age	Police	Fire
67 or less	77%	68%
68 - 77	105	87
78 and up	115	120

Mortality for disabled retirees was based on the RP-2014 Disabled Mortality Table rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60 - 69	60	45
70 - 79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS (continued)

The OPF health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate - For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. For 2018, the total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, the plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019, and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent which resulted in a blended discount rate of 3.56 percent for 2019 and 4.66 percent for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation Twenty Year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to all projected costs through 2034 and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate and, to illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 3.56 percent as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent) or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
City's Proportionate Share of the Net OPEB Liability	\$3,899,753	\$3,145,126	\$2,518,083

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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.

NOTE 18 - NOTES PAYABLE

The City’s note transactions for the year ended December 31, 2020, were as follows:

	Interest Rate	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020
<u>Governmental Activities</u>					
Bond Anticipation Notes from Direct Placements					
Real Estate Acquisition	1%	\$0	\$505,000	\$0	\$505,000

According to Ohio law, notes can be issued in anticipation of bond proceeds and levies or for up to 50 percent of anticipated revenue collections. The liability for all notes is presented in the fund receiving the proceeds. All of the City’s bond anticipation notes are backed by the full faith and credit of the City of Bowling Green.

The City issued bond anticipation notes in 2020 through a direct placement, in the amount of \$505,000, to purchase land. The notes mature on May 28, 2021, and will be paid from the General Fund. As of December 31, 2020, all of the proceeds have been spent.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 19 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2020, was as follows:

	Interest Rate	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
<u>Governmental Activities</u>						
Bond Anticipation Notes from Direct Placements						
2019 Various Purpose						
City Park	2.5%	\$1,010,000	\$0	\$1,010,000	\$0	\$0
Real Estate Acquisition	2.5	890,000	0	890,000	0	0
Total 2019 Various Purpose		1,900,000	0	1,900,000	0	0
2020 Various Purpose						
Real Estate Acquisition	1	0	1,010,000	0	1,010,000	1,010,000
Total Bond Anticipation Notes		1,900,000	1,010,000	1,900,000	1,010,000	1,010,000
General Obligation Bonds from Direct Placements						
2004 Various Purpose Improvement						
(Original Issue - \$11,745,000)	3 - 5	110,000	0	55,000	55,000	55,000
2012 Refunding Various Purpose Improvement						
(Original Issue - \$3,850,000)	.75 - 3	2,860,000	0	425,000	2,435,000	430,000
2013 Refunding Various Purpose Improvement						
(Original Issue - \$7,095,000)	1.5 - 4	3,080,000	0	370,000	2,710,000	380,000
2018 Various Purpose Improvement						
(Original Issue - \$9,815,000)	3 - 4	9,200,000	0	270,000	8,930,000	280,000
Total General Obligation Bonds		15,250,000	0	1,120,000	14,130,000	1,145,000
Ohio Water Development Authority Loans from Direct Borrowings						
2004 Wastewater Treatment Plant and Solids Handling Improvements						
(Original Issue - \$5,921,827)	1.76	223,491	0	223,491	0	0
2008 Intake and Pump Station						
(Original Issue - \$4,107,626)	3.52	2,408,548	0	204,825	2,203,723	212,098
2009 WWTP Tertiary Filtration						
(Original Issue - \$2,541,205)	4.14	1,464,926	0	128,751	1,336,175	134,136
2009 Microfiltration/Low Pressure Reverse Osmosis						
(Original Issue - \$4,319,545)	0.00	2,375,750	0	215,978	2,159,772	215,978
2010 WWTP Ultraviolet Disinfection Project						
(Original Issue - \$961,095)	3.70	570,025	0	48,066	521,959	49,861

(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
<u>Governmental Activities (continued)</u>						
Ohio Water Development Authority Loans from Direct Borrowings (continued)						
2012 Poe and Mercer Roads Pump Station Upgrades (Original Issue - \$1,228,015)	3.08%	\$852,628	\$0	\$56,873	\$795,755	\$58,638
2013 Manville Tower Replacement	2.59	2,638,790	0	140,340	2,498,450	144,000
2015 Water Treatment Reservoir Pump Station (Original Issue - \$3,332,996)	0.00	2,916,371	0	166,649	2,749,722	166,650
2017 Grit Removal System Improvements	0.00	5,087,327	0	275,862	4,811,465	0
2018 Conneaut Avenue Pump Station & Force Main	1.84	1,801,787	0	91,474	1,710,313	0
2018 WTP Rapid Sand Filter	0.00	2,102,894	0	128,140	1,974,754	0
2019 Microfiltration Membrane Expansion	0.00	2,213,139	376,851	154,880	2,435,110	0
2019 Wooster and Main Water Main Replacement	2.35	1,091,039	0	45,052	1,045,987	0
2019 Aeration and Biosolids Improvements	0.00	98,480	187,272	28,565	257,187	0
Total Ohio Water Development Authority Loans		<u>25,845,195</u>	<u>564,123</u>	<u>1,908,946</u>	<u>24,500,372</u>	<u>981,361</u>
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		12,007,756	0	3,845,277	8,162,479	0
Ohio Police and Fire Pension		26,720,411	0	5,270,901	21,449,510	0
Total Net Pension Liability		<u>38,728,167</u>	<u>0</u>	<u>9,116,178</u>	<u>29,611,989</u>	<u>0</u>
Net OPEB Liability						
Ohio Public Employees Retirement System		5,806,012	4,251	23,678	5,786,585	0
Ohio Police and Fire Pension		2,981,025	164,101	0	3,145,126	0
Total Net OPEB Liability		<u>8,787,037</u>	<u>168,352</u>	<u>23,678</u>	<u>8,931,711</u>	<u>0</u>
Compensated Absences Payable		1,939,630	344,696	209,954	2,074,372	861,919
Total Other Long-Term Obligations		<u>49,454,834</u>	<u>513,048</u>	<u>9,349,810</u>	<u>40,618,072</u>	<u>861,919</u>
Total Governmental Activities		<u>\$92,450,029</u>	<u>\$2,087,171</u>	<u>\$14,278,756</u>	<u>\$80,258,444</u>	<u>\$3,998,280</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
<u>Business-Type Activities</u>						
General Obligation Bonds from Direct Placements						
2012 Refunding Various Purpose Improvement						
(Original Issue - \$2,195,000)	.75 - 3%	\$1,415,000	\$0	\$350,000	\$1,065,000	\$340,000
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System						
		11,536,863	0	3,041,223	8,495,640	0
Net OPEB Liability						
Ohio Public Employees Retirement System						
		5,578,325	444,448	0	6,022,773	0
Compensated Absences Payable		1,400,833	190,389	149,925	1,441,297	467,213
AMP Ohio Payable		661,721	9,523	72,000	599,244	72,000
Total Other Long-Term Obligations		19,177,742	644,360	3,263,148	16,558,954	539,213
Total Business-Type Activities		\$20,592,742	\$644,360	\$3,613,148	\$17,623,954	\$879,213

Bond Anticipation Notes

The City issued bond anticipation notes in 2019 through a direct placement, in the amount of \$1,900,000, for the construction of a park building and for the purchase land. The notes matured on May 29, 2020.

The City issued bond anticipation notes in 2020 through a direct placement, in the amount of \$1,010,000, for the construction of a park building. The notes mature on May 28, 2021, and will be paid from the City Park Building capital projects fund. As of December 31, 2020, all of the note proceeds have been spent.

2004 Various Purpose Improvement General Obligation Bonds - On May 6, 2004, the City issued \$17,960,000 in unvoted general obligation bonds through a direct placement 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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 through a direct placement 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, 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, 2020, none of the refunded debt was still outstanding.

2013 Refunding Various Purpose Improvement General Obligation Bonds - On March 6, 2013, the City issued \$8,375,000 in unvoted general obligation bonds through a direct placement to currently refund bonds previously issued in 2004 (\$2,525,000), to retire notes previously issued (\$4,850,000), 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 Electric, Water, and Sewer 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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

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.

2018 Various Purpose Improvement General Obligation Bonds - On March 7, 2018, the City issued \$9,815,000 in unvoted general obligation bonds through a direct placement for the construction of a new park building (\$3,705,000) and for street and utility improvements (\$6,110,000). The bonds were issued for a twenty-nine year period with maturity beginning December 1, 2018. The interest rate of the bonds ranges from 3 to 4 percent over the remaining life of the bonds. The bonds will be paid from the Debt Service Fund and Sewer and Water Capital Improvement capital projects fund.

The bonds maturing on December 1, 2036, 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>
2035	\$395,000
2036	\$410,000

The bonds maturing on December 1, 2038, 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>
2037	\$420,000
2038	\$430,000

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

The bonds maturing and on December 1, 2040, 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>
2039	\$445,000
2040	\$465,000

The bonds maturing and on December 1, 2042, 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>
2041	\$480,000
2042	\$495,000

The bonds maturing and on December 1, 2047, 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>
2043	\$165,000
2044	\$170,000
2045	\$175,000
2046	\$180,000
2047	\$185,000

The bonds are subject to prior redemption on or after December 1, 2024, 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, 2020, all of the bond proceeds have been spent and \$6,728 has not been capitalized.

OWDA Loans Payable - The OWDA loans from direct borrowings 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 OWDA loans (on completed projects for which amortization schedules are available) are \$12,265,556 and \$1,263,629, respectively. Principal and interest paid on the OWDA loans in the Sewer and Water Capital Improvement capital projects fund for the current year were \$1,908,946 and \$286,923, respectively. Total revenue for the Sewer and Water Capital Improvement capital projects fund was \$5,123,741.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

In the event of default on the loans, (1) the amount of the default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

Net Pension/OPEB Liability - There is no repayment schedule for the net pension/OPEB liability; however, employer pension contributions are made from the General Fund, the Playground and Recreation, Street Maintenance and Repair, ODOT Transportation, Community Development Block Grant, Police Levy, Fire Levy, Law Enforcement Drug, and Municipal Probation Services special revenue funds, the Electric, Water, and Sewer enterprise funds, and the Engineering internal service fund.

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

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.

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 had made payments of \$1,679,000 leaving a net impaired cost estimate of \$996,610. The City has since incurred additional costs of \$138,098 (in total) for interest and legal fees and has made payments of \$535,464 (in total), resulting in a net impaired cost estimate at December 31, 2020, of \$599,244. The City is reporting a payable to AMP in its business-type activity 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 fourteen year period. The liability should be paid in full during 2028.

The City's legal debt margin was \$37,962,910 at December 31, 2020.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

The Grit Removal System Improvements, the Conneaut Avenue Pump Station & Force Main, the Water Treatment Plant Rapid Sand Filter, the Microfiltration Membrane Expansion, the Wooster and Main Water Main Replacement, and the Aeration and Biosolids Improvements 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, 2020, were as follows:

Year	General Obligation Bonds		Direct Borrowings	
	Principal	Interest	OWDA Loans Principal	Interest
2021	\$1,145,000	\$427,438	\$981,361	\$206,133
2022	1,110,000	397,563	1,001,939	188,612
2023	930,000	368,663	1,023,240	170,484
2024	715,000	343,263	1,045,297	151,728
2025	695,000	324,938	1,068,132	132,319
2026 to 2030	3,245,000	1,333,131	5,064,797	352,950
2031 to 2035	2,270,000	911,531	1,830,815	61,403
2036 to 2040	2,170,000	556,663	249,975	0
2041 to 2045	1,485,000	191,917	0	0
2046 to 2047	365,000	19,937	0	0
Total	\$14,130,000	\$4,875,044	\$12,265,556	\$1,263,629

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2020, from the enterprise funds were as follows:

Year	General Obligation Bonds		AMP Ohio Payable
	Principal	Interest	Principal
2021	\$340,000	\$23,112	\$72,000
2022	355,000	16,313	72,000
2023	370,000	8,324	72,000
2024	0	0	72,000
2025	0	0	72,000
2026-2028	0	0	239,244
Total	\$1,065,000	\$47,749	\$599,244

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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	\$195,241	\$11,548	\$0	\$43,859
Unclaimed Monies	62,545	0	0	0
Total Nonspendable	<u>257,786</u>	<u>11,548</u>	<u>0</u>	<u>43,859</u>
Restricted for:				
Capital Improvements	0	0	8,223,080	610,567
Cemetery Operations and Maintenance	0	0	0	23,260
Community Development	0	0	0	809,256
Court Operations	0	0	0	187,775
Debt Retirement	0	0	0	14,362
Playground and Recreation	0	780,286	0	18,109
Police and Fire Operations	0	0	0	2,775,274
Public Transit	0	0	0	7,362
Street Construction and Maintenance	0	0	0	1,473,921
Total Restricted	<u>0</u>	<u>780,286</u>	<u>8,223,080</u>	<u>5,919,886</u>
Committed to:				
Equipment Replacement	0	0	0	545,041
Facility Replacement	0	0	0	440,358
Greenspace Enhancements	72,016	0	0	0
Roadway Replacement	0	0	0	18,945
Total Committed	<u>72,016</u>	<u>0</u>	<u>0</u>	<u>1,004,344</u>
Assigned for:				
Debt Retirement	0	0	0	31,774
Projected Budget Shortage	1,289,839	0	0	0
Unpaid Obligations	618,413	0	0	0
Total Assigned	<u>1,908,252</u>	<u>0</u>	<u>0</u>	<u>31,774</u>
Unassigned (Deficit)	5,889,139	0	0	(192,590)
Total Fund Balance	<u>\$8,127,193</u>	<u>\$791,834</u>	<u>\$8,223,080</u>	<u>\$6,807,273</u>

NOTE 21 - INTERNAL BALANCES AND TRANSFERS

During 2020, the General Fund made transfers to other governmental funds, in the amount of \$1,265,531; \$17,281 for transit operations, \$912,250 as debt payments came due, and \$336,000 to fund equipment capital maintenance. The Playground and Recreation special revenue fund made transfers, in the amount of \$230,519, to other governmental funds as debt payments came due. Other governmental funds made transfers to other governmental funds, in the amount of \$2,785,831; \$2,206,531 as debt payments came due, \$39,900 for transit operations, and \$539,400 to fund equipment capital maintenance.

Eliminations made in the business-type activities column related to pension include deferred outflows of resources and deferred inflows of resources, in the amount of \$134,439.

Eliminations made in the business-type activities column related to OPEB include deferred outflows of resources and deferred inflows of resources, in the amount of \$17,926.

Eliminations made in the total column of the government-wide statement of net position for pension include deferred outflows of resources and deferred inflows of resources, in the amount of \$11,023.

Eliminations made in the total column of the government-wide statement of net position for OPEB include deferred outflows of resources and deferred inflows of resources, in the amount of \$61,844.

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, 2020. Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., 1111 Superior Avenue, Suite 1601, Cleveland, Ohio 44114.

NOTE 22 - INSURANCE POOLS (continued)

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 White 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.

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.

The City's net investment and its share of the operating results of JV2 are reported in the City's Electric enterprise fund. The City's net investment in JV2 was (\$4,565) at December 31, 2020. Complete financial statements for JV2 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at 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, 2019, 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.

NOTE 23 - JOINT VENTURES (continued)

JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001, AMP-Ohio issued \$153,415,000 and \$13,899,981, respectively, of thirty year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the financing participants of JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds were used to construct the JV5 project. On February 17, 2004, the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates, in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from 2005 through 2024. On February 15, 2014, all of the 2004 Certificates were redeemed from funds held under the trust agreement securing the 2004 Certificates and the proceeds of a promissory note issued to AMP-Ohio by JV5. This was accomplished with a draw on AMP-Ohio's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, JV5 issued Beneficial Interest Refunding Certificates, in the amount of \$49,745,000, for the purpose of refunding the promissory note to AMP-Ohio in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015, of \$49,803,187. AMP will continue to collect debt service from the JV5 participants until the note is paid in full.

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, 2020. Complete financial statements for JV5 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at 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.

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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 23 - JOINT VENTURES (continued)

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.

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 \$2,425,194 at December 31, 2020. Complete financial statements for JV6 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at 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., 130 South Main 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, 2020, to December 31, 2020, 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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 26 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The City investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that may be recognized in subsequent periods, if any, cannot be determined. In addition, the impact of the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding will be available through the Consolidated Appropriations Act 2021, passed by Congress on December 21, 2020, and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

NOTE 27 - SUBSEQUENT EVENTS

On May 26, 2021, the City issued general obligation bonds, in the amount of \$9,140,000; \$1,010,000 to retire bond anticipation notes previously issued for the construction of a park building and \$8,130,000 for the construction of a new administration building. The bonds have an interest rate of 1.5 to 4 percent and mature on December 1, 2050.

On June 1, 2020, the City entered into a capital lease, in the amount of \$743,615, for the purchase of a fire truck. As of December 31, 2020, the vehicle had not yet been received. Lease payments began in February 2021 and will continue semi-annually through June 1, 2030.

City of Bowling Green
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Ohio Public Employees Retirement System - Traditional
 Last Seven Years (1)

	2020	2019	2018	2017
City's Proportion of the Net Pension Liability	0.08427800%	0.08596700%	0.08982300%	0.08548100%
City's Proportionate Share of the Net Pension Liability	\$16,658,119	\$23,544,619	\$14,091,487	\$19,411,281
City's Covered Payroll	\$11,857,814	\$11,611,364	\$11,875,777	\$11,044,408
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	140.48%	202.77%	118.66%	175.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.08537300%	0.08296200%	0.08296200%
\$14,787,680	\$10,006,145	\$9,780,139
\$10,625,493	\$10,171,425	\$9,551,205
139.17%	98.38%	102.40%
81.08%	86.45%	86.36%

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City of Bowling Green
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Asset
 Ohio Public Employees Retirement System - Combined
 Last Three Years (1)

	2020	2019	2018
City's Proportion of the Net Pension Asset	0.18381500%	0.19183900%	0.22387400%
City's Proportionate Share of the Net Pension Asset	\$383,297	\$214,519	\$304,765
City's Covered Payroll	\$818,257	\$820,486	\$916,869
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	46.84%	26.15%	33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	145.28%	126.64%	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

Amounts presented as of the City's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

City of Bowling Green
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Ohio Police and Fire Pension Fund
 Last Seven Years (1)

	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.31840570%	0.32735000%	0.34593100%	0.32490000%	0.32843900%	0.32675040%	0.32675040%
City's Proportionate Share of the Net Pension Liability	\$21,449,510	\$26,720,411	\$21,231,346	\$20,578,841	\$21,128,711	\$16,927,033	\$15,913,770
City's Covered Payroll	\$7,462,630	\$7,318,902	\$6,569,201	\$6,885,486	\$7,119,120	\$6,391,680	\$7,493,314
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	287.43%	365.09%	323.20%	298.87%	296.79%	264.83%	212.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

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City of Bowling Green
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net OPEB Liability
 Ohio Public Employees Retirement System
 Last Five Years (1)

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.08549700%	0.08731900%	0.09189000%	0.08756000%
City's Proportionate Share of the Net OPEB Liability	\$11,809,358	\$11,384,337	\$9,978,577	\$8,843,857
City's Covered Payroll	\$12,916,771	\$12,665,425	\$13,021,671	\$12,094,350
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	91.43%	89.89%	76.63%	73.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

City of Bowling Green
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net OPEB Liability
 Ohio Police and Fire Pension Fund
 Last Four Years (1)

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.31840570%	0.32735000%	0.34593100%	0.32900000%
City's Proportionate Share of the Net OPEB Liability	\$3,145,126	\$2,981,025	\$19,599,966	\$15,616,890
City's Covered Payroll	\$7,462,630	\$7,318,902	\$6,569,201	\$6,885,486
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	42.15%	40.73%	298.36%	226.81%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.08%	46.57%	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

City of Bowling Green
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Eight Years (1) (2)

	2020	2019	2018	2017
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$1,620,971	\$1,660,094	\$1,625,591	\$1,543,851
Contributions in Relation to the Contractually Required Contribution	<u>(1,620,971)</u>	<u>(1,660,094)</u>	<u>(1,625,591)</u>	<u>(1,543,851)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$11,578,364	\$11,857,814	\$11,611,364	\$11,875,777
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
Net Pension Asset - Combined Plan				
Contractually Required Contribution	\$116,269	\$114,556	\$114,868	\$119,193
Contributions in Relation to the Contractually Required Contribution	<u>(116,269)</u>	<u>(114,556)</u>	<u>(114,868)</u>	<u>(119,193)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$830,493	\$818,257	\$820,486	\$916,869
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
Net OPEB Liability - OPEB Plan (2)				
Contractually Required Contribution	\$9,781	\$9,628	\$9,343	\$137,088
Contributions in Relation to the Contractually Required Contribution	<u>(9,781)</u>	<u>(9,628)</u>	<u>(9,343)</u>	<u>(137,088)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$12,653,382	\$12,916,771	\$12,665,425	\$13,021,671
OPEB Contributions as a Percentage of Covered Payroll	<u>0.04%</u>	<u>0.04%</u>	<u>0.04%</u>	<u>1.02%</u>

(1) Information prior to 2013 is not available.

(2) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(3) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See Accompanying Notes to the Required Supplementary Information

2016	2015	2014	2013
\$1,325,329	\$1,275,059	\$1,220,571	\$1,241,657
<u>(1,325,329)</u>	<u>(1,275,059)</u>	<u>(1,220,571)</u>	<u>(1,241,657)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$11,044,408	\$10,625,493	\$10,171,425	\$9,551,205
<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$105,131	\$105,612	\$104,151	\$110,921
<u>(105,131)</u>	<u>(105,612)</u>	<u>(104,151)</u>	<u>(110,921)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$876,092	\$880,100	\$867,925	\$853,238
<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$245,364			
<u>(245,364)</u>			
<u>\$0</u>			
\$12,094,350			
<u>2.04%</u>			

City of Bowling Green
Required Supplementary Information
Schedule of the City's Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	2020	2019	2018	2017
Net Pension Liability				
Contractually Required Contribution	\$1,369,607	\$1,600,173	\$1,567,203	\$1,410,554
Contributions in Relation to the Contractually Required Contribution	<u>(1,369,607)</u>	<u>(1,600,173)</u>	<u>(1,567,203)</u>	<u>(1,410,554)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$6,394,260	\$7,462,630	\$7,318,902	\$6,569,201
Contributions as a Percentage of Covered Payroll	21.42%	21.44%	21.41%	21.47%
Net OPEB Liability				
Contractually Required Contribution	\$31,972	\$37,314	\$36,595	\$32,846
Contributions in Relation to the Contractually Required Contribution	<u>(31,972)</u>	<u>(37,314)</u>	<u>(36,595)</u>	<u>(32,846)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$6,394,260	\$7,462,630	\$7,318,902	\$6,569,201
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

(1) The City's Covered payroll is the same for pension and OPEB.

See Accompanying Notes to the Required Supplementary Information

2016	2015	2014	2013	2012	2011
\$1,479,130	\$1,528,568	\$1,367,429	\$1,358,420	\$959,823	\$994,151
<u>(1,479,130)</u>	<u>(1,528,568)</u>	<u>(1,367,429)</u>	<u>(1,358,420)</u>	<u>(959,823)</u>	<u>(994,151)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,885,486	\$7,119,120	\$6,391,680	\$7,493,314	\$6,317,014	\$6,541,801
21.48%	21.47%	21.39%	18.13%	15.19%	15.20%
\$34,428	\$35,595	\$31,958	\$271,009	\$426,399	\$441,571
<u>(34,428)</u>	<u>(35,595)</u>	<u>(31,958)</u>	<u>(271,009)</u>	<u>(426,399)</u>	<u>(441,571)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,885,486	\$7,119,119	\$6,391,680	\$7,493,314	\$6,317,014	\$6,541,801
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%

City of Bowling Green
Notes to the Required Supplementary Information
For the Year Ended December 31, 2020

Changes in Assumptions - OPERS Pension - Traditional Plan

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below.

	2019	2018 and 2017	2016 and Prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA			
Pre-January 7, 2013	3 percent simple	3 percent simple	3 percent simple
Post-January 7, 2013	see below	see below	see below
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	individual entry age	individual entry age	individual entry age

The assumptions related to COLA and Ad Hoc COLA for post-January 7, 2013, retirees are as follows.

2020	1.4 percent simple through 2020, then 2.15 percent simple
2017 through 2019	3 percent simple through 2019, then 2.15 percent simple
2016 and prior	3 percent simple through 2018, then 2.8 percent simple

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant Mortality Table. For males, healthy annuitant mortality tables were used adjusted for mortality improvement back to the observation period base year of 2006 and then established the base year as 2015. For females, healthy annuitant mortality tables were used adjusted for mortality improvement back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality Table adjusted for mortality improvement back to the observation period base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 Mortality Improvement Scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected twenty years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 Mortality Table with no projections. For males, 120 percent of the disabled female mortality rates were used, set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Changes in Assumptions - OPERS Pension - Combined Plan

For 2020, the combined plan had the same change in COLA or Ad Hoc COLA for post-January 7, 2013, retirees as the traditional plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

City of Bowling Green
Notes to the Required Supplementary Information
For the Year Ended December 31, 2020

Changes in Assumptions - OPF Pension

Amounts reported beginning in 2018 incorporate changes in assumptions used by OPF in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in 2017 and prior are presented below.

	<u>Beginning in 2018</u>	<u>2017 and Prior</u>
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	individual entry age	individual entry age
Investment Rate of Return	8 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	inflation rate of 2.75 percent plus productivity increase rate of .5 percent	inflation rate of 3.25 percent plus productivity increase rate of .5 percent
Cost of Living Adjustments	3 percent simple; 2.2 percent simple for increase based on the lesser of the increase in CPI and 3 percent	3 percent simple; 2.6 percent simple for increase based on the lesser of the increase in CPI and 3 percent

Amounts reported beginning in 2018 use valuation, mortality for nondisabled participants was based on the RP-2014 Total Employee and Healthy Annuitant Mortality Table rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck/Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68 - 77	105	87
78 and up	115	120

Amounts reported beginning in 2018 use valuation, mortality for disabled participants was based on the RP-2014 Disabled Mortality Table rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck/Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60 - 69	60	45
70 - 79	75	70
80 and up	100	90

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP-2000 Combined Table age adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis with a base year of 2009 using Mortality Improvement Scale AA.

City of Bowling Green
Notes to the Required Supplementary Information
For the Year Ended December 31, 2020

Changes in Assumptions - OPERS OPEB

Investment Return Assumption	
Beginning in 2019	6 percent
2018	6.5 percent
Municipal Bond Rate	
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate	
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate	
2020	10.5 percent initial 3.5 percent ultimate in 2030
2019	10 percent initial 3.25 percent ultimate in 2029
2018	7.5 percent initial 3.25 percent ultimate in 2028

Changes in Assumptions - OPF OPEB

Single Discount Rate	
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

Changes in Benefit Terms - OPF OPEB

For 2019, OPF recognized a change in benefit terms. Under the new model, OPF provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This model replaced the self-insured health care plan used in prior years.

Comparative Enterprise Fund Financial Statements

City of Bowling Green
Comparative Statement of Fund Net Position
Enterprise Funds
December 31, 2020, and 2019

	Electric		Water	
	2020	2019	2020	2019
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$28,447,477	\$27,262,464	\$8,227,128	\$7,053,519
Accounts Receivable	8,331,590	7,831,782	739,588	712,427
Due from Other Governments	7,708	1,259	583	575
Other Local Taxes Receivable	108,632	113,482	0	0
Interfund Receivable	8,899	19,970	2,592	3,469
Prepaid Items	65,302	69,419	51,171	53,580
Materials and Supplies Inventory	1,263,847	1,117,405	533,980	512,944
Total Current Assets	38,233,455	36,415,781	9,555,042	8,336,514
<u>Non-Current Assets</u>				
Recovered Purchased Power Receivable	599,244	661,721	0	0
Net Pension Asset	88,159	47,194	57,495	30,033
Nondepreciable Capital Assets	1,698,433	2,644,721	5,880,165	7,693,159
Depreciable Capital Assets, Net	17,556,687	17,681,549	52,454,682	51,214,751
Investment in Joint Venture	2,890,624	3,524,307	0	0
Total Non-Current Assets	22,833,147	24,559,492	58,392,342	58,937,943
Total Assets	61,066,602	60,975,273	67,947,384	67,274,457
<u>Deferred Outflows of Resources</u>				
Deferred Charge on Refunding	0	0	14,395	19,295
Recovered Purchased Power	3,409,601	1,249,101	0	0
Pension	681,394	1,621,459	482,932	1,030,715
OPEB	469,351	230,963	329,122	147,958
Total Deferred Outflows of Resources	4,560,346	3,101,523	826,449	1,197,968
<u>Current Liabilities</u>				
Accrued Wages Payable	44,738	137,397	29,269	84,354
Accounts Payable	4,395,027	4,323,103	163,990	237,869
Contracts Payable	11,634	53,026	6,435	0
Due to Other Governments	90,885	121,149	40,229	52,537
Interfund Payable	183,414	176,565	4,487	5,994
Accrued Interest Payable	0	0	425	558
General Obligation Bonds Payable	0	0	75,000	80,000
Compensated Absences Payable	216,408	232,590	122,315	136,151
AMP Ohio Payable	72,000	72,000	0	0
Total Current Liabilities	5,014,106	5,115,830	442,150	597,463
<u>Non-Current Liabilities</u>				
General Obligation Bonds Payable	0	0	160,000	235,000
Compensated Absences Payable	428,317	403,624	266,926	249,532
AMP Ohio Payable	527,244	589,721	0	0
Net Pension Liability	3,831,367	5,179,816	2,498,718	3,296,247
Net OPEB Liability	2,716,152	2,504,554	1,771,404	1,593,807
Total Non-Current Liabilities	7,503,080	8,677,715	4,697,048	5,374,586
Total Liabilities	12,517,186	13,793,545	5,139,198	5,972,049

Sewer		Totals	
2020	2019	2020	2019
\$3,721,765	\$3,071,095	\$40,396,370	\$37,387,078
594,142	609,161	9,665,320	9,153,370
561	3,609	8,852	5,443
0	0	108,632	113,482
172	163	11,663	23,602
49,257	50,598	165,730	173,597
0	0	1,797,827	1,630,349
4,365,897	3,734,626	52,154,394	48,486,921
0	0	599,244	661,721
49,829	27,887	195,483	105,114
3,854,815	3,125,750	11,433,413	13,463,630
51,078,639	51,810,474	121,090,008	120,706,774
0	0	2,890,624	3,524,307
54,983,283	54,964,111	136,208,772	138,461,546
59,349,180	58,698,737	188,363,166	186,948,467
50,720	67,023	65,115	86,318
0	0	3,409,601	1,249,101
352,072	961,031	1,516,398	3,613,205
246,135	138,935	1,044,608	517,856
648,927	1,166,989	6,035,722	5,466,480
27,153	76,017	101,160	297,768
75,345	139,192	4,634,362	4,700,164
0	0	18,069	53,026
50,841	51,838	181,955	225,524
9,611	20,983	197,512	203,542
1,501	1,951	1,926	2,509
265,000	270,000	340,000	350,000
128,490	124,202	467,213	492,943
0	0	72,000	72,000
557,941	684,183	6,014,197	6,397,476
565,000	830,000	725,000	1,065,000
278,841	254,734	974,084	907,890
0	0	527,244	589,721
2,165,555	3,060,800	8,495,640	11,536,863
1,535,217	1,479,964	6,022,773	5,578,325
4,544,613	5,625,498	16,744,741	19,677,799
5,102,554	6,309,681	22,758,938	26,075,275

(continued)

City of Bowling Green
Comparative Statement of Fund Net Position
Enterprise Funds
December 31, 2020, and 2019
(continued)

	<u>Electric</u>		<u>Water</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Deferred Inflows of Resources</u>				
Pension	\$844,918	\$96,136	\$580,861	\$123,187
OPEB	389,917	13,111	275,854	50,927
Total Deferred Inflows of Resources	<u>1,234,835</u>	<u>109,247</u>	<u>856,715</u>	<u>174,114</u>
<u>Net Position</u>				
Net Investment in Capital Assets	19,248,422	20,284,593	58,107,807	58,612,205
Unrestricted (Deficit)	<u>32,626,505</u>	<u>29,889,411</u>	<u>4,670,113</u>	<u>3,714,057</u>
Total Net Position	<u>\$51,874,927</u>	<u>\$50,174,004</u>	<u>\$62,777,920</u>	<u>\$62,326,262</u>

Sewer		Totals	
2020	2019	2020	2019
\$582,005	\$214,559	\$2,007,784	\$433,882
292,427	114,210	958,198	178,248
874,432	328,769	2,965,982	612,130
54,154,174	53,903,247	131,510,403	132,800,045
(133,053)	(675,971)	37,163,565	32,927,497
<u>\$54,021,121</u>	<u>\$53,227,276</u>	<u>\$168,673,968</u>	<u>\$165,727,542</u>

City of Bowling Green
Comparative Statement of Revenues, Expenses, and Change in Fund Net Position
Enterprise Funds
For the Years Ended December 31, 2020, and 2019

	Electric		Water	
	2020	2019	2020	2019
<u>Operating Revenues</u>				
Charges for Services	\$59,034,041	\$61,352,978	\$6,695,283	\$6,233,030
Other	750,325	429,945	377,625	234,535
Total Operating Revenues	<u>59,784,366</u>	<u>61,782,923</u>	<u>7,072,908</u>	<u>6,467,565</u>
<u>Operating Expenses</u>				
Purchased Power	48,130,527	50,580,100	0	0
Plant Operation	0	0	3,184,621	2,993,039
Geographical Information Systems	260,834	206,582	244,969	158,081
Distribution Operation	4,392,437	4,966,239	1,314,257	1,493,979
Administrative and General	2,828,984	4,650,250	696,467	699,370
Information and Technology	188,766	183,083	62,040	60,501
Sustainability	39,412	37,696	12,604	12,109
Depreciation	1,608,800	1,572,075	1,629,882	1,566,196
Total Operating Expenses	<u>57,449,760</u>	<u>62,196,025</u>	<u>7,144,840</u>	<u>6,983,275</u>
Operating Income (Loss)	<u>2,334,606</u>	<u>(413,102)</u>	<u>(71,932)</u>	<u>(515,710)</u>
<u>Non-Operating Revenues (Expenses)</u>				
Gain on Sale of Capital Assets	0	0	27,000	0
Excise Taxes	1,350,149	1,414,822	0	0
Excise Taxes Expense	(1,350,149)	(1,414,822)	0	0
Interest Expense	0	0	(11,467)	(12,669)
Investment in Joint Venture	(633,683)	(662,332)	0	0
Total Non-Operating Revenues (Expenses)	<u>(633,683)</u>	<u>(662,332)</u>	<u>15,533</u>	<u>(12,669)</u>
Income (Loss) Before Contributions	<u>1,700,923</u>	<u>(1,075,434)</u>	<u>(56,399)</u>	<u>(528,379)</u>
Capital Contributions	<u>0</u>	<u>0</u>	<u>508,057</u>	<u>6,638,970</u>
Change in Net Position	<u>1,700,923</u>	<u>(1,075,434)</u>	<u>451,658</u>	<u>6,110,591</u>
Net Position Beginning of Year	<u>50,174,004</u>	<u>51,249,438</u>	<u>62,326,262</u>	<u>56,215,671</u>
Net Position End of Year	<u>\$51,874,927</u>	<u>\$50,174,004</u>	<u>\$62,777,920</u>	<u>\$62,326,262</u>

Sewer		Totals	
2020	2019	2020	2019
\$4,440,437	\$4,343,583	\$70,169,761	\$71,929,591
708,871	709,167	1,836,821	1,373,647
5,149,308	5,052,750	72,006,582	73,303,238
0	0	48,130,527	50,580,100
1,980,464	2,341,761	5,165,085	5,334,800
81,368	98,641	587,171	463,304
1,089,263	1,151,474	6,795,957	7,611,692
679,101	650,988	4,204,552	6,000,608
59,857	60,057	310,663	303,641
12,901	20,754	64,917	70,559
1,830,497	1,719,680	5,069,179	4,857,951
5,733,451	6,043,355	70,328,051	75,222,655
(584,143)	(990,605)	1,678,531	(1,919,417)
0	0	27,000	0
0	0	1,350,149	1,414,822
0	0	(1,350,149)	(1,414,822)
(39,266)	(44,574)	(50,733)	(57,243)
0	0	(633,683)	(662,332)
(39,266)	(44,574)	(657,416)	(719,575)
(623,409)	(1,035,179)	1,021,115	(2,638,992)
1,417,254	3,350,915	1,925,311	9,989,885
793,845	2,315,736	2,946,426	7,350,893
53,227,276	50,911,540	165,727,542	n/a
\$54,021,121	\$53,227,276	\$168,673,968	\$165,727,542

City of Bowling Green
Comparative Statement of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2020, and 2019

	Electric		Water	
	2020	2019	2020	2019
<u>Increases (Decreases) in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$58,537,351	\$61,063,112	\$6,668,999	\$6,228,810
Cash Payments for Purchased Power	(50,197,027)	(50,481,423)	0	0
Cash Payments for Plant Operation	0	0	(3,070,461)	(2,657,699)
Cash Payments for Geographical Information Systems	(225,873)	(182,798)	(235,847)	(148,426)
Cash Payments for Distribution Operation	(4,180,415)	(4,212,105)	(1,229,147)	(1,411,978)
Cash Payments for Administrative and General	(2,707,814)	(2,383,300)	(662,687)	(650,851)
Cash Payments for Information and Technology	(184,738)	(164,472)	(61,418)	(64,074)
Cash Payments for Sustainability	(35,671)	(30,005)	(11,420)	(9,725)
Cash Received from Other Revenues	751,829	431,514	377,617	236,042
Net Cash Provided by Operating Activities	<u>1,757,642</u>	<u>4,040,523</u>	<u>1,775,636</u>	<u>1,522,099</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Cash Received from Excise Taxes	1,350,149	1,414,822	0	0
Cash Payments for Excise Tax Distribution	(1,350,149)	(1,414,822)	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 General Obligation Bonds	0	0	(80,000)	(75,000)
Interest Paid on General Obligation Bonds	0	0	(6,700)	(8,200)
Acquisition of Capital Assets	(572,629)	(3,806,651)	(515,327)	(418,194)
Net Cash Used for Capital and Related Financing Activities	<u>(572,629)</u>	<u>(3,806,651)</u>	<u>(602,027)</u>	<u>(501,394)</u>
Net Increase in Cash and Cash Equivalents	1,185,013	233,872	1,173,609	1,020,705
Cash and Cash Equivalents Beginning of Year	<u>27,262,464</u>	<u>27,028,592</u>	<u>7,053,519</u>	<u>6,032,814</u>
Cash and Cash Equivalents End of Year	<u>\$28,447,477</u>	<u>\$27,262,464</u>	<u>\$8,227,128</u>	<u>\$7,053,519</u>

Sewer		Totals	
2020	2019	2020	2019
\$4,458,540	\$4,367,245	\$69,664,890	\$71,659,167
0	0	(50,197,027)	(50,481,423)
(1,940,767)	(2,083,501)	(5,011,228)	(4,741,200)
(75,128)	(89,548)	(536,848)	(420,772)
(1,065,659)	(986,315)	(6,475,221)	(6,610,398)
(657,443)	(578,766)	(4,027,944)	(3,612,917)
(61,418)	(64,785)	(307,574)	(293,331)
(12,395)	(18,483)	(59,486)	(58,213)
708,826	710,239	1,838,272	1,377,795
<u>1,354,556</u>	<u>1,256,086</u>	<u>4,887,834</u>	<u>6,818,708</u>
0	0	1,350,149	1,414,822
0	0	(1,350,149)	(1,414,822)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(270,000)	(265,000)	(350,000)	(340,000)
(23,413)	(28,713)	(30,113)	(36,913)
(410,473)	(343,997)	(1,498,429)	(4,568,842)
<u>(703,886)</u>	<u>(637,710)</u>	<u>(1,878,542)</u>	<u>(4,945,755)</u>
650,670	618,376	3,009,292	1,872,953
<u>3,071,095</u>	<u>2,452,719</u>	<u>37,387,078</u>	<u>35,514,125</u>
<u>\$3,721,765</u>	<u>\$3,071,095</u>	<u>\$40,396,370</u>	<u>\$37,387,078</u>

(continued)

City of Bowling Green
Comparative Statement of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2020, and 2019
(continued)

	Electric		Water	
	2020	2019	2020	2019
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$2,334,606	\$1,541,865	(\$71,932)	(\$515,710)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	1,608,800	1,572,075	1,629,882	1,566,196
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(499,808)	(288,706)	(27,161)	(29,831)
(Increase) Decrease in Due from Other Governments	(6,449)	1,322	(8)	5,529
Decrease in Other Local Taxes Receivable	4,850	2,532	0	0
(Increase) Decrease in Interfund Receivable	11,071	(913)	877	21,589
(Increase) Decrease in Prepaid Items	4,117	23,852	2,409	(10,003)
Increase in Materials and Supplies Inventory	(146,442)	(2,176)	(21,036)	(156,499)
(Increase) Decrease in Recovered Purchased Power Receivable	(2,098,023)	424,062	0	0
Increase in Net Pension Asset	(12,824)	(14,174)	(8,364)	(9,020)
Increase (Decrease) in Accrued Wages Payable	(92,659)	22,300	(55,085)	8,410
Increase (Decrease) in Accounts Payable	71,924	(239,689)	(73,879)	50,674
Increase (Decrease) in Contracts Payable	(6,413)	11,349	0	0
Increase (Decrease) in Due to Other Governments	(30,264)	14,810	(12,308)	(22,425)
Increase (Decrease) in Interfund Payable	6,849	(2,733)	(1,507)	2,864
Increase in Compensated Absences Payable	8,511	53,573	3,558	31,812
Decrease in AMP-Ohio Payable	(62,477)	(50,406)	0	0
Increase (Decrease) in Net Pension Liability	86,799	(5,619)	56,609	(3,577)
Increase in Net OPEB Liability	165,280	137,195	107,792	87,306
Decrease in Deferred Outflows - Pension	905,126	1,167,236	608,291	758,763
Decrease in Deferred Outflows - OPEB	435,172	161,517	297,820	103,742
Decrease in Deferred Inflows - Pension	(679,668)	(443,442)	(476,070)	(317,917)
Decrease in Deferred Inflows - OPEB	(250,436)	(45,307)	(184,252)	(49,804)
Net Cash Provided by Operating Activities	<u>\$1,757,642</u>	<u>\$4,040,523</u>	<u>\$1,775,636</u>	<u>\$1,522,099</u>

Sewer		Totals	
2020	2019	2020	2019
(\$584,143)	(\$990,605)	\$1,678,531	\$35,550
1,830,497	1,719,680	5,069,179	4,857,951
15,019	6,538	(511,950)	(311,999)
3,048	18,229	(3,409)	25,080
0	0	4,850	2,532
(9)	(33)	11,939	20,643
1,341	(9,580)	7,867	4,269
0	0	(167,478)	(158,675)
0	0	(2,098,023)	424,062
(7,248)	(8,376)	(28,436)	(31,570)
(48,864)	1,639	(196,608)	32,349
(63,847)	25,211	(65,802)	(163,804)
0	0	(6,413)	11,349
(997)	(8,705)	(43,569)	(16,320)
(11,372)	(5,335)	(6,030)	(5,204)
28,395	5,742	40,464	91,127
0	0	(62,477)	(50,406)
49,061	(3,322)	192,469	(12,518)
93,420	81,069	366,492	305,570
502,577	724,895	2,015,994	2,650,894
237,529	97,841	970,521	363,100
(485,172)	(319,599)	(1,640,910)	(1,080,958)
(204,679)	(79,203)	(639,367)	(174,314)
<u>\$1,354,556</u>	<u>\$1,256,086</u>	<u>\$4,887,834</u>	<u>\$6,818,708</u>

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CITY OF BOWLING GREEN
WOOD COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Direct Program</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$5,500	\$320,015
Total U.S. Department of Housing and Urban Development			5,500	320,015
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Office of Budget and Management</i>				
COVID-19 Coronavirus Relief Fund	21.019	SB310-CRF-Local		2,388,010
Total U.S. Department of Treasury				2,388,010
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation</i>				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	093-RPTF-19-0100		22,302
Formula Grants for Rural Areas and Tribal Transit Program	20.509	093-RPTF-20-0100		63,978
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509	093-CARE-20-0100		245,655
Total Formula Grants for Rural Areas				331,935
Total U.S. Department of Transportation				331,935
Total Expenditures of Federal Awards			\$5,500	\$3,039,960

The accompanying notes are an integral part of this schedule.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Bowling Green, Wood County, Ohio (the City) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – SUBRECIPIENTS

The City passes certain federal awards received from the United States Department of Housing and Urban Development to not-for-profit agencies (subrecipients). As Note B describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E – HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the City's local program income account as of December 31, 2020 is \$52,594.

NOTE F – MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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**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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 25, 2021 wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the City.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 financial statements. 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 25, 2021

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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) *Compliance Supplement* that could directly and materially affect the City of Bowling Green's major federal program for the year ended December 31, 2020. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 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, 2020.

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 the Uniform Guidance, 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 Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 25, 2021

**CITY OF BOWLING GREEN
WOOD COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Coronavirus Relief Fund - CFDA #21.019
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	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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OHIO AUDITOR OF STATE KEITH FABER



CITY OF BOWLING GREEN

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/9/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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