





**CITY OF BOWLING GREEN  
WOOD COUNTY  
DECEMBER 31, 2022**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

City of Bowling Green  
Wood County  
305 North Main Street  
Bowling Green, Ohio 43402-2399

To the City Council:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Wood County, Ohio (City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Wood County, Ohio as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Playground and Recreation, and American Rescue Plan Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The comparative enterprise fund financial statements and the Schedule of Expenditures of Federal Awards 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative enterprise fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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

September 26, 2023



**City of Bowling Green**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2022  
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, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

**HIGHLIGHTS**

Highlights for 2022 are as follows:

In total, the City's net position increased \$13,927,488, or 7 percent. Net position increased almost 52 percent for governmental activities primarily due to a reduction in the pension and OPEB expense. Net position increased 5 percent for business-type activities generally due to a reduction in the pension and OPEB expense.

A review of the enterprise funds reflects that the Electric and Water funds had an operating income while the Sewer fund had an operating loss for 2022.

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, American Rescue Plan, 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 2022. 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, 2022  
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, American Rescue Plan, 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, 2022  
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 2022 and 2021.

Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	2022	2021	2022	2021	2022	2021
<u>Assets</u>						
Current and Other Assets	\$48,243,677	\$49,506,697	\$63,091,713	\$58,386,493	\$111,335,390	\$107,893,190
Net Pension Asset	358,806	266,552	373,451	277,432	732,257	543,984
Net OPEB Asset	1,278,006	730,304	1,330,170	760,112	2,608,176	1,490,416
Capital Assets, Net	56,827,596	53,241,675	140,068,655	135,033,014	196,896,251	188,274,689
Investment in Joint Venture	0	0	1,879,912	2,649,456	1,879,912	2,649,456
Total Assets	106,708,085	103,745,228	206,743,901	197,106,507	313,451,986	300,851,735
<u>Deferred Outflows of Resources</u>						
Pension	7,800,655	4,382,285	1,634,512	991,961	9,435,167	5,323,549
OPEB	1,992,096	2,555,493	4,724	377,251	1,996,820	2,932,744
Other Amounts	97,502	124,915	638,140	1,714,369	735,642	1,839,284
Total Deferred Outflows of Resources	9,890,253	7,062,693	2,277,376	3,083,581	12,167,629	10,095,577
<u>Liabilities</u>						
Current and Other Liabilities	9,494,122	6,485,905	6,042,190	4,103,902	15,536,312	10,589,807
Long-Term Liabilities						
Pension	22,649,015	26,585,022	3,657,501	6,207,356	26,306,516	32,792,378
OPEB	3,357,152	3,204,942	0	0	3,357,152	3,204,942
Other Amounts	49,014,543	51,235,098	2,593,822	2,940,095	51,608,365	54,175,193
Total Liabilities	84,514,832	87,510,967	12,293,513	13,251,353	96,808,345	100,762,320
<u>Deferred Inflows of Resources</u>						
Pension	11,659,006	6,513,344	4,604,540	2,932,516	16,263,546	9,395,163
OPEB	3,036,346	4,256,729	1,408,365	2,378,826	4,444,711	6,635,555
Other Amounts	3,237,827	3,216,576	0	0	3,237,827	3,216,576
Total Deferred Inflows of Resources	17,933,179	13,986,649	6,012,905	5,311,342	23,946,084	19,247,294

(continued)

**City of Bowling Green**  
**Management’s Discussion and Analysis**  
**For the Year Ended December 31, 2022**  
**Unaudited**

Table 1  
Net Position  
(continued)

	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	2022	2021	2022	2021	2022	2021
<u>Net Position</u>						
Net Investment in Capital Assets	\$41,341,022	\$39,758,517	\$138,929,291	\$134,335,842	\$180,270,313	\$174,094,359
Restricted	21,520,740	22,100,407	349,131	267,928	21,869,871	22,368,335
Unrestricted (Deficit)	(48,711,435)	(52,548,619)	51,436,437	47,023,623	2,725,002	(5,524,996)
Total Net Position	\$14,150,327	\$9,310,305	\$190,714,859	\$181,627,393	\$204,865,186	\$190,937,698

The net pension/OPEB liability (asset) reported by the City at December 31, 2022, 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 (asset) 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 (asset) 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, 2022  
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 (asset), respectively, not accounted for as deferred outflows/inflows.

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

Aside from changes related to pension/OPEB, there were other items of note for governmental activities. The decrease in current and other assets was primarily due to a decrease in cash and cash equivalents as the City spent a portion of debt proceeds received in the prior year. This is also reflected in the decrease in restricted net position. Additionally, there was a decrease in the amount due from other governments related to prior year Ohio Water Development Authority funded projects and resources due from the Ohio Army National Guard for park maintenance. The increase in net capital assets along with net investment in capital assets is the result of continued construction on the new administration building. Current and other liabilities increased largely due to outstanding contracts and retainage related to the new administration building and an increase in unearned revenue with additional ARPA monies received and unspent at year end. The increase in unrestricted net position is related to the significant decrease in the change in net pension liability discussed above.

For business-type activities, the increase in current and other assets was primarily an increase in cash and cash equivalents with a lower amount of purchased power costs during the year. The increase in net capital assets along with net investment in capital assets is the result of continued construction on the new administration building. The increase in current and other liabilities was due to a higher liability for purchase of power costs at year end. The increase in net position was also impacted by the change in pension/OPEB as discussed above.

**City of Bowling Green**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2022**  
**Unaudited**

Table 2 reflects the change in net position for 2022 and 2021.

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$4,722,303	\$4,583,014	\$75,972,171	\$75,395,815	\$80,694,474	\$79,978,829
Operating Grants, Contributions, and Interest	2,930,265	2,811,480	0	0	2,930,265	2,811,480
Capital Grants and Contributions	3,639,116	151,849			3,639,116	151,849
Total Program Revenues	11,291,684	7,546,343	75,972,171	75,395,815	87,263,855	82,942,158
General Revenues						
Property Taxes-General Purposes	1,859,026	1,837,795	0	0	1,859,026	1,837,795
Property Taxes-Playground and Recreation	1,383,268	1,222,101	0	0	1,383,268	1,222,101
Municipal Income Taxes	24,098,057	22,077,837	0	0	24,098,057	22,077,837
Other Local Taxes	2,090,815	1,992,211	0	0	2,090,815	1,992,211
Grants and Entitlements no Restricted to Specific Programs	1,220,477	1,593,738	0	0	1,220,477	1,593,738
Franchise Taxes	228,169	236,314	0	0	228,169	236,314
Investment Earnings and Other Interest	(1,246,819)	(248,323)	0	0	(1,246,819)	(248,323)
Other	898,262	843,049	1,003,083	2,037,951	1,901,345	2,881,000
Total General Revenues	30,531,255	29,554,722	1,003,083	2,037,951	31,534,338	31,592,673
Total Revenues	41,822,939	37,101,065	76,975,254	77,433,766	118,798,193	114,534,831
<b>Program Expenses</b>						
Security of Persons and Property						
Police	6,632,746	5,535,985	0	0	6,632,746	5,535,985
Fire/Ambulance	7,138,783	6,611,999	0	0	7,138,783	6,611,999
Public Health	7,960	7,480	0	0	7,960	7,480
Leisure Time Activities	2,519,381	1,719,395	0	0	2,519,381	1,719,395
Community Environment	1,100,091	762,583	0	0	1,100,091	762,583
Basic Utility Services	870,739	696,700	0	0	870,739	696,700
Transportation	6,063,273	4,412,017	0	0	6,063,273	4,412,017
General Government						
Court	1,151,641	737,152	0	0	1,151,641	737,152
Other	4,285,683	3,155,717	0	0	4,285,683	3,155,717
Internal Service Fund External Portion	10,125	10,648	0	0	10,125	10,648
Interest on Fiscal Charges	913,395	1,112,873	0	0	913,395	1,112,873
Electric	0	0	62,059,791	60,420,880	62,059,791	60,420,880
Water	0	0	6,592,700	5,415,883	6,592,700	5,415,883
Sewer	0	0	5,524,397	4,643,062	5,524,397	4,643,062
Total Expenses	30,693,817	24,762,549	74,176,888	70,479,825	104,870,705	95,242,374
Increase in Net Position						
Before Transfers	11,129,122	12,338,516	2,798,366	6,953,941	13,927,488	19,292,457
Transfers	(6,289,100)	(4,229,996)	6,289,100	4,229,996	0	0
Increase in Net Position	4,840,022	8,108,520	9,087,466	11,183,937	13,927,488	19,292,457
Net Position Beginning of Year	9,310,305	1,201,785	181,627,393	170,443,456	190,937,698	171,645,241
Net Position End of Year	\$14,150,327	\$9,310,305	\$190,714,859	\$181,627,393	\$204,865,186	\$190,937,698

**City of Bowling Green**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2022  
Unaudited

For governmental activities, there was a nearly 50 percent increase in program revenues, primarily in capital grants and contributions. This was the result of grant monies received from the Ohio Department of Transportation for an urban paving project along with ARPA monies that were used to purchase capital items. The City also received the donation of vehicles from the Ohio Department of Transportation. Significant changes in general revenues include the increase in municipal income taxes resulting from continuing pandemic recovery. There was also a decrease in unrestricted grants and entitlements related to monies the City received in the prior year for the MARCS tower (not the City's asset). The sizable decline in investment earning and other interest was based on the market value of the City's investments. The overall increase in expenses is due to the pension/OPEB changes, as discussed.

As expected, program revenues make up a significant portion of the total revenues for business-type activities (99 percent). The overall increase in expenses is due to the pension/OPEB changes, as discussed.

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	
	2022	2021	2022	2021
Security of Persons and Property				
Police	\$6,632,746	\$5,535,985	\$6,168,358	\$5,252,156
Fire/Ambulance	7,138,783	6,611,999	6,207,524	6,017,352
Public Health	7,960	7,480	(53,643)	(62,166)
Leisure Time Activities	2,519,381	1,719,395	1,031,775	952,728
Community Environment	1,100,091	762,583	632,018	284,942
Basic Utility Services	870,739	696,700	(169,134)	(339,278)
Transportation	6,063,273	4,412,017	414,465	1,428,655
General Government				
Court	1,151,641	737,152	67,032	(482,222)
Other	4,285,683	3,155,717	4,196,134	3,056,460
Internal Service Fund External Portion	10,125	10,648	(5,791)	(5,294)
Interest an Fiscal Charges	913,395	1,112,873	913,395	1,112,873
Total Expenses	<u>\$30,693,817</u>	<u>\$24,762,549</u>	<u>\$19,402,133</u>	<u>\$17,216,206</u>

For 2022, general revenues provided for 63 percent of the costs of providing governmental activities services (70 percent in 2021). Note that general revenues provide for the majority of the costs of providing police, fire, and ambulance services. The leisure time activities program receives significant support through program revenues generated through admission and sports fees, rentals, and concession charges. The transportation program receives charges for services in the form of permissive motor vehicle license monies, operating grants in the form of State levied motor vehicle license fees and gas taxes, and capital grants and contributions in the form of grant resources. The municipal court receives substantial support through fines, costs, and fees as well as some support through grant resources. Fluctuations in the net cost of services have seen some substantial differences over the past couple of years due to the effect of the pandemic and the inflow of resources from the federal government to assist with offsetting pandemic costs and for pandemic recovery (CARES Act ARPA).

**City of Bowling Green**  
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**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

The City's major governmental funds are the General Fund, the Playground and Recreation and American Rescue Plan special revenue funds, and the Sewer and Water Capital Improvement capital projects fund.

For 2022, the General Fund had a nearly 6 percent decrease in fund balance. There was an overall decrease in revenues due to the significant decrease in interest revenue based on the market value of the City's investments of over \$1 million between years; this was partially offset by an increase in municipal income tax revenue. Expenditures increased slightly in nearly all programs and can be attributed to normal fluctuations in costs associated with salaries and benefits.

The Playground and Recreation Fund had a 30 percent increase in fund balance. Revenues and expenditures both increased as recreational activities returned to normal levels after the pandemic.

The City began spending ARPA grant monies in 2022, resulting in the increase in expenditures in the American Rescue Plan fund. Resources that remained unspent at year end were offset to unearned revenue; therefore, there was no change in fund balance.

Fund balance decreased 14 percent in the Sewer and Water Capital Improvement Fund due to a portion of prior year debt proceeds from general obligation bonds being spent during the year resulting in a significant increase in capital outlay expenditures.

**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 2022.

The Electric Fund had a 4 percent increase in net position. Revenue remained consistent with the prior year and expenses decreased only slightly primarily due to a decrease in the City's investment in their joint venture.

There was a 5 percent increase in net position in the Water Fund primarily due to capital contributions.

The increase in net position in the Sewer Fund was nearly 6 percent and was also 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.



**City of Bowling Green**  
Management's Discussion and Analysis  
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The City's most significant budgeted fund is the General Fund. For revenues, changes from the original budget to the final budget were not significant. The increase from final budget to actual revenues was most significant in intergovernmental revenue with the receipt of a grant from the Department of Public Safety. For expenditures, changes from the original budget to the final budget were not significant. Variances between the final budget and actual expenditures were the result of conservative budgeting.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2022, was \$41,341,022 and \$138,929,291, 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 included ongoing construction of a new administration building, an inclusive playground, a shared use park path, a rear load packer, a side load refuse packer, three transit vehicles, and street improvements. Disposals included a city-owned house, and police, fire, transit, and public works equipment and vehicles. The most significant additions for business-type activities included ongoing construction of a new administration building, improvements at the water and wastewater treatment plants, vehicles, and electric, water, and sewer lines. Disposals consisted of vehicles. For further information regarding the City's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2022, the City had \$20,490,000 in general obligation bonds, \$25,508,234 in Ohio Water Development Authority (OWDA) loans payable, \$612,536 in capital loans payable, and \$293,057 in leases payable from governmental activities. Business-type activities had \$370,000 in general obligation bonds outstanding at year end, a loan, in the amount of \$200,000, and leases payable, in the amount of \$105,959. In addition, business-type activities, specifically the Electric enterprise fund, owed AMP-Ohio \$472,189 related to the City's obligation for the AMPGS project which was terminated.

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 Note 19 to the basic financial statements.

**CURRENT ISSUES**

The City of Bowling Green priorities include; public safety, investment in infrastructure, efforts to promote economic development, employment growth and retaining adequate fund balances to ensure both financial flexibility and long term stability. These are kept under consideration during the budget process and throughout the year as we monitor revenue and expenses and make necessary adjustments.

Major financial influences at the start of 2023 include inflation and economic uncertainty, depletion of capital reserve funds and future funding for infrastructure and facility capital maintenance. The 2023 budget includes \$3 million dollars in advances from the Water and Sewer Capital Improvement fund to other capital funds due to the inflationary overages for water and sewer shared projects. The advances must be paid back in annual installments of \$300,000 over 10 years.

**City of Bowling Green**  
Management's Discussion and Analysis  
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State and Local Fiscal Recovery Funds as authorized by the American Rescue Plan Act (ARPA) assist in bolstering municipal activities. These funds are revenue replacement funds and will be used for general government services. To date the City has earmarked more than \$7.3 million of ARPA funds for paving, leisure time activities, infrastructure and public safety, housing grants, and support for and will spend down more than \$2 million in 2023.

The 2023 budget includes the use of \$615,000 in capital reserve funds for a fire truck, fire station roof and technology infrastructure, as well as more than \$50 million for utility capital improvements funded respectively by OWDA loans, income tax and utility capital reserve funds.

Construction of a new \$14 million administration building which will be 70% funded by the proceeds of thirty year general obligation bonds issued in 2021 and 30% from capital reserve funds, is scheduled for completion in July of 2023.

Revenue estimates are optimistic, specifically for income tax and hotel/motel tax. However inflation and economic uncertainty caused increases in expense projections. The 2023 Budget was prepared to account for inflationary increases due to on-going supply chain issues and labor market concerns. The City continues to research creative cost effective ways to maintain optimum staffing levels to support operations.

**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, 305 North Main Street, Bowling Green, Ohio 43402-2399.

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City of Bowling Green  
Statement of Net Position  
December 31, 2022

	Governmental Activities	Business-Type Activities*	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$37,614,700	\$49,788,215	\$87,402,915
Cash and Cash Equivalents in Segregated Accounts	4,233	0	4,233
Accounts Receivable	731,319	9,857,833	10,589,152
Accrued Interest Receivable	127,672	0	127,672
Due from Other Governments	1,519,612	4,481	1,524,093
Municipal Income Taxes Receivable	3,711,985	0	3,711,985
Other Local Taxes Receivable	108,701	108,838	217,539
Internal Balances	200,281	(200,281)	0
Prepaid Items	309,250	218,990	528,240
Materials and Supplies Inventory	0	1,843,337	1,843,337
Property Taxes Receivable	3,256,012	0	3,256,012
Notes Receivable	658,585	0	658,585
Special Assessments Receivable	1,327	0	1,327
Asset Held for Resale	0	998,111	998,111
Recovered Purchased Power Receivable	0	472,189	472,189
Net Pension Asset	358,806	373,451	732,257
Net OPEB Asset	1,278,006	1,330,170	2,608,176
Nondepreciable Capital Assets	7,716,642	19,957,873	27,674,515
Depreciable Capital Assets, Net	49,110,954	120,110,782	169,221,736
Investment in Joint Venture	0	1,879,912	1,879,912
<b>Total Assets</b>	<b>106,708,085</b>	<b>206,743,901</b>	<b>313,451,986</b>
<u>Deferred Outflows of Resources</u>			
Deferred Charge on Refunding	97,502	22,562	120,064
Recovered Purchased Power	0	615,578	615,578
Pension	7,800,655	1,634,512	9,435,167
OPEB	1,992,096	4,724	1,996,820
<b>Total Deferred Outflows of Resources</b>	<b>9,890,253</b>	<b>2,277,376</b>	<b>12,167,629</b>
<u>Liabilities</u>			
Accrued Wages Payable	300,349	142,226	442,575
Accounts Payable	1,462,970	5,011,409	6,474,379
Contracts Payable	2,110,400	556,443	2,666,843
Due to Other Governments	362,091	201,645	563,736
Unearned Revenue	4,635,126	0	4,635,126
Retainage Payable	574,455	129,773	704,228
Accrued Interest Payable	48,731	694	49,425
Long-Term Liabilities			
Due Within One Year	3,938,054	1,034,563	4,972,617
Due in More Than One Year			
Net Pension Liability	22,649,015	3,657,501	26,306,516
Net OPEB Liability	3,357,152	0	3,357,152
Other Amounts Due in More Than One Year	45,076,489	1,559,259	46,635,748
<b>Total Liabilities</b>	<b>84,514,832</b>	<b>12,293,513</b>	<b>96,808,345</b>

(continued)

City of Bowling Green  
Statement of Net Position  
December 31, 2022  
(continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities*</u>	<u>Total*</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes	\$3,237,827	\$0	\$3,237,827
Pension	11,659,006	4,604,540	16,263,546
OPEB	3,036,346	1,408,365	4,444,711
Total Deferred Inflows of Resources	<u>17,933,179</u>	<u>6,012,905</u>	<u>23,946,084</u>
<u>Net Position</u>			
Net Investment in Capital Assets	41,341,022	138,929,291	180,270,313
Restricted for			
Capital Projects	13,122,948	0	13,122,948
American Rescue Plan	530,778	0	530,778
Playground and Recreation	1,154,831	0	1,154,831
Street Maintenance and Repair	2,002,066	0	2,002,066
Community Development	892,818	0	892,818
Security of Persons and Property - Police	769,980	0	769,980
Security of Persons and Property - Fire	1,791,680	0	1,791,680
Other Purposes	921,379	0	921,379
Pension and OPEB Plans	334,260	349,131	683,391
Unrestricted (Deficit)	<u>(48,711,435)</u>	<u>51,436,437</u>	<u>2,725,002</u>
Total Net Position	<u>\$14,150,327</u>	<u>\$190,714,859</u>	<u>\$204,865,186</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, 2022

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$6,632,746	\$277,093	\$187,295	\$0
Fire	7,138,783	639,528	291,731	0
Public Health	7,960	61,515	88	0
Leisure Time Activities	2,519,381	875,114	42,684	569,808
Community Environment	1,100,091	12,043	456,030	0
Basic Utility Services	870,739	1,039,873	0	0
Transportation	6,063,273	877,532	1,701,968	3,069,308
General Government				
Court	1,151,641	889,952	194,657	0
Other	4,285,683	33,737	55,812	0
Internal Service Fund				
External Portion	10,125	15,916	0	0
Interest and Fiscal Charges	913,395	0	0	0
<b>Total Governmental Activities</b>	<b>30,693,817</b>	<b>4,722,303</b>	<b>2,930,265</b>	<b>3,639,116</b>
<u>Business-Type Activities</u>				
Electric	62,059,791	64,088,906	0	0
Water	6,592,700	6,978,335	0	0
Sewer	5,524,397	4,904,930	0	0
<b>Total Business-Type Activities</b>	<b>74,176,888</b>	<b>75,972,171</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>\$104,870,705</b>	<b>\$80,694,474</b>	<b>\$2,930,265</b>	<b>\$3,639,116</b>

General Revenues

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue  
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$6,168,358)	\$0	(\$6,168,358)
(6,207,524)	0	(6,207,524)
53,643	0	53,643
(1,031,775)	0	(1,031,775)
(632,018)	0	(632,018)
169,134	0	169,134
(414,465)	0	(414,465)
(67,032)	0	(67,032)
(4,196,134)	0	(4,196,134)
5,791	0	5,791
(913,395)	0	(913,395)
<u>(19,402,133)</u>	<u>0</u>	<u>(19,402,133)</u>
0	2,029,115	2,029,115
0	385,635	385,635
0	(619,467)	(619,467)
<u>0</u>	<u>1,795,283</u>	<u>1,795,283</u>
<u>(19,402,133)</u>	<u>1,795,283</u>	<u>(17,606,850)</u>
1,859,026	0	1,859,026
1,383,268	0	1,383,268
9,036,771	0	9,036,771
602,452	0	602,452
6,024,514	0	6,024,514
6,024,514	0	6,024,514
2,409,806	0	2,409,806
2,090,815	0	2,090,815
1,220,477	0	1,220,477
228,169	0	228,169
(1,246,819)	0	(1,246,819)
898,262	1,003,083	1,901,345
30,531,255	1,003,083	31,534,338
<u>(6,289,100)</u>	<u>6,289,100</u>	<u>0</u>
<u>24,242,155</u>	<u>7,292,183</u>	<u>31,534,338</u>
4,840,022	9,087,466	13,927,488
9,310,305	181,627,393	190,937,698
<u>\$14,150,327</u>	<u>\$190,714,859</u>	<u>\$204,865,186</u>

City of Bowling Green  
Balance Sheet  
Governmental Funds  
December 31, 2022

	General	Playground and Recreation	American Rescue Plan	Sewer and Water Capital Improvement
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$7,769,037	\$1,313,128	\$5,191,278	\$12,004,165
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Accounts Receivable	717,571	2,589	0	0
Accrued Interest Receivable	127,672	0	0	0
Due from Other Governments	535,761	8,012	192,470	0
Municipal Income Taxes Receivable	1,391,995	92,800	0	927,996
Other Local Taxes Receivable	83,967	0	0	0
Interfund Receivable	234,892	0	0	0
Prepaid Items	242,823	12,781	0	0
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	91,177	0	0	0
Property Taxes Receivable	1,865,998	1,120,579	0	0
Notes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
<b>Total Assets</b>	<b>\$13,060,893</b>	<b>\$2,549,889</b>	<b>\$5,383,748</b>	<b>\$12,932,161</b>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$188,221	\$17,808	\$0	\$0
Accounts Payable	662,596	61,665	217,448	188,146
Contracts Payable	5,285	0	338,308	950,439
Due to Other Governments	209,489	51,468	0	0
Interfund Payable	0	0	396	20,918
Unearned Revenue	0	0	4,635,126	0
Retainage Payable	0	0	0	358,167
<b>Total Liabilities</b>	<b>1,065,591</b>	<b>130,941</b>	<b>5,191,278</b>	<b>1,517,670</b>
<u>Deferred Inflows of Resources</u>				
Property Taxes	1,855,328	1,114,656	0	0
Unavailable Revenue	1,758,643	50,799	192,470	371,199
<b>Total Deferred Inflows of Resources</b>	<b>3,613,971</b>	<b>1,165,455</b>	<b>192,470</b>	<b>371,199</b>
<u>Fund Balance</u>				
Nonspendable	334,000	12,781	0	0
Restricted	0	1,240,712	0	11,043,292
Committed	87,714	0	0	0
Assigned	5,148,792	0	0	0
Unassigned (Deficit)	2,810,825	0	0	0
<b>Total Fund Balance</b>	<b>8,381,331</b>	<b>1,253,493</b>	<b>0</b>	<b>11,043,292</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$13,060,893</b>	<b>\$2,549,889</b>	<b>\$5,383,748</b>	<b>\$12,932,161</b>

See Accompanying Notes to the Basic Financial Statements



<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$11,212,736	\$37,490,344
4,233	4,233
4,405	724,565
0	127,672
783,369	1,519,612
1,299,194	3,711,985
24,734	108,701
152,500	387,392
53,646	309,250
0	91,177
269,435	3,256,012
658,585	658,585
1,327	1,327
<u>\$14,464,164</u>	<u>\$48,390,855</u>
\$92,411	\$298,440
332,359	1,462,214
816,368	2,110,400
99,767	360,724
203,761	225,075
0	4,635,126
216,288	574,455
<u>1,760,954</u>	<u>9,666,434</u>
267,843	3,237,827
1,105,254	3,478,365
<u>1,373,097</u>	<u>6,716,192</u>
53,646	400,427
7,365,291	19,649,295
3,993,765	4,081,479
36,278	5,185,070
(118,867)	2,691,958
<u>11,330,113</u>	<u>32,008,229</u>
<u>\$14,464,164</u>	<u>\$48,390,855</u>

City of Bowling Green  
Reconciliation of Total Governmental Fund Balance  
to Net Position of Governmental Activities  
December 31, 2022

Total Governmental Fund Balance \$32,008,229

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 56,827,596

Deferred outflows of resources include deferred charges on refundings which do not provide current financial resources and, therefore, are not reported in the funds. 97,502

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

Accounts Receivable	128,497	
Accrued Interest Receivable	89,606	
Due from Other Governments	1,237,109	
Municipal Income Taxes Receivable	1,484,798	
Delinquent Property Taxes Receivable	18,185	
Special Assessments Receivable	<u>520,170</u>	
		3,478,365

An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities. 13,018

The net pension/OPEB liability (asset) is not due and payable in the current period, therefore, the asset, liability, and related deferred outflows/inflows are not reported in the governmental funds.

Net Pension Asset	358,806	
Net Pension Asset - Internal Service Fund	(7,323)	
Deferred Outflows - Pension	7,800,655	
Deferred Outflows - Pension - Internal Service Fund	(32,110)	
Deferred Inflows - Pension	(11,659,006)	
Deferred Inflows - Pension - Internal Service Fund	90,283	
Net Pension Liability	(22,649,015)	
Net Pension Liability - Internal Service Fund	71,716	
Net OPEB Asset	1,278,006	
Net OPEB Asset - Internal Service Fund	(26,082)	
Deferred Outflows - OPEB	1,992,096	
Deferred Outflows - OPEB - Internal Service Fund	(93)	
Deferred Inflows - OPEB	(3,036,346)	
Deferred Inflows - OPEB - Internal Service Fund	27,616	
Net OPEB Liability	<u>(3,357,152)</u>	
		(29,147,949)

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

Accrued Interest Payable	(48,731)	
General Obligation Bonds Payable	(20,490,000)	
OWDA Loans Payable	(25,508,234)	
Capital Loans Payable	(612,536)	
Compensated Absences Payable	(2,110,716)	
Leases Payable	<u>(293,057)</u>	
		(49,063,274)

(continued)

City of Bowling Green  
Reconciliation of Total Governmental Fund Balance  
to Net Position of Governmental Activities  
December 31, 2022  
(continued)

An internal service fund is used by management to charge the cost of engineering services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.

(\$63,160)

Net Position of Governmental Activities

\$14,150,327

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green  
Statement of Revenues, Expenditures,  
and Change in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2022

	General	Playground and Recreation	American Rescue Plan	Sewer and Water Capital Improvement
<u>Revenues</u>				
Property Taxes	\$1,852,496	\$1,113,682	\$0	\$0
Municipal Income Taxes	8,986,581	599,106	0	5,991,055
Other Local Taxes	2,331,931	0	0	0
Special Assessments	0	0	0	0
Charges for Services	2,795,911	875,114	0	0
Fees, Licenses, and Permits	38,605	0	0	0
Fines, Forfeitures, and Settlements	245,827	0	0	0
Intergovernmental	1,603,394	42,960	2,739,971	0
Investment Earnings and Other Interest	(1,279,587)	0	0	0
Other	510,948	263,277	0	228
<b>Total Revenues</b>	<b>17,086,106</b>	<b>2,894,139</b>	<b>2,739,971</b>	<b>5,991,283</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,206,229	0	0	0
Fire	2,863,802	0	289,230	0
Public Health	0	0	0	0
Leisure Time Activities	0	2,292,043	486,973	0
Community Environment	692,070	0	105,708	0
Basic Utility Services	958,829	0	0	0
Transportation	2,917,373	0	1,848,460	0
General Government				
Court	1,318,248	0	0	0
Other	3,593,365	20,557	9,600	205,577
Capital Outlay	0	0	0	6,494,366
Debt Service				
Principal Retirement	0	0	0	1,958,116
Interest and Fiscal Charges	0	0	0	370,904
<b>Total Expenditures</b>	<b>17,549,916</b>	<b>2,312,600</b>	<b>2,739,971</b>	<b>9,028,963</b>
Excess of Revenues Over (Under) Expenditures	(463,810)	581,539	0	(3,037,680)
<u>Other Financing Sources (Uses)</u>				
OWDA Loans Issued	0	0	0	1,173,800
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	(55,054)	(295,140)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(55,054)</b>	<b>(295,140)</b>	<b>0</b>	<b>1,173,800</b>
Change in Fund Balance	(518,864)	286,399	0	(1,863,880)
Fund Balance Beginning of Year	8,900,195	967,094	0	12,907,172
Fund Balance End of Year	<u>\$8,381,331</u>	<u>\$1,253,493</u>	<u>\$0</u>	<u>\$11,043,292</u>

See Accompanying Notes to the Basic Financial Statement:

Other Governmental	Total Governmental Funds
\$267,404	\$3,233,582
8,387,478	23,964,220
277,296	2,609,227
39,825	39,825
206,977	3,878,002
13,584	52,189
240,694	486,521
2,489,370	6,875,695
5,676	(1,273,911)
74,171	848,624
12,002,475	40,713,974
1,895,515	7,101,744
3,982,829	7,135,861
2,032	2,032
3,678	2,782,694
376,461	1,174,239
0	958,829
2,626,091	7,391,924
115,457	1,433,705
288,287	4,117,386
3,702,365	10,196,731
1,398,165	3,356,281
518,543	889,447
14,909,423	46,540,873
(2,906,948)	(5,826,899)
0	1,173,800
34,667	34,667
2,106,082	2,106,082
(1,755,888)	(2,106,082)
384,861	1,208,467
(2,522,087)	(4,618,432)
13,852,200	36,626,661
\$11,330,113	\$32,008,229

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, 2022

Change in Fund Balance - Total Governmental Funds (\$4,618,432)

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 capital outlay exceeded depreciation/amortization in the current year.

Capital Outlay	6,124,346	
Capital Contributions	725,336	
Depreciation/Amortization	(2,970,408)	
Depreciation/Amortization - Internal Service Fund	<u>1,915</u>	3,881,189

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	(34,667)	
Gain on Disposal of Capital Assets	34,667	
Loss on Disposal of Capital Assets	<u>(293,353)</u>	(293,353)

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

Property Taxes	8,712	
Municipal Income Taxes	133,837	
Other Local Taxes	(12,947)	
Special Assessments	(40,446)	
Charges for Services	13,000	
Intergovernmental	183,151	
Investment Earnings and Other Interest	32,768	
Other	<u>14,971</u>	333,046

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

General Obligation Bonds Payable	1,330,000	
OWDA Loans Payable	1,845,404	
Capital Loans Payable	68,319	
Leases Payable	<u>112,558</u>	3,356,281

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. (1,173,800)

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	3,465	
Amortization of Deferred Charge on Refunding	<u>(27,413)</u>	(23,948)

(continued)

City of Bowling Green  
 Reconciliation of Statement of Revenues, Expenditures,  
 and Change in Fund Balance  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2022  
 (continued)

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

Compensated Absences Payable	38,074	
Compensated Absences Payable - Internal Service Fund	<u>(7,948)</u>	30,126

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

Pension Expense	(322,167)	
Pension Expense - Internal Service Fund	(14,747)	
OPEB Expense	1,007,877	
OPEB Expense - Internal Service Fund	<u>(23,868)</u>	647,095

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	2,623,136	
Contractually Required Contributions - Pension - Internal Service Fund	(18,520)	
Contractually Required Contributions - OPEB	44,601	
Contractually Required Contributions - OPEB - Internal Service Fund	<u>(93)</u>	2,649,124

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.

	46,903	
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The internal service fund used by management to charge the cost of engineering services to an external agency is reported on the statement of activities. The change for the external portion is reported for the year.

	<u>5,791</u>	
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Change in Net Position of Governmental Activities	<u><u>\$4,840,022</u></u>	
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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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$1,864,957	\$1,854,672	\$1,852,496	(\$2,176)
Other Local Taxes	2,209,100	2,359,100	2,329,245	(29,855)
Charges for Services	2,683,700	2,683,700	2,781,872	98,172
Fees, Licenses, and Permits	33,100	33,100	38,605	5,505
Fines, Forfeitures, and Settlements	250,500	250,500	246,915	(3,585)
Intergovernmental	1,224,042	1,224,042	1,608,006	383,964
Interest	450,000	450,000	729,912	279,912
Other	106,718	254,479	471,210	216,731
<b>Total Revenues</b>	<b>8,822,117</b>	<b>9,109,593</b>	<b>10,058,261</b>	<b>948,668</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,347,841	5,526,041	5,200,704	325,337
Fire	2,860,525	3,014,605	2,954,803	59,802
Community Environment	938,969	845,969	756,649	89,320
Basic Utility Services	1,114,195	1,109,195	971,969	137,226
Transportation	3,284,810	3,346,415	3,050,818	295,597
General Government				
Court	1,391,189	1,401,189	1,330,087	71,102
Other	3,498,652	4,164,617	3,871,356	293,261
<b>Total Expenditures</b>	<b>18,436,181</b>	<b>19,408,031</b>	<b>18,136,386</b>	<b>1,271,645</b>
Excess of Revenues Under Expenditures	(9,614,064)	(10,298,438)	(8,078,125)	2,220,313
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	8,500	8,500	15,944	7,444
Transfers In	7,966,425	8,266,425	8,410,960	144,535
Transfers Out	(119,466)	(119,466)	(119,466)	0
<b>Total Other Financing Sources (Uses)</b>	<b>7,855,459</b>	<b>8,155,459</b>	<b>8,307,438</b>	<b>151,979</b>
Change in Fund Balance	(1,758,605)	(2,142,979)	229,313	2,372,292
Fund Balance Beginning of Year	6,954,157	6,954,157	6,954,157	0
Prior Year Encumbrances Appropriated	706,344	706,344	706,344	0
<b>Fund Balance End of Year</b>	<b>\$5,901,896</b>	<b>\$5,517,522</b>	<b>\$7,889,814</b>	<b>\$2,372,292</b>

See Accompanying Notes to the Basic Financial Statements



City of Bowling Green  
Statement of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Playground and Recreation Fund  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$1,120,148	\$1,099,221	\$1,113,682	\$14,461
Municipal Income Taxes	560,000	587,500	592,847	5,347
Charges for Services	843,250	843,250	864,477	21,227
Fines, Forfeitures, and Settlements	250	250	0	(250)
Intergovernmental	24,500	48,500	42,960	(5,540)
Other	148,250	169,177	301,438	132,261
Total Revenues	2,696,398	2,747,898	2,915,404	167,506
<u>Expenditures</u>				
Current:				
Leisure Time Activities	2,447,554	2,456,354	2,274,342	182,012
General Government				
Other	32,117	28,645	19,962	8,683
Total Expenditures	2,479,671	2,484,999	2,294,304	190,695
Excess of Revenues Over Expenditures	216,727	262,899	621,100	358,201
<u>Other Financing Uses</u>				
Transfers Out	(295,140)	(310,340)	(295,140)	15,200
Change in Fund Balance	(78,413)	(47,441)	325,960	373,401
Fund Balance Beginning of Year	861,802	861,802	861,802	0
Prior Year Encumbrances Appropriated	35,708	35,708	35,708	0
Fund Balance End of Year	\$819,097	\$850,069	\$1,223,470	\$373,401

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  
American Rescue Plan Fund  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$3,658,389	\$3,774,989	\$3,716,708	(\$58,281)
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Fire	263,446	390,802	288,420	102,382
Leisure Time Activities	444,807	652,737	486,973	165,764
Community Environment	96,555	143,232	105,708	37,524
Transportation	1,516,200	2,045,636	1,659,929	385,707
General Government				
Other	8,769	13,008	9,600	3,408
Total Expenditures	2,329,777	3,245,415	2,550,630	694,785
Change in Fund Balance	1,328,612	529,574	1,166,078	636,504
Fund Balance Beginning of Year	3,658,389	3,658,389	3,658,389	0
Fund Balance End of Year	\$4,987,001	\$4,187,963	\$4,824,467	\$636,504

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green  
Statement of Fund Net Position  
Proprietary Funds  
December 31, 2022

	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	\$35,005,532	\$10,452,409	\$4,330,274	\$49,788,215	\$33,179
Accounts Receivable	8,246,049	808,499	803,285	9,857,833	6,754
Due from Other Governments	991	521	2,969	4,481	0
Other Local Taxes Receivable	108,838	0	0	108,838	0
Interfund Receivable	14,463	6,330	449	21,242	24,946
Prepaid Items	80,687	67,941	70,362	218,990	0
Materials and Supplies Inventory	1,298,216	545,121	0	1,843,337	0
<b>Total Current Assets</b>	<b>44,754,776</b>	<b>11,880,821</b>	<b>5,207,339</b>	<b>61,842,936</b>	<b>64,879</b>
<u>Non-Current Assets</u>					
Asset Held for Resale	598,867	199,622	199,622	998,111	0
Recovered Purchased Power Receivable	472,189	0	0	472,189	0
<u>Restricted Assets</u>					
Net Pension Asset	168,419	102,516	102,516	373,451	7,323
Net OPEB Asset	599,880	365,145	365,145	1,330,170	26,082
Nondepreciable Capital Assets	4,015,385	5,678,116	10,264,372	19,957,873	0
Depreciable Capital Assets, Net	17,706,160	53,195,472	49,209,150	120,110,782	0
Investment in Joint Venture	1,879,912	0	0	1,879,912	0
<b>Total Non-Current Assets</b>	<b>25,440,812</b>	<b>59,540,871</b>	<b>60,140,805</b>	<b>145,122,488</b>	<b>33,405</b>
<b>Total Assets</b>	<b>70,195,588</b>	<b>71,421,692</b>	<b>65,348,144</b>	<b>206,965,424</b>	<b>98,284</b>
<u>Deferred Outflows of Resources</u>					
Deferred Charge on Refunding	0	4,901	17,661	22,562	0
Recovered Purchased Power	615,578	0	0	615,578	0
Pension	735,944	450,129	475,996	1,662,069	32,110
OPEB	2,130	1,297	20,854	24,281	93
<b>Total Deferred Outflows of Resources</b>	<b>1,353,652</b>	<b>456,327</b>	<b>514,511</b>	<b>2,324,490</b>	<b>32,203</b>
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	61,398	38,775	42,053	142,226	1,909
Accounts Payable	4,580,233	251,692	179,484	5,011,409	756
Contracts Payable	556,443	0	0	556,443	0
Due to Other Governments	107,950	38,750	54,945	201,645	1,367
Interfund Payable	185,392	7,111	16,002	208,505	0
Retainage Payable	129,773	0	0	129,773	0
Accrued Interest Payable	0	150	544	694	0
General Obligation Bonds Payable	0	80,000	290,000	370,000	0
Compensated Absences Payable	225,394	133,690	211,085	570,169	0
Leases Payable	7,576	7,409	7,409	22,394	0
AMP Ohio Payable	72,000	0	0	72,000	0
<b>Total Current Liabilities</b>	<b>5,926,159</b>	<b>557,577</b>	<b>801,522</b>	<b>7,285,258</b>	<b>4,032</b>

(continued)

City of Bowling Green  
Statement of Fund Net Position  
Proprietary Funds  
December 31, 2022  
(continued)

	<u>Business-Type Activities</u>			Total Enterprise Funds	<u>Governmental Activity Internal Service Fund</u>
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>		
<u>Non-Current Liabilities</u>					
Loan Payable	\$120,000	\$40,000	\$40,000	\$200,000	\$0
Compensated Absences Payable	412,027	235,116	228,362	875,505	0
Leases Payable	23,033	30,266	30,266	83,565	0
AMP Ohio Payable	400,189	0	0	400,189	0
Net Pension Liability	1,649,461	1,004,020	1,004,020	3,657,501	71,716
Total Non-Current Liabilities	<u>2,604,710</u>	<u>1,309,402</u>	<u>1,302,648</u>	<u>5,216,760</u>	<u>71,716</u>
Total Liabilities	<u>8,530,869</u>	<u>1,866,979</u>	<u>2,104,170</u>	<u>12,502,018</u>	<u>75,748</u>
<u>Deferred Inflows of Resources</u>					
Pension	2,076,612	1,302,846	1,252,639	4,632,097	90,283
OPEB	635,144	414,599	378,179	1,427,922	27,616
Total Deferred Inflows of Resources	<u>2,711,756</u>	<u>1,717,445</u>	<u>1,630,818</u>	<u>6,060,019</u>	<u>117,899</u>
<u>Net Position</u>					
Net Investment in Capital Assets	21,004,969	58,760,814	59,163,508	138,929,291	0
Restricted for					
Pension and OPEB Plans	152,682	95,351	101,098	349,131	6,755
Unrestricted (Deficit)	<u>39,148,964</u>	<u>9,437,430</u>	<u>2,863,061</u>	<u>51,449,455</u>	<u>(69,915)</u>
Total Net Position (Deficit)	<u>\$60,306,615</u>	<u>\$68,293,595</u>	<u>\$62,127,667</u>	<u>190,727,877</u>	<u>(\$63,160)</u>
Net position reported for business-type activities on the statement of net position is different because it includes a proportionate share of the balance of the internal service fund.				<u>(13,018)</u>	
Net position of business-type activities				<u>\$190,714,859</u>	

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, 2022

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Operating Revenues</u>					
Charges for Services	\$62,723,652	\$6,978,335	\$4,904,930	\$74,606,917	\$158,615
Other	412,339	185,212	402,021	999,572	539
<b>Total Operating Revenues</b>	<b>63,135,991</b>	<b>7,163,547</b>	<b>5,306,951</b>	<b>75,606,489</b>	<b>159,154</b>
<u>Operating Expenses</u>					
Purchased Power	52,285,973	0	0	52,285,973	0
Plant Operation	0	2,938,363	1,788,199	4,726,562	0
Geographical Information Systems	176,585	105,514	82,265	364,364	0
Distribution Operation	1,490,355	1,142,488	1,053,037	3,685,880	0
Administrative and General	3,881,622	576,442	561,872	5,019,936	0
Information and Technology	218,442	71,764	73,938	364,144	0
Sustainability	52,072	16,847	26,776	95,695	0
Engineering	0	12,246	12,246	24,492	0
Depreciation/Amortization	1,819,049	1,721,515	1,899,816	5,440,380	1,915
Other	0	0	0	0	99,334
<b>Total Operating Expenses</b>	<b>59,924,098</b>	<b>6,585,179</b>	<b>5,498,149</b>	<b>72,007,426</b>	<b>101,249</b>
<b>Operating Income (Loss)</b>	<b>3,211,893</b>	<b>578,368</b>	<b>(191,198)</b>	<b>3,599,063</b>	<b>57,905</b>
<u>Non-Operating Revenues (Expenses)</u>					
Gain on Disposal of Capital Assets	0	0	3,511	3,511	0
Excise Taxes	1,365,254	0	0	1,365,254	0
Excise Taxes Expense	(1,365,254)	0	0	(1,365,254)	0
Interest Expense	(1,103)	(9,084)	(29,688)	(39,875)	0
Investment in Joint Venture	(769,544)	0	0	(769,544)	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(770,647)</b>	<b>(9,084)</b>	<b>(26,177)</b>	<b>(805,908)</b>	<b>0</b>
<b>Income (Loss) before Contributions</b>	<b>2,441,246</b>	<b>569,284</b>	<b>(217,375)</b>	<b>2,793,155</b>	<b>57,905</b>
<b>Capital Contributions</b>	<b>0</b>	<b>2,820,357</b>	<b>3,468,743</b>	<b>6,289,100</b>	<b>0</b>
<b>Change in Net Position</b>	<b>2,441,246</b>	<b>3,389,641</b>	<b>3,251,368</b>	<b>9,082,255</b>	<b>57,905</b>
<b>Net Position (Deficit) Beginning of Year</b>	<b>57,865,369</b>	<b>64,903,954</b>	<b>58,876,299</b>	<b></b>	<b>(121,065)</b>
<b>Net Position (Deficit) End of Year</b>	<b>\$60,306,615</b>	<b>\$68,293,595</b>	<b>\$62,127,667</b>	<b></b>	<b>(\$63,160)</b>

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 income of the internal service fund

5,211

Change in net position of business-type activities:

\$9,087,466

See Accompanying Notes to the Basic Financial Statement:

City of Bowling Green  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022

	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	\$62,593,817	\$6,956,282	\$4,721,711	\$74,271,810	\$0
Cash Received from Transactions with Other Funds	0	0	0	0	144,083
Cash Payments for Purchased Power	(49,888,176)	0	0	(49,888,176)	0
Cash Payments for Plant Operation	0	(3,295,011)	(2,089,714)	(5,384,725)	0
Cash Payments for Geographical Information Systems	(197,242)	(114,604)	(92,014)	(403,860)	0
Cash Payments for Distribution Operation	(2,547,654)	(1,332,483)	(1,294,280)	(5,174,417)	0
Cash Payments for Administrative and General	(4,208,080)	(724,240)	(686,536)	(5,618,856)	0
Cash Payments for Information and Technology	(261,831)	(87,257)	(87,259)	(436,347)	0
Cash Payments for Sustainability	(64,830)	(21,817)	(30,569)	(117,216)	0
Cash Received from Other Revenues	399,269	185,105	401,868	986,242	560
Cash Payments for Other Expenses	0	0	0	0	(164,781)
Net Cash Provided by (Used for) Operating Activities	<u>5,825,273</u>	<u>1,565,975</u>	<u>843,207</u>	<u>8,234,455</u>	<u>(20,138)</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Cash Received from Excise Taxes	1,365,254	0	0	1,365,254	0
Cash Payments for Excise Tax Distribution	(1,365,254)	0	0	(1,365,254)	0
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Principal Paid on General Obligation Bonds	0	(80,000)	(275,000)	(355,000)	0
Interest Paid on General Obligation Bonds	0	(3,600)	(12,713)	(16,313)	0
Principal Paid on Leases	(4,377)	(2,284)	(2,284)	(8,945)	0
Interest Paid on Leases	(1,103)	(734)	(734)	(2,571)	0
Sale of Capital Assets	0	0	3,511	3,511	0
Acquisition of Capital Assets	(2,064,043)	(731,578)	(606,819)	(3,402,440)	0
Net Cash Used for Capital and Related Financing Activities	<u>(2,069,523)</u>	<u>(818,196)</u>	<u>(894,039)</u>	<u>(3,781,758)</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,755,750	747,779	(50,832)	4,452,697	(20,138)
Cash and Cash Equivalents Beginning of Year	<u>31,249,782</u>	<u>9,704,630</u>	<u>4,381,106</u>	<u>45,335,518</u>	<u>53,317</u>
Cash and Cash Equivalents End of Year	<u>\$35,005,532</u>	<u>\$10,452,409</u>	<u>\$4,330,274</u>	<u>\$49,788,215</u>	<u>\$33,179</u>

See Accountant's Compilation Report

(continued)

City of Bowling Green  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022  
(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)	\$3,211,893	\$578,368	(\$191,198)	\$3,599,063	\$57,905
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>					
Depreciation/Amortization	1,819,049	1,721,515	1,899,816	5,440,380	1,915
Changes in Assets and Liabilities:					
Increase in Accounts Receivable	(140,237)	(18,479)	(180,620)	(339,336)	(4,971)
(Increase) Decrease in Due from Other Governments	2,110	(107)	(2,490)	(487)	21
Increase in Other Local Taxes Receivable	(111)	0	0	(111)	0
Increase in Interfund Receivable	(4,778)	(3,574)	(262)	(8,614)	(9,561)
(Increase) Decrease in Prepaid Items	(21,159)	(18,334)	(20,647)	(60,140)	1,057
(Increase) Decrease in					
Materials and Supplies Inventory	(17,926)	117,938	0	100,012	0
Decrease in Recovered Purchased Power Receivable	1,115,162	0	0	1,115,162	0
Increase in Net Pension Asset	(19,226)	(11,703)	(11,703)	(42,632)	(835)
Decrease in Net OPEB Asset	8,694	5,292	5,291	19,277	378
Increase in Accrued Wages Payable	4,847	1,220	5,587	11,654	(138)
Increase (Decrease) in Accounts Payable	1,165,503	57,692	2,120	1,225,315	(1,175)
Increase in Contracts Payable	31	0	0	31	0
Increase (Decrease) in Due to Other Governments	15,355	319	6,103	21,777	(15)
Increase (Decrease) in Interfund Payable	1,920	471	(1,616)	775	0
Increase (Decrease) in Compensated					
Absences Payable	(17,469)	(14,881)	6,306	(26,044)	(7,948)
Decrease in AMP-Ohio Payable	(60,589)	0	0	(60,589)	0
Decrease in Net Pension Liability	(94,766)	(57,684)	(57,681)	(210,131)	(4,120)
Decrease in Deferred Outflows - Pension	555,307	353,408	375,320	1,284,035	23,201
Decrease in Deferred Outflows - OPEB	238,906	155,402	167,712	562,020	9,778
Decrease in Deferred Inflows - Pension	(1,166,553)	(787,020)	(694,100)	(2,647,673)	(51,513)
Decrease in Deferred Inflows - OPEB	(770,690)	(513,868)	(464,731)	(1,749,289)	(34,117)
Net Cash Provided by (Used for) Operating Activities	<u>\$5,825,273</u>	<u>\$1,565,975</u>	<u>\$843,207</u>	<u>\$8,234,455</u>	<u>(\$20,138)</u>

Non-Cash Capital Financing Activities:

At December 31, 2022, the Electric enterprise fund had payables related to the acquisition of capital assets, in the amount of \$685,967. At December 31, 2021, the Electric enterprise fund had payables related to the acquisition of capital assets, in the amount of \$5,791.

During 2022, the Electric, Water, and Sewer enterprise funds entered into leases for vehicles, in the amount of \$28,627, \$37,839, and \$37,839, respectively.

During 2022, the Water and Sewer enterprise funds received capital assets that were constructed in the City's governmental funds, in the amount of \$2,820,357 and \$3,468,743, respectively.

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green  
Statement of Fiduciary Net Position  
Custodial Funds  
December 31, 2022

<u>Assets</u>	
Cash and Cash Equivalents in Segregated Accounts	\$115,658
Special Assessments Receivable	<u>107,641</u>
Total Assets	<u>223,299</u>
<u>Liabilities</u>	
Accounts Payable	110,758
Due to Other Governments	<u>47,440</u>
Total Liabilities	<u>158,198</u>
<u>Net Position</u>	
Restricted for Individuals, Organizations, and Other Governments	<u><u>\$65,101</u></u>

See Accompanying Notes to the Basic Financial Statement:



City of Bowling Green  
Statement of Change in Fiduciary Net Position  
Custodial Funds  
For the Year Ended December 31, 2022

<u>Additions</u>	
Fines and Forfeitures for Other Governments	\$1,711,484
Special Assessments Collections for Others	<u>275</u>
Total Additions	<u>1,711,759</u>
<u>Deductions</u>	
Fines and Forfeitures Distributions to Other Governments	1,730,604
Special Assessments Distributions to Others	<u>275</u>
Total Deductions	<u>1,730,879</u>
Net Decrease in Fiduciary Net Position	(19,120)
Net Position Beginning of Year	<u>84,221</u>
Net Position End of Year	<u><u>\$65,101</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, 2022

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**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 2022.

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, 2022

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**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.

American Rescue Plan Fund - The American Rescue Plan Fund accounts for resources received from the federal government under the American Rescue Plan Act Program restricted for costs associated with the City's response and recovery from the COVID-19 pandemic.

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, 2022

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**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, 2022

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**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 investment earnings and other 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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**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 assets 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 16 and 17 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 assets 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, 2022, but which were levied to finance 2023 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 22. 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 16 and 17 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.



City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**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 amended certificate of estimated resources in effect at the time final appropriations were passed by City Council.

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

**F. Cash and Investments**

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

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

During 2022, 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, 2022

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

For 2022, 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 \$250 million requiring the excess amount to be transacted the following business day(s) but only to the \$250 million limit. All accounts of the participant will be combined for this purpose.

Investment earnings and other interest are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Investment earnings and other interest credited to the general fund during 2022 amounted to (\$1,279,587) which includes (\$1,165,180) 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, 2022, 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, or laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent money set aside for unclaimed monies. Restricted assets in the proprietary funds represent amounts held in trust by the pension and OPEB plans for future benefits.

J. Asset Held for Resale

Assets held for resale include land purchased by the City in 2019 to promote economic development. The City plans to sell the land to businesses wanting to build in the Woodbridge Business Park. The proceeds of this sale will be recorded in the Electric, Water, and Sewer enterprise funds.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

K. Capital Assets

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

All capital assets (except for intangible right-to-use lease assets which are discussed below) 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
Intangible Right to Use Lease - Vehicles	26-59 months	30-60 months

The City is reporting intangible right to use assets related to leased vehicles. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

**L. 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.

**M. 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.

**N. 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.

**O. 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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

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

**P. 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. Restricted net position for pension and OPEB plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows.

**Q. Leases**

The City serves as lessee for various noncancellable leases which are accounted for as follows:

Lessee - At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**R. 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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

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, future severance payments, and to cover a gap between estimated resources and appropriations in the 2023 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.

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.

**S. 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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

**T. OneOhio Opioid Settlement Monies**

During 2021, Ohio reached an agreement with the three largest distributors of opioids. Although the settlement has been reached, uncertainties remain related to measurement. As a participating subdivision, the City received the first of eighteen distributions in 2022. This distribution of \$6,506 is reflected as fines, forfeitures, and settlements revenue in the OneOhio Special Revenue Fund in the accompanying financial statements.

**U. Capital Contributions**

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

**V. 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.

**W. 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.

**X. 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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, “Leases” and related guidance from (GASB) Implementation Guide No. 2019-3, “Leases”. The City also implemented GASB Statement No. 91, “Conduit Debt Obligations”, GASB Statement No. 92, “Omnibus 2020”, GASB Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans”, and Implementation Guide No. 2020-1.

GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City’s 2022 financial statements. The City recognized leases payable at January 1, 2022 in governmental funds and business-type activities, in the amount of \$405,615 and \$10,599, respectively all of which was offset by the intangible asset, right to use lease - vehicles.

GASB Statement No. 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92 addresses a variety of topics including reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers and references to nonrecurring fair value measurements of assets or liabilities in authoritative literature. These changes did not impact the City’s financial statements.

GASB Statement No. 97, among other items, requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan.

The changes for GASB Statement No. 87, GASB Statement No. 91, and GASB Statement No. 97 were incorporated in the City’s 2022 financial statements; however, there was no effect on beginning net position/fund balance.

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At December 31, 2022, the Aquatic Facility Capital Improvement capital projects fund had a deficit fund balance, in the amount of \$118,867, 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, 2022, the internal service fund had a deficit net position, in the amount of \$63,160, due to recording the net pension liability. This amount will be paid by the pension systems in future years as individuals retire.



City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (continued)

**B. Compliance**

The following accounts had expenditures plus encumbrances in excess of appropriations for the year ended December 31, 2022.

Fund <u>Program/Department/Object</u>	<u>Appropriations</u>	Expenditures Plus <u>Encumbrances</u>	<u>Excess</u>
General Fund			
General Government - Other			
Prosecutor			
Fringe Benefits	\$130,118	\$130,529	\$411
Miscellaneous General			
Salaries	381,600	386,135	4,535
Fringe Benefits	1,000	4,532	3,532
Municipal Probation Services Fund			
General Government - Court			
Fringe Benefits	22,568	22,754	186

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 and American Rescue Plan special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

Change in Fund Balance

	<u>General</u>	<u>Playground and Recreation</u>	<u>American Rescue Plan</u>
GAAP Basis	(\$518,864)	\$286,399	\$0
<u>Increase (Decrease) Due To</u>			
Revenue Accruals:			
Accrued 2021, Received in Cash 2022	1,184,872	88,138	(3,658,389)
Accrued 2022, Net Yet Received in Cash	(1,293,885)	(58,525)	4,635,126
Expenditure Accruals:			
Accrued 2021, Paid in Cash 2022	(952,349)	(43,348)	0
Accrued 2022, Net Yet Paid in Cash	1,065,591	130,941	556,152
Cash Adjustments:			
Unrecorded Activity 2021	405,101	14,322	0
Unrecorded Activity 2022	1,612,295	(37,794)	(216,638)
Prepaid Items	(62,326)	(2,309)	0
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses into Financial Statement Fund Types	(269,910)	0	0
Encumbrances Outstanding at Year End (Budget Basis)	<u>(941,212)</u>	<u>(51,864)</u>	<u>(150,173)</u>
Budget Basis	<u>\$229,313</u>	<u>\$325,960</u>	<u>\$1,166,078</u>

**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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

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

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;
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).

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. 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, \$6,597,492 of the City's bank balance of \$19,423,945 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.

Investments

Investments are reported at fair value or amortized cost. At December 31, 2022, the City had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Less Than Six Months</u>	<u>Six Months to One Year</u>	<u>One Year to Two Years</u>	<u>More Than Two Years</u>
Fair Value - Level One Inputs					
Tennessee Valley Authority					
Bonds	\$371,819	\$371,819	\$0	\$0	\$0

(continued)

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

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 Two Inputs					
Negotiable Certificates of Deposit	\$6,597,534	\$1,382,133	\$730,391	\$3,108,789	\$1,376,221
Federal Agricultural Mortgage Corporation Notes	2,268,641	0	0	0	2,268,641
Federal Farm Credit Bank Notes	8,387,518	780,150	1,112,885	2,472,511	4,021,972
Federal Home Loan Bank Notes	5,545,114	761,104	530,871	1,291,715	2,961,424
Federal Home Loan Mortgage Corporation Notes	2,154,761	490,665	659,145	120,739	884,212
Federal National Mortgage Association Notes	2,551,326	0	0	1,789,036	762,290
Municipal Bonds	1,041,403	0	0	0	1,041,403
United States Treasury Bills	8,222,261	244,452	962,591	1,926,350	5,088,868
Total Fair Value - Level Two Inputs	<u>36,768,558</u>	<u>3,658,504</u>	<u>3,995,883</u>	<u>10,709,140</u>	<u>18,405,031</u>
Amortized Cost Commercial Paper	4,977,891	3,573,078	1,404,813	0	0
Net Value Per Share STAR Ohio	26,753,675	26,753,675	0	0	0
Total Investments	<u>\$68,871,943</u>	<u>\$34,357,076</u>	<u>\$5,400,696</u>	<u>\$10,709,140</u>	<u>\$18,405,031</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, 2022. 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).

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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

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 must 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.

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Negotiable Certificates of Deposit	\$6,597,534	9.58%
Federal Agricultural Mortgage Corporation	2,268,641	3.29
Federal Farm Credit Bank	8,387,518	12.18
Federal Home Loan Bank	5,545,114	8.05
Federal Home Loan Mortgage Corporation	2,154,761	3.13
Federal National Mortgage Association	2,551,326	3.70
Tennessee Valley Authority Bonds	1,041,403	1.51
United States Treasury	8,222,261	11.94
Commercial Paper	4,977,891	7.23

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2022, 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 \$450,838, will not be received within one year. At December 31, 2022, the amount of delinquent special assessments was \$14,296.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 7 – RECEIVABLES** (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$90,358
Local Government	418,726
Bowling Green City School District	1,404
Bowling Green State University	3,078
Ohio Attorney General	19,855
Ohio Bureau of Workers' Compensation	2,340
Total General Fund	535,761
Playground and Recreation	
Homestead and Rollback	7,756
Ohio Bureau of Workers' Compensation	256
Total Playground and Recreation	8,012
American Rescue Plan	
Plain Township	134,151
State of Ohio	58,319
Total American Rescue Plan	192,470
Total Major Funds	736,243
Nonmajor Funds	
Street Maintenance and Repair	
Gasoline Tax	458,079
Auto Registration	61,238
Motor Vehicle License Tax	22,739
Ohio Bureau of Workers' Compensation	90
Total Street Maintenance and Repair	542,146
State Highway	
Gasoline Tax	37,142
Auto Registration	4,965
Total State Highway	42,107
ODOT Transportation	
Ohio Department of Transportation	112,363
Revolving Loan	
Community Development Block Grant	18,525
Police Levy	
Ohio Bureau of Workers' Compensation	296
Fire Levy	
Ohio Bureau of Workers' Compensation	646
	(continued)

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

**NOTE 7 – RECEIVABLES** (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Street Repair	
Ohio Department of Transportation	\$55,183
Aquatic Facility Capital Improvement	
Homestead and Rollback	12,103
Total Nonmajor Funds	783,369
Governmental Activities	\$1,519,612
Business Type Activities	
Major Funds	
Electric	
Charges for Services	\$217
Ohio Bureau of Workers' Compensation	774
Total Electric	991
Water	
Ohio Bureau of Workers' Compensation	521
Sewer	
Charges for Services	2,400
Ohio Bureau of Workers' Compensation	569
Total Sewer	2,969
Total Business Type Activities	\$4,481

**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 three to twenty years. A summary of the changes in notes receivable during 2022 follows:

	Balance December 31, 2021	New Loans	Repayments	Balance December 31, 2022	Due Within One Year
Special Revenue Fund					
CDBG					
Revolving Loan Program	\$253,957	\$528,000	\$147,544	\$634,413	\$183,575
Home Program	25,015	0	843	24,172	24,172
Total Notes Receivable	\$278,972	\$528,000	\$148,387	\$658,585	\$207,747



City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 9 - MUNICIPAL INCOME TAXES**

The City levies and collects an income tax of 2 percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 50 percent of the tax paid to another municipality, not to exceed 50 percent of the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and individual taxpayers are also required to pay their estimated taxes at least quarterly and file a final return annually.

The City, by ordinance, allocates 1.5 percent of income taxes as follows: to the General Fund (.75); Playground and Recreation (.05) special revenue fund; and the Capital Improvement (.13), Sewer and Water Capital Improvement (.50), and Street Repair Capital Improvement (.07) capital projects funds. The remaining .50 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 2022 represent the collection of 2021 taxes. Real property taxes received in 2022 were levied after October 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2022 represent the collection of 2021 taxes. Public utility real and tangible personal property taxes received in 2022 became a lien on December 31, 2020, were levied after October 1, 2021, 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, 2022, and for which there was an enforceable legal claim. In the government funds, the portion of the receivable not levied to finance 2022 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been reported as deferred inflows of resources - unavailable revenue.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

The full tax rate for all City operations for the year ended December 31, 2022, was \$6.20 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2022 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Agricultural/Residential	\$355,446,460
Commercial/Industrial	199,007,600
Public Utility real	25,030
Public Utility Personal	5,583,430
Total	\$560,062,520

**NOTE 11 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022, was as follows:

	Restated Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$4,422,948	\$0	\$0	\$4,422,948
Construction in Progress	374,744	3,157,714	(238,764)	3,293,694
Total Nondepreciable Capital Assets	4,797,692	3,157,714	(238,764)	7,716,642
Depreciable Capital Assets				
Land Improvements	3,716,306	908,871	0	4,625,177
Buildings	29,033,698	0	(87,500)	28,946,198
Equipment	3,760,205	68,684	(603,642)	3,225,247
Vehicles	10,147,437	509,506	(962,385)	9,694,558
Streets	74,366,098	2,443,671	(384,742)	76,425,027
Intangible Right to Use Lease - Vehicles	405,615	0	0	405,615
Total Depreciable Capital Assets	121,429,359	3,930,732	(2,038,269)	123,321,822

(continued)

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

	Restated Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022
Governmental Activities (continued):				
Less Accumulated Depreciation/Amortization for				
Land Improvements	(\$2,151,830)	(\$122,388)	\$0	(\$2,274,218)
Buildings	(12,716,925)	(622,487)	8,750	(13,330,662)
Equipment	(3,296,591)	(129,269)	580,462	(2,845,398)
Vehicles	(8,205,924)	(412,016)	962,385	(7,655,555)
Streets	(46,614,106)	(1,562,348)	193,319	(47,983,135)
Intangible Right to Use Lease - Vehicles	0	(121,900)	0	(121,900)
Total Accumulated Depreciation/Amortization	<u>(72,985,376)</u>	<u>(2,970,408)</u>	<u>1,744,916</u>	<u>(74,210,868)</u>
Total Depreciable Capital Assets, Net	<u>48,443,983</u>	<u>960,324</u>	<u>(293,353)</u>	<u>49,110,954</u>
Governmental Activities				
Capital Assets, Net	<u>\$53,241,675</u>	<u>\$4,118,038</u>	<u>(\$532,117)</u>	<u>\$56,827,596</u>

Governmental funds accepted contributions of capital assets from other governments with a fair value of \$725,336.

	Restated Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$5,208,208	\$0	\$0	\$5,208,208
Construction in Progress	7,213,200	8,022,038	(485,573)	14,749,665
Total Nondepreciable Capital Assets	<u>12,421,408</u>	<u>8,022,038</u>	<u>(485,573)</u>	<u>19,957,873</u>
Depreciable Capital Assets				
Buildings	112,757,489	900,614	0	113,658,103
Equipment	5,308,113	36,818	0	5,344,931
Vehicles	8,123,662	1,025,103	(51,879)	9,096,886
Electric, Water, Sewer, and Storm Sewer Lines	121,773,450	872,716	0	122,646,166
Intangible Right to Use Lease - Vehicles	10,599	104,305	0	114,904
Total Depreciable Capital Assets	<u>247,973,313</u>	<u>2,939,556</u>	<u>(51,879)</u>	<u>250,860,990</u>

(continued)

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

	Restated Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022
Business-Type Activities (continued):				
Less Accumulated Depreciation/Amortization for				
Buildings	(\$49,465,194)	(\$1,927,992)	\$0	(\$51,393,186)
Equipment	(3,682,994)	(474,188)	0	(4,157,182)
Vehicles	(7,023,229)	(530,546)	51,879	(7,501,896)
Electric, Water, Sewer, and Storm Sewer Lines	(65,190,290)	(2,497,458)	0	(67,687,748)
Intangible Right to Use Lease - Vehicles	0	(10,196)	0	(10,196)
Total Accumulated Depreciation/Amortization	<u>(125,361,707)</u>	<u>(5,440,380)</u>	<u>51,879</u>	<u>(130,750,208)</u>
Total Depreciable Capital Assets, Net	<u>122,611,606</u>	<u>(2,500,824)</u>	<u>0</u>	<u>120,110,782</u>
Business-Type Activities Capital Assets, Net	<u>\$135,033,014</u>	<u>\$5,521,214</u>	<u>(\$485,573)</u>	<u>\$140,068,655</u>

The Water and Sewer enterprise funds accepted contributions of capital assets from governmental activities with a fair value of \$2,820,357 and \$3,468,743, respectively.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$108,819
Security of Persons and Property - Fire	265,317
Public Health	5,928
Leisure Time Activities	482,264
Community Environment	87,636
Basic Utility Services	38,508
Transportation	1,793,826
General Government - Court	100,145
General Government - Other	87,965
Tota Depreciation Expense - Governmental Activities	<u>\$2,970,408</u>

Of the current year depreciation total of \$2,970,408, \$74,298 is presented as security of persons and property - police, \$14,176 is presented as security of persons and property - fire, \$8,550 is presented as leisure time activities, \$17,065 is presented as transportation, and \$7,811 is presented as general government - other on the Statement of Activities related to the City's intangible assets of vehicles, which are included as Intangible Right to Use Leases. With the implementation of Governmental Accounting Standards Board Statement No. 87, Leases, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 12 - INTERFUND BALANCES**

Interfund balances at December 31, 2022, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Electric	\$184,892
Other Governmental	<u>50,000</u>
Total General Fund	<u><u>\$234,892</u></u>
Due to Other Governmental Funds from:	
Other Governmental	<u>\$152,500</u>
Due to Electric Fund from:	
Water	\$6,182
Sewer	<u>8,281</u>
Total Electric Fund	<u><u>\$14,463</u></u>
Due to Water Fund from:	
Electric	\$261
Sewer	<u>6,069</u>
Total Water Fund	<u><u>\$6,330</u></u>
Due to Sewer Fund from:	
Electric	\$239
Water	<u>210</u>
Total Sewer Fund	<u><u>\$449</u></u>
Due to Internal Service Fund from:	
American Rescue Plan	\$396
Sewer and Water Capital Improvement	20,918
Other Governmental	1,261
Water	719
Sewer	<u>1,652</u>
Total Internal Service Fund	<u><u>\$24,946</u></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 \$102,500 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, 2022

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**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 2022, 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, 2022

**NOTE 13 - RISK MANAGEMENT**

For 2022, 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, 2022:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid as of 12/31/22</u>	<u>Outstanding Balance</u>
Aclara Technologies, LLC	\$174,356	\$26,040	\$148,316
Best Equipment Co., Inc.	163,388	0	163,388
DGL Consulting Engineers	300,126	0	300,126
Kirk Brothers Company, Inc.	4,653,823	4,410,315	243,508
Poggemeyer Design Group, Inc.	698,950	336,185	362,765
SEL Engineering Services, Inc.	112,395	11,776	100,619
Shelly Company	2,474,849	2,085,958	388,891
Speer Brothers, Inc.	3,187,390	993,257	2,194,133
Tank Industry Consultants	353,830	28,781	325,049
Valley Ford Truck	116,000	0	116,000
Vernon Nagel, Inc.	776,366	483,961	292,405

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2023 are as follows:

General Fund	\$941,212
Sewer and Water Capital Improvement	4,082,938
Other Governmental Funds	698,778

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**NOTE 15 - ASSET RETIREMENT OBLIGATION**

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their waste water treatment facilities. Any ARO associated with these public safety issues are not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

**NOTE 16 - DEFINED BENEFIT PENSION PLANS**

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

**Net Pension Liability (Asset) /Net OPEB Liability (Asset)**

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represent liabilities 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) represent 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) calculations are 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.

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 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 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 healthcare to eligible benefit recipients.



City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

The proportionate share of each plan's unfunded benefits is presented as a net pension/OPEB asset or a 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 in *intergovernmental payable*. The remainder of this note includes the required pension disclosures. See Note 17 for the required OPEB disclosures.

**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 is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension 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, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety 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 OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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 amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for 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 cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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 participants must have attained the age of 55, 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 members' contributions, vested employer contributions and investment gains or losses resulting from the members' 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 accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

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

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

	State and Local	Public Safety	Law Enforcement
<b>2022 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
<b>2022 Actual Contribution Rates</b>			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits *****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
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 ORC.

\*\*\* This rate is also determined by OPERS' Board, but is limited by 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 contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2022, the City's contractually required contribution was \$1,732,384 for the traditional plan, \$119,621 for the combined plan and \$23,152 for the member-directed plan. Of these amounts, \$163,165 is reported as an intergovernmental payable for the traditional plan, \$11,271 for the combined plan, and \$2,180 for the member-directed plan.

**Ohio Police & Fire Pension Fund (OP&F)**

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F 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. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F 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 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 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 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive 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 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries under optional plans, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

City of Bowling Green  
Notes to the Basic Financial Statements  
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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

	<u>Police</u>	<u>Firefighters</u>
<b>2022 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2022 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,715,654 for 2022. Of this amount, \$176,179 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. 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. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.08242800%	0.18585000%	0.30628550%	
Prior Measurement Date	<u>0.08219500%</u>	<u>0.18844900%</u>	<u>0.30249110%</u>	
Change in Proportionate Share	<u>0.00023300%</u>	<u>-0.00259900%</u>	<u>0.00379440%</u>	
Proportionate Share of the:				
Net Pension Liability	\$7,171,569	\$0	\$19,134,947	\$26,306,516
Net Pension Asset	0	732,257	0	732,257
Pension Expense	(1,451,761)	(23,157)	1,125,207	(349,711)

2022 pension expense for the member-directed defined contribution plan was \$23,152. The aggregate pension expense for all pension plans was a (\$326,559) for 2022.

City of Bowling Green  
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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

At December 31, 2022, 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	OP&F	Total
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$365,596	\$4,543	\$551,740	\$921,879
Changes of assumptions	896,797	36,798	3,497,047	4,430,642
Changes in proportion and differences between City contributions and proportionate share of contributions	28,831	26,706	459,450	514,987
City contributions subsequent to the measurement date	<u>1,732,384</u>	<u>119,621</u>	<u>1,715,654</u>	<u>3,567,659</u>
Total Deferred Outflows of Resources	<u>\$3,023,608</u>	<u>\$187,668</u>	<u>\$6,223,891</u>	<u>\$9,435,167</u>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$157,290	\$81,900	\$994,754	\$1,233,944
Net difference between projected and actual earnings on pension plan investments	8,530,321	156,985	5,016,887	13,704,193
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>96,570</u>	<u>5,469</u>	<u>1,223,370</u>	<u>1,325,409</u>
Total Deferred Inflows of Resources	<u>\$8,784,181</u>	<u>\$244,354</u>	<u>\$7,235,011</u>	<u>\$16,263,546</u>

\$3,567,659 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 to the net pension asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

City of Bowling Green  
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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
2023	(\$1,204,248)	(\$44,172)	(\$324,891)	(\$1,573,311)
2024	(2,925,911)	(62,572)	(1,608,398)	(4,596,881)
2025	(2,005,824)	(39,685)	(740,720)	(2,786,229)
2026	(1,356,974)	(28,306)	(462,927)	(1,848,207)
2027	0	(373)	410,162	409,789
Thereafter	0	(1,199)	0	(1,199)
<b>Total</b>	<b><u>(\$7,492,957)</u></b>	<b><u>(\$176,307)</u></b>	<b><u>(\$2,726,774)</u></b>	<b><u>(\$10,396,038)</u></b>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the value 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, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age



City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, 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 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

For 2020, pre-retirement mortality rates are 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. Post-retirement mortality rates are 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. Post-retirement mortality rates for disabled retirees are 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 are determined by applying the MP-2015 mortality improvement scale to all the above-described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

City of Bowling Green  
Notes to the Basic Financial Statements  
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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

During 2021, 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 for the Traditional Pension 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 15.3 percent for 2021.

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 geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00%</u>	<u>4.21%</u>

Discount Rate - The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The discount rate for the prior year was 7.2 percent. 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 benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

City of Bowling Green  
Notes to the Basic Financial Statements  
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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

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 6.9 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 (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
<b>City's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$18,908,159	\$7,171,569	(\$2,594,833)
OPERS Combined Plan	(\$546,399)	(\$732,257)	(\$877,212)

**Actuarial Assumptions - OP&F**

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value 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 modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2021, are presented below.

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables 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 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

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck 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

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

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 expected. 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 averaged 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 OP&F's target asset allocation as of December 31, 2021, are summarized below:

City of Bowling Green  
Notes to the Basic Financial Statements  
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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

\* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F'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 their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2021, the total pension liability was calculated using the discount rate of 7.50 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 earning were calculated using the longer-term assumed investment rate of return of 7.50 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.

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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$28,376,859	\$19,134,947	\$11,438,716

**NOTE 17 - DEFINED BENEFIT OPEB PLANS**

See Note 16 for a description of the net OPEB liability (asset).

**Ohio Public Employees Retirement System (OPERS)**

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension 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 post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care 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.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

City of Bowling Green  
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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive 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.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by 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 plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 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 determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$9,261 for 2022. Of this amount, \$872 is reported as an intergovernmental payable.

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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

**Ohio Police & Fire Pension Fund (OP&F)**

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment 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, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F 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.

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

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, 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.



City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F 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 OP&F was \$40,064 for 2022. Of this amount, \$4,125 is reported as an intergovernmental payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.08327100%	0.30628550%	
Prior Measurement Date	<u>0.08365700%</u>	<u>0.30249110%</u>	
Change in Proportionate Share	<u>-0.00038600%</u>	<u>0.00379440%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$0	\$3,357,152	\$3,357,152
Net OPEB Asset	\$2,608,176	\$0	\$2,608,176
OPEB Expense	(\$2,386,765)	\$215,620	(\$2,171,145)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$0	\$152,720	\$152,720
Changes of assumptions	0	1,485,979	1,485,979
Changes in proportion and differences between City contributions and proportionate share of contributions	0	308,796	308,796
City contributions subsequent to the measurement date	<u>9,261</u>	<u>40,064</u>	<u>49,325</u>
Total Deferred Outflows of Resources	<u>\$9,261</u>	<u>\$1,987,559</u>	<u>\$1,996,820</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$395,621	\$443,695	\$839,316
Changes of assumptions	1,055,759	389,914	1,445,673
Net difference between projected and actual earnings on OPEB plan investments	1,243,395	303,262	1,546,657
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>66,728</u>	<u>546,337</u>	<u>613,065</u>
Total Deferred Inflows of Resources	<u>\$2,761,503</u>	<u>\$1,683,208</u>	<u>\$4,444,711</u>

\$49,325 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 or an increase in the net OPEB asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2023	(\$1,731,063)	\$75,164	(\$1,655,899)
2024	(580,193)	30,141	(550,052)
2025	(271,676)	31,047	(240,629)
2026	(178,571)	3,515	(175,056)
2027	0	57,847	57,847
Thereafter	<u>0</u>	<u>66,573</u>	<u>66,573</u>
Total	<u>(\$2,761,503)</u>	<u>\$264,287</u>	<u>(\$2,497,216)</u>

City of Bowling Green  
Notes to the Basic Financial Statements  
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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

**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. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent	3.25 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial	8.5 percent, initial
	3.50 percent, ultimate in 2034	3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

For 2020, pre-retirement mortality rates are 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. Post-retirement mortality rates are 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. Post-retirement mortality rates for disabled retirees are 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 are 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, 2020.

During 2021, 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 the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment 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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

City of Bowling Green  
Notes to the Basic Financial Statements  
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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
<b>Total</b>	<b>100.00%</b>	<b>3.45%</b>

Discount Rate - A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. 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 20-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 an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the City's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	<u>1% Decrease (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
City's proportionate share of the net OPEB asset	\$1,533,852	\$2,608,176	\$3,499,880

Sensitivity of the City's Proportionate Share of the Net OPEB Asset 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 asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

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 2022 is 5.50 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 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 3.50 percent in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	\$2,636,360	\$2,608,176	\$2,574,739

**Actuarial Assumptions - OP&F**

OP&F's total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value 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 modifications, 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 effects of legal or contractual funding limitations.

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 applicable 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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	2.84 percent
Prior measurement date	2.96 percent
Cost of Living Adjustments	2.2 percent simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables 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 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

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck 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

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

The OP&F 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 16.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

Discount Rate - For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from 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 7.5 percent. Based on those assumptions, OP&F'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 2.05 percent at December 31, 2021, and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.5 percent for 2021 and 8 percent for 2020, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, 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 2.84 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 (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
City's proportionate share of the net OPEB liability	\$4,220,015	\$3,357,152	\$2,647,877

**NOTE 18 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. City employees earn vacation at varying rates depending upon length of service and standard work week. Current policy permits vacation leave to be carried forward with supervisory approval. Employees are paid for 100 percent of earned unused vacation leave upon termination. Sick leave is earned at a rate of four and six-tenths hours for every eighty hours worked, except for those employees under the International Association of Firefighters who earn five and ninety-eight hundredths hours for every one hundred four regular hours worked. Each employee, at the time of retirement from active service with the City, is paid for 25 percent of their earned unused sick leave, with a maximum payment limit of two hundred forty hours for any employee hired after May 1, 2011, under the International Association of Firefighters, June 18, 2014, under the Bowling Green Police Patrolman's Association, July 1, 2014, under the Bowling Green Municipal Employees Association or the Bowling Green Employees Organization, and September 1, 2014, under Administration or the Bowling Green Police Command Officers Association. Any employee hired prior to these dates, and all municipal court employees, have no maximum payment limit with the exception of the employees under the Police Command Officers' Association who will be paid for 25 percent of their earned unused sick leave up to 1,500 hours and 50 percent of earned unused sick leave in excess of 1,500 hours.



City of Bowling Green  
Notes to the Basic Financial Statements  
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**NOTE 19 - LONG-TERM OBLIGATIONS**

The City's long-term obligations activity for the year ended December 31, 2022, was as follows:

	Interest Rate	Restated Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2021 Various Purpose Improvement (Original Issue - \$9,140,000)	1.5 - 4%	\$8,835,000	\$0	\$220,000	\$8,615,000	\$225,000
General Obligation Bonds from Direct Placements						
2012 Refunding Various Purpose Improvement (Original Issue - \$3,850,000)	.75 - 3	2,005,000	0	440,000	1,565,000	440,000
2013 Refunding Various Purpose Improvement (Original Issue - \$7,095,000)	1.5 - 4	2,330,000	0	390,000	1,940,000	205,000
2018 Various Purpose Improvement (Original Issue - \$9,815,000)	3 - 4	8,650,000	0	280,000	8,370,000	285,000
Total General Obligation Bonds from Direct Placements		12,985,000	0	1,110,000	11,875,000	930,000
Total General Obligation Bonds		21,820,000	0	1,330,000	20,490,000	1,155,000
Ohio Water Development Authority Loans from Direct Borrowings						
2008 Intake and Pump Station (Original Issue - \$4,107,626)	3.52	1,991,625	0	219,630	1,771,995	227,428
2009 WWTP Tertiary Filtration (Original Issue - \$2,541,205)	4.14	1,202,039	0	139,747	1,062,292	145,592
2009 Microfiltration/Low Pressure Reverse Osmosis (Original Issue - \$4,319,545)	0.00	1,943,795	0	215,977	1,727,818	215,977
2010 WWTP Ultraviolet Disinfection Project (Original Issue - \$961,095)	3.70	472,098	0	51,723	420,375	53,654
2012 Poe and Mercer Roads Pump Station Upgrades (Original Issue - \$1,228,015)	3.08	737,117	0	60,458	676,659	62,334
2013 Manville Tower Replacement (Original Issue - \$3,227,489)	2.59	2,354,451	0	147,753	2,206,698	151,605

(continued)

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

	Interest Rate	Restated Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Due Within One Year
<u>Governmental Activities</u> (continued)						
Ohio Water Development Authority Loans from Direct Borrowings (continued)						
2015 Water Treatment Reservoir Pump Station (Original Issue - \$3,332,996)						
0.00%		\$2,583,072	\$0	\$166,650	\$2,416,422	\$166,650
2017 Grit Removal System Improvements (Original Issue - \$5,225,256)						
0.00		4,572,100	0	261,263	4,310,837	261,263
2018 Conneaut Avenue Pump Station & Force Main (Original Issue - \$1,935,893)						
1.84		1,646,197	0	86,239	1,559,958	87,834
2018 WTP Rapid Sand Filter (Original Issue - \$2,231,035)						
0.00		1,896,380	0	111,552	1,784,828	111,552
2019 Microfiltration Membrane Expansion						
0.00		2,280,230	0	79,598	2,200,632	0
2019 Wooster and Main Water Main Replacement (Original Issue - \$1,113,173)						
2.35		1,000,762	0	46,835	953,927	47,942
2019 Aeration and Biosolids Improvements						
0.00		3,499,972	1,173,800	257,979	4,415,793	0
Total Ohio Water Development Authority Loans		<u>26,179,838</u>	<u>1,173,800</u>	<u>1,845,404</u>	<u>25,508,234</u>	<u>1,531,831</u>
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employee Retirement System						
		5,963,933	0	2,449,865	3,514,068	0
Ohio Police and Fire Pension						
		<u>20,621,089</u>	<u>0</u>	<u>1,486,142</u>	<u>19,134,947</u>	<u>0</u>
Total Net Pension Liability		26,585,022	0	3,936,007	22,649,015	0
Net OPEB Liability						
Ohio Police and Fire Pension						
		3,204,942	152,210	0	3,357,152	0
Capital Loan from Direct Borrowing						
		680,855	0	68,319	612,536	70,040
Compensated Absences Payable						
		2,148,790	352,014	390,088	2,110,716	1,063,477
Leases Payable						
3.65 - 6		<u>405,615</u>	<u>0</u>	<u>112,558</u>	<u>293,057</u>	<u>117,706</u>
Total Other Long-Term Obligations		<u>33,025,224</u>	<u>504,224</u>	<u>4,506,972</u>	<u>29,022,476</u>	<u>1,251,223</u>
Total Governmental Activities		<u>\$81,025,062</u>	<u>\$1,678,024</u>	<u>\$7,682,376</u>	<u>\$75,020,710</u>	<u>\$3,938,054</u>

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

	Interest Rate	Restated Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	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%	\$725,000	\$0	\$355,000	\$370,000	\$370,000
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employee Retirement System						
		6,207,356	0	2,549,855	3,657,501	0
Loans Payable from Direct Borrowing						
Real Estate Acquisition	5.00	200,000	0	0	200,000	0
Compensated Absences Payable		1,471,718	169,216	195,260	1,445,674	570,169
Leases Payable	5.21 - 7.98	10,599	104,305	8,945	105,959	22,394
AMP Ohio Payable		532,778	11,411	72,000	472,189	72,000
Total Other Long-Term Obligations		8,422,451	284,932	2,826,060	5,881,323	664,563
Total Business-Type Activities		\$9,147,451	\$284,932	\$3,181,060	\$6,251,323	\$1,034,563

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

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

At December 31, 2022, 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

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 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

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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

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

The bonds maturing 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 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 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.

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

At December 31, 2022, all of the bond proceeds have been spent and \$1,545,728 has not been capitalized.

2021 Various Purpose Improvement General Obligation Bonds - On May 26, 2021, the City issued \$9,140,000 in unvoted general obligation bonds for the construction of a new city hall (\$8,120,000) and to retire notes issued in 2020 for the construction of a park building (\$1,020,000). The bonds were issued for a twenty-nine year period with maturity beginning December 1, 2021. 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 Sewer and Water Capital Improvement capital projects fund.

The bonds maturing on December 1, 2031, 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>
2030	\$270,000
2031	\$275,000

The bonds maturing on December 1, 2033, 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>
2032	\$275,000
2033	\$280,000

The bonds maturing on December 1, 2035, 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>
2034	\$285,000
2035	\$295,000

The bonds maturing on December 1, 2037, 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>
2036	\$300,000
2037	\$305,000

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

The bonds maturing on December 1, 2039, 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>
2038	\$310,000
2039	\$320,000

The bonds maturing on December 1, 2041, 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>
2040	\$325,000
2041	\$330,000

The bonds maturing on December 1, 2044, 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>
2042	\$340,000
2043	\$345,000
2044	\$350,000

The bonds maturing on December 1, 2046, 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>
2045	\$360,000
2046	\$365,000

The bonds maturing on December 1, 2048, 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>
2047	\$370,000
2048	\$380,000

City of Bowling Green  
Notes to the Basic Financial Statements  
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**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

The bonds maturing on December 1, 2050, 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>
2049	\$390,000
2050	\$400,000

The bonds are subject to prior redemption on or after December 1, 2025, 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, 2022, \$3,469,126 has not been spent and \$2,187,033 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 \$18,891,809 and \$1,308,444, respectively. Principal and interest paid on the OWDA loans in the Sewer and Water Capital Improvement capital projects fund for the current year were \$1,845,404 and \$269,616, respectively. Total revenue for the Sewer and Water Capital Improvement capital projects fund was \$5,991,283.

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, and Municipal Probation Services special revenue funds, the Electric, Water, and Sewer enterprise funds, and the Engineering internal service fund.

Capital Loan Payable - On June 1, 2020, the City entered into a loan for the purchase of a new fire truck, in the amount of \$743,615. The loan has an interest rate of 2.5 percent. The City is paying the loan in equal annual payments over a ten year period with final maturity on June 1, 2030. The loan is being repaid from resources of the Capital Improvement capital projects fund.



City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

Loan Payable - The City obtained a loan through a direct borrowing, in the amount of \$200,000, for the acquisition of real estate for future development and reported as an asset held for resale. The loan does not require any principal payments until its maturity on December 29, 2027, and will be paid from the Electric, Water, and Sewer enterprise funds.

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, and Municipal Probation Services special revenue funds, and the Electric, Water, and Sewer enterprise funds.

Leases Payable - The City has outstanding agreement to lease vehicles. Due to the implementation of GASB Statement No. 87, these leases have met the criteria of leases thus requiring them to be recorded by the City. The future lease payments were discounted based on the interest rate implicit in the lease or using the City's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining leases is as follows:

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$117,706	\$10,387	\$22,394	\$7,071
2024	97,188	5,298	22,178	5,455
2025	59,963	2,038	21,180	3,889
2026	18,200	244	22,819	2,250
2027	0	0	17,388	561
	\$293,057	\$17,967	\$105,959	\$19,226

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

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

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

The City's estimated share of the impaired costs at March 31, 2014, was \$3,625,332. The City received a credit of \$949,722 related to the AMPGS costs deemed to have future benefit for the project participants, and had made payments of \$1,679,000 leaving a net impaired cost estimate of \$996,610. The City has since incurred additional costs of \$155,043 (in total) for interest and legal fees and has made payments of \$679,464 (in total), resulting in a net impaired cost estimate at December 31, 2022, of \$472,189. 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 \$38,352,843 at December 31, 2022.

The Microfiltration Membrane Expansion 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, 2022, were as follows:

Year	General Obligation Bonds			
	Principal	Interest	From Direct Placement	
			Principal	Interest
2023	\$225,000	\$181,305	\$930,000	\$368,663
2024	235,000	172,305	715,000	343,263
2025	240,000	162,905	695,000	324,938
2026	255,000	153,305	705,000	306,168
2027	260,000	149,480	725,000	286,894
2028 to 2032	1,350,000	687,850	2,940,000	1,150,482
2033 to 2037	1,465,000	568,713	1,975,000	768,082
2038 to 2042	1,625,000	416,612	2,315,000	404,585
2043 to 2047	1,790,000	244,262	875,000	96,968
2048 to 2050	1,170,000	52,721	0	0
	<u>\$8,615,000</u>	<u>\$2,789,458</u>	<u>\$11,875,000</u>	<u>\$4,050,043</u>

City of Bowling Green  
Notes to the Basic Financial Statements  
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**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

Year	Direct Borrowings			
	OWDA Loans		Capital Loan	
	Principal	Interest	Principal	Interest
2023	\$1,531,831	\$220,922	\$70,040	\$14,904
2024	1,556,645	199,409	71,805	13,139
2025	1,582,294	177,186	73,616	11,330
2026	1,608,809	154,232	75,470	9,475
2027	1,636,218	130,521	77,373	7,573
2028 to 2032	6,333,704	340,281	244,232	10,606
2033 to 2037	3,978,630	85,893	0	0
2038 to 2039	663,678	0	0	0
	<u>\$18,891,809</u>	<u>\$1,308,444</u>	<u>\$612,536</u>	<u>\$67,027</u>

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2022, from the enterprise funds were as follows:

Year	General Obligation Bonds		AMP Ohio Payable
	Principal	Interest	Principal
2023	\$370,000	\$8,324	\$72,000
2024	0	0	72,000
2025	0	0	72,000
2026	0	0	72,000
2027	0	0	72,000
2028	0	0	112,189
	<u>\$370,000</u>	<u>\$8,324</u>	<u>\$472,189</u>

City of Bowling Green  
Notes to the Basic Financial Statements  
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**NOTE 20 - FUND BALANCE**

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

Fund Balance	General	Playground and Recreation	Sewer and Water Capital Improvement	Other Governmental Funds
Nonspendable for:				
Prepaid Items	\$242,823	\$12,781	\$0	\$53,646
Unclaimed Monies	91,177	0	0	0
Total Nonspendable	<u>334,000</u>	<u>12,781</u>	<u>0</u>	<u>53,646</u>
Restricted for:				
Capital Improvements	0	0	11,043,292	754,917
Cemetery Operations and Maintenance	0	0	0	27,053
Community Development	0	0	0	891,679
Court Operations	0	0	0	227,901
Debt Retirement	0	0	0	42,152
Playground and Recreation	0	1,240,712	0	17,070
Police and Fire Operations	0	0	0	2,972,338
Public Transit	0	0	0	44,780
Street Construction and Maintenance	0	0	0	2,387,401
Total Restricted	<u>0</u>	<u>1,240,712</u>	<u>11,043,292</u>	<u>7,365,291</u>
Committed to:				
Equipment Replacement	0	0	0	676,241
Facility Replacement	0	0	0	3,268,579
Greenspace Enhancements	87,714	0	0	0
Roadway Replacement	0	0	0	48,945
Total Committed	<u>87,714</u>	<u>0</u>	<u>0</u>	<u>3,993,765</u>
Assigned for:				
Debt Retirement	0	0	0	36,278
Future Severance	60,000	0	0	0
Projected Budget Shortage	4,158,343	0	0	0
Unpaid Obligations	930,449	0	0	0
Total Assigned	<u>5,148,792</u>	<u>0</u>	<u>0</u>	<u>36,278</u>
Unassigned (Deficit)	<u>2,810,825</u>	<u>0</u>	<u>0</u>	<u>(118,867)</u>
Total Fund Balance	<u>\$8,381,331</u>	<u>\$1,253,493</u>	<u>\$11,043,292</u>	<u>\$11,330,113</u>

City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**NOTE 21 - INTERNAL BALANCES AND TRANSFERS**

During 2022, the General Fund made transfers to other governmental funds, in the amount of \$55,054, for transit operations. The Playground and Recreation special revenue fund made transfers to other governmental funds, in the amount of \$295,140; \$245,140 as debt payments came due and \$50,000 to fund equipment capital maintenance. Other governmental funds made transfers to other governmental funds, in the amount of \$1,755,888; \$1,458,888 as debt payments came due, \$62,000 for transit operations, and \$235,000 to fund equipment capital maintenance.

The City uses an internal proportionate share to allocate its net pension/OPEB liability (asset) and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources 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 of the government-wide statement of net position thus allowing the total column to present the change in proportionate share for the City as a whole.

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 \$27,557.

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 \$19,557.

**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, 2022. Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., 1111 Superior Avenue, Suite 1601, Cleveland, Ohio 44114.

City of Bowling Green  
Notes to the Basic Financial Statements  
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**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 (\$147,849) at December 31, 2022. Complete financial statements for JV2 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

City of Bowling Green  
Notes to the Basic Financial Statements  
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**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, 2022, the City had met its debt coverage obligation.

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

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

City of Bowling Green  
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**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 \$470,094 at December 31, 2022. Complete financial statements for JV5 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

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

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

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

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

JV6 was created to provide for low-polluting capacity electricity through wind energy. The project consists of four wind turbines with a nominal capacity of 1.8 MW and related facilities. Upon dissolution of JV6, the net position will be shared by the participants on a percentage of ownership basis. JV6 is managed by AMP-Ohio, which acts as the joint venture's agent.



City of Bowling Green  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

The City's net investment and its share of the operating results of JV6 are reported in the City's Electric enterprise fund. The City's net investment in JV6 was \$1,557,667 at December 31, 2022. Complete financial statements for JV6 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

**NOTE 24 - JOINTLY GOVERNED ORGANIZATION**

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

The SID is governed by an eight member board of trustees consisting of the Chief Executive of the City of Bowling Green and seven members representing businesses within the SID. Financial information can be obtained from the Bowling Green Central Business Special Improvement District, Inc., 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, 2022, to December 31, 2022, 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  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share of the Net Pension Liability  
 Ohio Public Employees Retirement System - Traditional  
 Last Nine Years (1)

	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.08242800%	0.08219500%	0.08427800%	0.08596700%
City's Proportionate Share of the Net Pension Liability	\$7,171,569	\$12,171,289	\$16,658,119	\$23,544,619
City's Covered Payroll	\$11,960,250	\$11,578,364	\$11,857,814	\$11,611,364
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	59.96%	105.12%	140.48%	202.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%

(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

2018	2017	2016	2015	2014
0.08982300%	0.08548100%	0.08537300%	0.08296200%	0.08296200%
\$14,091,487	\$19,411,281	\$14,787,680	\$10,006,145	\$9,780,139
\$11,875,777	\$11,044,408	\$10,625,493	\$10,171,425	\$9,551,205
118.66%	175.76%	139.17%	98.38%	102.40%
84.66%	77.25%	81.08%	86.45%	86.36%

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 Five Years (1)

	2022	2021	2020	2019	2018
City's Proportion of the Net Pension Asset	0.18585000%	0.18844900%	0.18381500%	0.19183900%	0.22387400%
City's Proportionate Share of the Net Pension Asset	\$732,257	\$543,984	\$383,297	\$214,519	\$304,765
City's Covered Payroll	\$847,286	\$830,493	\$818,257	\$820,486	\$916,869
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	86.42%	65.50%	46.84%	26.15%	33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	169.88%	157.67%	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

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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 Nine Years (1)

	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.30628550%	0.30249110%	0.31840570%	0.32735000%
City's Proportionate Share of the Net Pension Liability	\$19,134,947	\$20,621,089	\$21,449,510	\$26,720,411
City's Covered Payroll	\$8,522,251	\$6,394,260	\$7,462,630	\$7,318,902
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	224.53%	322.49%	287.43%	365.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.03%	70.65%	69.89%	63.07%

(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

2018	2017	2016	2015	2014
0.34593100%	0.32490000%	0.32843900%	0.32675040%	0.32675040%
\$21,231,346	\$20,578,841	\$21,128,711	\$16,927,033	\$15,913,770
\$6,569,201	\$6,885,486	\$7,119,120	\$6,391,680	\$7,493,314
323.20%	298.87%	296.79%	264.83%	212.37%
70.91%	68.36%	66.77%	71.71%	73.00%

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

	2022	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability (Asset)	0.08327100%	0.08365700%	0.08549700%	0.08731900%	0.09189000%	0.08756000%
City's Proportionate Share of the Net OPEB Liability (Asset)	(\$2,608,176)	(\$1,490,416)	\$11,809,358	\$11,384,337	\$9,978,577	\$8,843,857
City's Covered Payroll	\$12,982,611	\$12,653,382	\$12,916,771	\$12,665,425	\$13,021,671	\$12,094,350
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-20.09%	-11.78%	91.43%	89.89%	76.63%	73.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%	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



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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 Six Years (1)

	2022	2021	2020	2019
City's Proportion of the Net OPEB Liability	0.30628550%	0.30249110%	0.31840570%	0.32735000%
City's Proportionate Share of the Net OPEB Liability	\$3,357,152	\$3,204,942	\$3,145,126	\$2,981,025
City's Covered Payroll	\$8,522,251	\$6,394,260	\$7,462,630	\$7,318,902
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	39.39%	50.12%	42.15%	40.73%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.90%	45.40%	47.08%	46.57%

(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

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<u>2018</u>	<u>2017</u>
0.34593100%	0.32900000%
\$19,599,966	\$15,616,890
\$6,569,201	\$6,885,486
298.36%	226.81%
14.13%	15.96%

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

	2022	2021	2020	2019
<b>Net Pension Liability - Traditional Plan</b>				
Contractually Required Contribution	\$1,732,384	\$1,674,435	\$1,620,971	\$1,660,094
Contributions in Relation to the Contractually Required Contribution	<u>(1,732,384)</u>	<u>(1,674,435)</u>	<u>(1,620,971)</u>	<u>(1,660,094)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$12,374,171	\$11,960,250	\$11,578,364	\$11,857,814
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net Pension Asset - Combined Plan</b>				
Contractually Required Contribution	\$119,621	\$118,620	\$116,269	\$114,556
Contributions in Relation to the Contractually Required Contribution	<u>(119,621)</u>	<u>(118,620)</u>	<u>(116,269)</u>	<u>(114,556)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$854,436	\$847,286	\$830,493	\$818,257
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability/Asset - OPEB Plan (1)</b>				
Contractually Required Contribution	\$9,261	\$7,003	\$9,781	\$9,628
Contributions in Relation to the Contractually Required Contribution	<u>(9,261)</u>	<u>(7,003)</u>	<u>(9,781)</u>	<u>(9,628)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (2)	\$13,460,132	\$12,982,611	\$12,653,382	\$12,916,771
OPEB Contributions as a Percentage of Covered Payroll	<u>0.04%</u>	<u>0.04%</u>	<u>0.04%</u>	<u>0.04%</u>

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

(2) 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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$1,625,591	\$1,543,851	\$1,325,329	\$1,275,059	\$1,220,571	\$1,241,657
<u>(1,625,591)</u>	<u>(1,543,851)</u>	<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>	<u>\$0</u>	<u>\$0</u>
\$11,611,364	\$11,875,777	\$11,044,408	\$10,625,493	\$10,171,425	\$9,551,205
<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$114,868	\$119,193	\$105,131	\$105,612	\$104,151	\$110,921
<u>(114,868)</u>	<u>(119,193)</u>	<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>	<u>\$0</u>	<u>\$0</u>
\$820,486	\$916,869	\$876,092	\$880,100	\$867,925	\$853,238
<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$9,343	\$137,088	\$245,364			
<u>(9,343)</u>	<u>(137,088)</u>	<u>(245,364)</u>			
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			
\$12,665,425	\$13,021,671	\$12,094,350			
<u>0.04%</u>	<u>1.02%</u>	<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

	2022	2021	2020	2019
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,715,654	\$1,827,401	\$1,369,607	\$1,600,173
Contributions in Relation to the Contractually Required Contribution	<u>(1,715,654)</u>	<u>(1,827,401)</u>	<u>(1,369,607)</u>	<u>(1,600,173)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$8,012,886	\$8,522,251	\$6,394,260	\$7,462,630
Contributions as a Percentage of Covered Payroll	21.41%	21.44%	21.42%	21.44%
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$40,064	\$42,611	\$31,972	\$37,314
Contributions in Relation to the Contractually Required Contribution	<u>(40,064)</u>	<u>(42,611)</u>	<u>(31,972)</u>	<u>(37,314)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$8,012,886	\$8,522,251	\$6,394,260	\$7,462,630
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

2018	2017	2016	2015	2014	2013
\$1,567,203	\$1,410,554	\$1,479,130	\$1,528,568	\$1,367,429	\$1,358,420
<u>(1,567,203)</u>	<u>(1,410,554)</u>	<u>(1,479,130)</u>	<u>(1,528,568)</u>	<u>(1,367,429)</u>	<u>(1,358,420)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,318,902	\$6,569,201	\$6,885,486	\$7,119,120	\$6,391,680	\$7,493,314
21.41%	21.47%	21.48%	21.47%	21.39%	18.13%
\$36,595	\$32,846	\$34,428	\$35,595	\$31,958	\$271,009
<u>(36,595)</u>	<u>(32,846)</u>	<u>(34,428)</u>	<u>(35,595)</u>	<u>(31,958)</u>	<u>(271,009)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,318,902	\$6,569,201	\$6,885,486	\$7,119,119	\$6,391,680	\$7,493,314
0.50%	0.50%	0.50%	0.50%	0.50%	3.62%

City of Bowling Green  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2022

**Changes in Assumptions - OPERS Pension - Traditional Plan**

Amounts reported beginning in 2022 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:

	<u>2022</u>	<u>2019</u>	<u>2018 and 2017</u>	<u>2016 and prior</u>
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage 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 Retirees	3 percent, simple	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, Retirees are as follows:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.



City of Bowling Green  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2022

Amounts reported beginning in 2017 use pre-retirement mortality rates are 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. Post-retirement mortality rates are 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. Post-retirement mortality rates for disabled retirees are 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 are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 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**

	2022	2019	2018
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

For 2022, 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013, retirees as the Traditional Plan.

City of Bowling Green  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2022

**Changes in Assumptions - OP&F Pension**

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

	<u>Beginning in 2018</u>	<u>2017 and Prior</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

For 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022.

Amounts reported beginning in 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables 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 retirees is based on the RP-2014 Disabled Mortality Tables 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 RP2000 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, 2022

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**Changes in Assumptions - OPERS OPEB**

Wage Inflation:	
2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent
Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2022	5.5 percent, initial 3.5 percent, ultimate in 2034
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

**Changes in Assumptions - OP&F OPEB**

Blended Discount Rate:	
2022	2.84 percent
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

For 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022.

City of Bowling Green  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2022

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**Changes in Benefit Terms - OPERS OPEB**

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts 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 non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

**Changes in Benefit Terms - OP&F OPEB**

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new 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, 2022, and 2021

	Electric		Water	
	2022	2021	2022	2021
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$35,005,532	\$31,249,782	\$10,452,409	\$9,704,630
Accounts Receivable	8,246,049	8,105,812	808,499	790,020
Due from Other Governments	991	3,101	521	414
Other Local Taxes Receivable	108,838	108,727	0	0
Interfund Receivable	14,463	9,685	6,330	2,756
Prepaid Items	80,687	59,528	67,941	49,607
Materials and Supplies Inventory	1,298,216	1,280,290	545,121	663,059
<b>Total Current Assets</b>	<b>44,754,776</b>	<b>40,816,925</b>	<b>11,880,821</b>	<b>11,210,486</b>
<u>Non-Current Assets</u>				
Asset Held for Resale	598,867	598,867	199,622	199,622
Recovered Purchased Power Receivable	472,189	532,778	0	0
<u>Restricted Assets</u>				
Net Pension Asset	168,419	125,116	102,516	76,158
Net OPEB Asset	599,880	342,796	365,145	208,658
Nondepreciable Capital Assets	4,015,385	2,510,393	5,678,116	2,855,190
Depreciable Capital Assets, Net	17,706,160	18,257,355	53,195,472	54,150,139
Investment in Joint Venture	1,879,912	2,649,456	0	0
<b>Total Non-Current Assets</b>	<b>25,440,812</b>	<b>25,016,761</b>	<b>59,540,871</b>	<b>57,489,767</b>
<b>Total Assets</b>	<b>70,195,588</b>	<b>65,833,686</b>	<b>71,421,692</b>	<b>68,700,253</b>
<u>Deferred Outflows of Resources</u>				
Deferred Charge on Refunding	0	0	4,901	9,801
Recovered Purchased Power	615,578	1,670,151	0	0
Pension	735,944	445,245	450,129	288,575
OPEB	2,130	184,146	1,297	122,069
<b>Total Deferred Outflows of Resources</b>	<b>1,353,652</b>	<b>2,299,542</b>	<b>456,327</b>	<b>420,445</b>
<u>Current Liabilities</u>				
Accrued Wages Payable	61,398	56,551	38,775	37,555
Accounts Payable	4,580,233	3,414,730	251,692	194,000
Contracts Payable	556,443	6,009	0	0
Due to Other Governments	107,950	92,595	38,750	38,431
Interfund Payable	185,392	183,472	7,111	6,640
Retainage Payable	129,773	0	0	0
Accrued Interest Payable	0	0	150	300
General Obligation Bonds Payable	0	0	80,000	80,000
Compensated Absences Payable	225,394	236,896	133,690	164,001
Leases Payable	7,576	2,361	7,409	787
AMP Ohio Payable	72,000	72,000	0	0
<b>Total Current Liabilities</b>	<b>5,926,159</b>	<b>4,064,614</b>	<b>557,577</b>	<b>521,714</b>

Sewer		Totals	
2022	2021	2022	2021
\$4,330,274	\$4,381,106	\$49,788,215	\$45,335,518
803,285	622,665	9,857,833	9,518,497
2,969	479	4,481	3,994
0	0	108,838	108,727
449	187	21,242	12,628
70,362	49,715	218,990	158,850
0	0	1,843,337	1,943,349
<u>5,207,339</u>	<u>5,054,152</u>	<u>61,842,936</u>	<u>57,081,563</u>
199,622	199,622	998,111	998,111
0	0	472,189	532,778
102,516	76,158	373,451	277,432
365,145	208,658	1,330,170	760,112
10,264,372	7,055,825	19,957,873	12,421,408
49,209,150	50,204,112	120,110,782	122,611,606
0	0	1,879,912	2,649,456
<u>60,140,805</u>	<u>57,744,375</u>	<u>145,122,488</u>	<u>140,250,903</u>
65,348,144	62,798,527	206,965,424	197,332,466
17,661	34,417	22,562	44,218
0	0	615,578	1,670,151
475,996	336,355	1,662,069	1,070,175
20,854	153,936	24,281	460,151
<u>514,511</u>	<u>524,708</u>	<u>2,324,490</u>	<u>3,244,695</u>
42,053	36,466	142,226	130,572
179,484	177,364	5,011,409	3,786,094
0	0	556,443	6,009
54,945	48,842	201,645	179,868
16,002	17,618	208,505	207,730
0	0	129,773	0
544	1,059	694	1,359
290,000	275,000	370,000	355,000
211,085	151,499	570,169	552,396
7,409	787	22,394	3,935
0	0	72,000	72,000
<u>801,522</u>	<u>708,635</u>	<u>7,285,258</u>	<u>5,294,963</u>

(continued)

City of Bowling Green  
Comparative Statement of Fund Net Position  
Enterprise Funds  
December 31, 2022, and 2021  
(continued)

	Electric		Water	
	2022	2021	2022	2021
<u>Non-Current Liabilities</u>				
Loan Payable	\$120,000	\$120,000	\$40,000	\$40,000
General Obligation Bonds Payable	0	0	0	80,000
Compensated Absences Payable	412,027	417,994	235,116	219,686
Leases Payable	23,033	3,998	30,266	1,333
AMP Ohio Payable	400,189	460,778	0	0
Net Pension Liability	1,649,461	2,799,396	1,004,020	1,703,980
Total Non-Current Liabilities	2,604,710	3,802,166	1,309,402	2,044,999
Total Liabilities	8,530,869	7,866,780	1,866,979	2,566,713
<u>Deferred Inflows of Resources</u>				
Pension	2,076,612	1,317,913	1,302,846	917,973
OPEB	635,144	1,083,166	414,599	732,058
Total Deferred Inflows of Resources	2,711,756	2,401,079	1,717,445	1,650,031
<u>Net Position</u>				
Net Investment in Capital Assets	21,004,969	20,755,598	58,760,814	56,853,010
Restricted for				
Pension and OPEB Plans	152,682	119,349	95,351	75,453
Unrestricted (Deficit)	39,148,964	36,990,422	9,437,430	7,975,491
Total Net Position	\$60,306,615	\$57,865,369	\$68,293,595	\$64,903,954



Sewer		Totals	
2022	2021	2022	2021
\$40,000	\$40,000	\$200,000	\$200,000
0	290,000	0	370,000
228,362	281,642	875,505	919,322
30,266	1,333	83,565	6,664
0	0	400,189	460,778
1,004,020	1,703,980	3,657,501	6,207,356
1,302,648	2,316,955	5,216,760	8,164,120
2,104,170	3,025,590	12,502,018	13,459,083
1,252,639	774,844	4,632,097	3,010,730
378,179	646,502	1,427,922	2,461,726
1,630,818	1,421,346	6,060,019	5,472,456
59,163,508	56,727,234	138,929,291	134,335,842
101,098	73,126	349,131	267,928
2,863,061	2,075,939	51,449,455	47,041,852
<u>\$62,127,667</u>	<u>\$58,876,299</u>	<u>\$190,727,877</u>	<u>\$181,645,622</u>

City of Bowling Green  
Comparative Statement of Revenues, Expenses, and Change in Fund Net Position  
Enterprise Funds  
For the Years Ended December 31, 2022, and 2021

	Electric		Water	
	2022	2021	2022	2021
<u>Operating Revenues</u>				
Charges for Services	\$62,723,652	\$62,530,973	\$6,978,335	\$7,004,331
Other	412,339	698,519	185,212	173,632
Total Operating Revenues	<u>63,135,991</u>	<u>63,229,492</u>	<u>7,163,547</u>	<u>7,177,963</u>
<u>Operating Expenses</u>				
Purchased Power	52,285,973	51,943,400	0	0
Plant Operation	0	0	2,938,363	2,406,619
Geographical Information Systems	176,585	142,427	105,514	148,706
Distribution Operation	1,490,355	1,482,660	1,142,488	705,949
Administrative and General	3,881,622	3,203,573	576,442	402,633
Information and Technology	218,442	148,524	71,764	49,247
Sustainability	52,072	14,102	16,847	5,078
Engineering	0	0	12,246	0
Depreciation/Amortization	1,819,049	1,855,678	1,721,515	1,690,083
Total Operating Expenses	<u>59,924,098</u>	<u>58,790,364</u>	<u>6,585,179</u>	<u>5,408,315</u>
Operating Income (Loss)	<u>3,211,893</u>	<u>4,439,128</u>	<u>578,368</u>	<u>1,769,648</u>
<u>Non-Operating Revenues (Expenses)</u>				
Gain on Sale of Capital Assets	0	0	0	3,600
Excise Taxes	1,365,254	1,389,491	0	0
Excise Taxes Expense	(1,365,254)	(1,389,491)	0	0
Interest Expense	(1,103)	0	(9,084)	(9,569)
Investment in Joint Venture	(769,544)	(241,168)	0	0
Total Non-Operating Revenues (Expenses)	<u>(770,647)</u>	<u>(241,168)</u>	<u>(9,084)</u>	<u>(5,969)</u>
Income (Loss) Before Transfers and Contributions	2,441,246	4,197,960	569,284	1,763,679
Transfers Out	0	0	0	0
Capital Contributions	0	0	2,820,357	362,355
Change in Net Position	2,441,246	4,197,960	3,389,641	2,126,034
Net Position Beginning of Year	<u>57,865,369</u>	<u>53,667,409</u>	<u>64,903,954</u>	<u>62,777,920</u>
Net Position End of Year	<u>\$60,306,615</u>	<u>\$57,865,369</u>	<u>\$68,293,595</u>	<u>\$64,903,954</u>

Sewer		Totals	
2022	2021	2022	2021
\$4,904,930	\$4,471,020	\$74,606,917	\$74,006,324
402,021	312,195	999,572	1,184,346
5,306,951	4,783,215	75,606,489	75,190,670
0	0	52,285,973	51,943,400
1,788,199	1,465,320	4,726,562	3,871,939
82,265	137,156	364,364	428,289
1,053,037	679,110	3,685,880	2,867,719
561,872	403,358	5,019,936	4,009,564
73,938	46,171	364,144	243,942
26,776	23,648	95,695	42,828
12,246	0	24,492	0
1,899,816	1,857,046	5,440,380	5,402,807
5,498,149	4,611,809	72,007,426	68,810,488
(191,198)	171,406	3,599,063	6,380,182
3,511	850,005	3,511	853,605
0	0	1,365,254	1,389,491
0	0	(1,365,254)	(1,389,491)
(29,688)	(33,874)	(39,875)	(43,443)
0	0	(769,544)	(241,168)
(26,177)	816,131	(805,908)	568,994
(217,375)	987,537	2,793,155	6,949,176
0	(666,043)	0	(666,043)
3,468,743	4,533,684	6,289,100	4,896,039
3,251,368	4,855,178	9,082,255	11,179,172
58,876,299	54,021,121	181,645,622	170,466,450
<u>\$62,127,667</u>	<u>\$58,876,299</u>	<u>\$190,727,877</u>	<u>\$181,645,622</u>

City of Bowling Green  
Comparative Statement of Cash Flows  
Enterprise Funds  
For the Years Ended December 31, 2022, and 2021

	Electric		Water	
	2022	2021	2022	2021
<u>Increases (Decreases) in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$62,593,817	\$62,760,096	\$6,956,282	\$6,953,735
Cash Payments for Purchased Power	(49,888,176)	(51,272,971)	0	0
Cash Payments for Plant Operation	0	0	(3,295,011)	(3,165,763)
Cash Payments for Geographical Information Systems	(197,242)	(218,406)	(114,604)	(172,249)
Cash Payments for Distribution Operation	(2,547,654)	(3,038,397)	(1,332,483)	(1,330,132)
Cash Payments for Administrative and General	(4,208,080)	(3,815,705)	(724,240)	(655,442)
Cash Payments for Information and Technology	(261,831)	(214,674)	(87,257)	(71,558)
Cash Payments for Sustainability	(64,830)	(47,394)	(21,817)	(16,243)
Cash Received from Other Revenues	399,269	698,995	185,105	173,801
Net Cash Provided by Operating Activities	5,825,273	4,851,544	1,565,975	1,716,149
<u>Cash Flows from Non-Capital Financing Activities</u>				
Cash Received from Excise Taxes	1,365,254	1,389,491	0	0
Cash Payments for Excise Tax Distribution	(1,365,254)	(1,389,491)	0	0
Transfers Out	0	0	0	0
Net Cash Used for Noncapital Financing Activities	0	0	0	0
<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	(3,600)	(5,100)
Principal Paid on Leases	(4,377)	0	(2,284)	0
Interest Paid on Leases	(1,103)	0	(734)	0
Sale of Capital Assets	0	0	0	3,600
Acquisition of Capital Assets	(2,064,043)	(2,049,239)	(731,578)	(162,147)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(2,069,523)	(2,049,239)	(818,196)	(238,647)
Net Increase (Decrease) in Cash and Cash Equivalents	3,755,750	2,802,305	747,779	1,477,502
Cash and Cash Equivalents Beginning of Year	31,249,782	28,447,477	9,704,630	8,227,128
Cash and Cash Equivalents End of Year	\$35,005,532	\$31,249,782	\$10,452,409	\$9,704,630

Sewer		Totals	
2022	2021	2022	2021
\$4,721,711	\$4,442,419	\$74,271,810	\$74,156,250
0	0	(49,888,176)	(51,272,971)
(2,089,714)	(2,113,811)	(5,384,725)	(5,279,574)
(92,014)	(161,129)	(403,860)	(551,784)
(1,294,280)	(1,150,278)	(5,174,417)	(5,518,807)
(686,536)	(659,979)	(5,618,856)	(5,131,126)
(87,259)	(71,520)	(436,347)	(357,752)
(30,569)	(32,303)	(117,216)	(95,940)
401,868	312,340	986,242	1,185,136
843,207	565,739	8,234,455	7,133,432
0	0	1,365,254	1,389,491
0	0	(1,365,254)	(1,389,491)
0	(666,043)	0	(666,043)
0	(666,043)	0	(666,043)
(275,000)	(265,000)	(355,000)	(340,000)
(12,713)	(18,013)	(16,313)	(23,113)
(2,284)	0	(8,945)	0
(734)	0	(2,571)	0
3,511	1,332,086	3,511	1,335,686
(606,819)	(289,428)	(3,402,440)	(2,500,814)
(894,039)	759,645	(3,781,758)	(1,528,241)
(50,832)	659,341	4,452,697	4,939,148
4,381,106	3,721,765	45,335,518	40,396,370
\$4,330,274	\$4,381,106	\$49,788,215	\$45,335,518

(continued)

City of Bowling Green  
Comparative Statement of Cash Flows  
Enterprise Funds  
For the Years Ended December 31, 2022, and 2021  
(continued)

	Electric		Water	
	2022	2021	2022	2021
Reconciliation of Operating Income (Loss) to Net				
<u>Cash Provided by Operating Activities:</u>				
Operating Income (Loss)	\$3,211,893	\$4,439,128	\$578,368	\$1,769,648
Adjustments to Reconcile Operating Income (Loss) to Net				
<u>Cash Provided by Operating Activities:</u>				
Depreciation/Amortization	1,819,049	1,855,678	1,721,515	1,690,083
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(140,237)	225,778	(18,479)	(50,432)
(Increase) Decrease in Due from Other Governments	2,110	4,607	(107)	169
Increase in Other Local Taxes Receivable	(111)	(95)	0	0
Increase in Interfund Receivable	(4,778)	(786)	(3,574)	(164)
(Increase) Decrease in Prepaid Items	(21,159)	5,774	(18,334)	1,564
(Increase) Decrease in Materials and Supplies Inventory	(17,926)	(16,443)	117,938	(129,079)
Decrease in Recovered Purchased Power Receivable	1,115,162	1,805,916	0	0
Increase in Net Pension Asset	(19,226)	(14,777)	(11,703)	(8,997)
(Increase) Decrease in Net OPEB Asset	8,694	(1,656,656)	5,292	(1,008,400)
Increase in Accrued Wages Payable	4,847	11,813	1,220	8,286
Increase (Decrease) in Accounts Payable	1,165,503	(980,297)	57,692	30,010
Increase (Decrease) in Contracts Payable	31	(4,718)	0	0
Increase (Decrease) in Due to Other Governments	15,355	1,710	319	(1,798)
Increase (Decrease) in Interfund Payable	1,920	58	471	2,153
Increase (Decrease) in Compensated Absences Payable	(17,469)	10,165	(14,881)	(5,554)
Decrease in AMP-Ohio Payable	(60,589)	(66,466)	0	0
Decrease in Net Pension Liability	(94,766)	(14,997)	(57,684)	(9,131)
Decrease in Deferred Outflows - Pension	555,307	562,800	353,408	385,732
Decrease in Deferred Outflows - OPEB	238,906	333,886	155,402	217,989
Decrease in Deferred Inflows - Pension	(1,166,553)	(892,810)	(787,020)	(649,536)
Decrease in Deferred Inflows - OPEB	(770,690)	(757,724)	(513,868)	(526,394)
Net Cash Provided by Operating Activities	<u>\$5,825,273</u>	<u>\$4,851,544</u>	<u>\$1,565,975</u>	<u>\$1,716,149</u>

Sewer		Totals	
2022	2021	2022	2021
(\$191,198)	\$171,406	\$3,599,063	\$6,380,182
1,899,816	1,857,046	5,440,380	5,402,807
(180,620)	(28,523)	(339,336)	146,823
(2,490)	82	(487)	4,858
0	0	(111)	(95)
(262)	(15)	(8,614)	(965)
(20,647)	(458)	(60,140)	6,880
0	0	100,012	(145,522)
0	0	1,115,162	1,805,916
(11,703)	(8,997)	(42,632)	(32,771)
5,291	(1,008,399)	19,277	(3,673,455)
5,587	9,313	11,654	29,412
2,120	102,019	1,225,315	(848,268)
0	0	31	(4,718)
6,103	(1,999)	21,777	(2,087)
(1,616)	8,007	775	10,218
6,306	25,810	(26,044)	30,421
0	0	(60,589)	(66,466)
(57,681)	(9,128)	(210,131)	(33,256)
375,320	350,069	1,284,035	1,298,601
167,712	221,724	562,020	773,599
(694,100)	(611,292)	(2,647,673)	(2,153,638)
(464,731)	(510,926)	(1,749,289)	(1,795,044)
<u>\$843,207</u>	<u>\$565,739</u>	<u>\$8,234,455</u>	<u>\$7,133,432</u>

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Direct Program</i>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		\$6,675	\$345,007
Total CDBG - Entitlement Grants Cluster			<u>6,675</u>	<u>345,007</u>
Total U.S. Department of Housing and Urban Development			<u>6,675</u>	<u>345,007</u>
<b>U.S. DEPARTMENT OF TREASURY</b>				
<i>Direct Program</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027			<u>2,282,748</u>
Total U.S. Department of Treasury				<u>2,282,748</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Passed Through Ohio Department of Transportation</i>				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	093-RPTF-21-0100		<u>141,106</u>
Total U.S. Department of Transportation				<u>141,106</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$6,675</u></u>	<u><u>\$2,768,861</u></u>

*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, 2022**

**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's) under programs of the federal government for the year ended December 31, 2022. 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 U.S. Department of Housing and Urban Development to not-for-profit agencies (sub recipients). As Note B describes, the City reports expenditures of Federal awards to sub recipients when paid in cash.

As a pass-through entity, 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 sub recipients 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, 2022 is \$96,828.

**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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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## 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  
305 North Main Street  
Bowling Green, Ohio 43402-2399

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 26, 2023.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 26, 2023

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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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  
305 North Main Street  
Bowling Green, Ohio 43402-2399

To the City Council:

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

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

We have audited City of Bowling Green, Wood County, Ohio's (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on City of Bowling Green's major federal program for the year ended December 31, 2022. City of Bowling Green's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, City of Bowling Green complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

The City's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 26, 2023

**CITY OF BOWLING GREEN  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2022**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Coronavirus State and Local Fiscal Recovery Funds – AL #21.027
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.



# 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 9/28/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)