



**CITY OF BOWLING GREEN
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021

**OHIO AUDITOR OF STATE
KEITH FABER**



**CITY OF BOWLING GREEN
WOOD COUNTY
DECEMBER 31, 2021**

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WOOD COUNTY
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INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the 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, 2021, 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, 2021, 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 Fund 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.

Emphasis of Matter

As discussed in Note 27 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. Our opinion is not modified with respect to this matter.

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 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 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 October 5, 2022, 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

October 5, 2022

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City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2021
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, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2021 are as follows:

In total, the City's net position increased \$19,292,457, or 11 percent. Net position increased almost 675 percent for governmental activities primarily due to unspent bond proceeds and American Rescue Plan grant funds as well as a reduction in the pension and OPEB expense. Net position increased almost 7 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, Water, and Sewer funds all had an operating income for 2021.

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 2021. 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, 2021
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, 2021
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Proprietary Funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The City uses enterprise funds to account for electric, water, and sewer operations. Internal service funds are an accounting device used to accumulate and allocate internal costs among the City's other programs and activities. The internal service fund accounts for engineering services that are provided to the other departments of the City or to other governmental units.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 presents a summary of the City's net position for 2021 and 2020.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Assets</u>						
Current and Other Assets	\$49,506,697	\$32,698,557	\$58,386,493	\$53,531,243	\$107,893,190	\$86,229,800
Net Pension Asset	266,552	187,814	277,432	195,483	543,984	383,297
Net OPEB Asset	730,304	0	760,112	0	1,490,416	0
Capital Assets, Net	52,836,060	54,365,523	135,022,415	133,517,792	187,858,475	187,883,315
Investment in Joint Venture	0	0	2,649,456	2,890,624	2,649,456	2,890,624
Total Assets	<u>103,339,613</u>	<u>87,251,894</u>	<u>197,095,908</u>	<u>190,135,142</u>	<u>300,435,521</u>	<u>277,387,036</u>
<u>Deferred Outflows of Resources</u>						
Pension	4,382,285	4,675,696	991,961	1,381,959	5,323,549	6,046,632
OPEB	2,555,493	3,277,040	377,251	1,026,682	2,932,744	4,241,878
Other Amounts	124,915	151,705	1,714,369	3,474,716	1,839,284	3,626,421
Total Deferred Outflows of Resources	<u>7,062,693</u>	<u>8,104,441</u>	<u>3,083,581</u>	<u>5,883,357</u>	<u>10,095,577</u>	<u>13,914,931</u>
<u>Liabilities</u>						
Current and Other Liabilities	6,485,905	2,251,405	4,103,902	4,937,472	10,589,807	7,188,877
Long-Term Liabilities						
Pension	26,585,022	29,611,989	6,207,356	8,495,640	32,792,378	38,107,629
OPEB	3,204,942	8,931,711	0	6,022,773	3,204,942	14,954,484
Other Amounts	50,829,483	41,714,744	2,929,496	3,305,541	53,758,979	45,020,285
Total Liabilities	<u>87,105,352</u>	<u>82,509,849</u>	<u>13,240,754</u>	<u>22,761,426</u>	<u>100,346,106</u>	<u>105,271,275</u>
<u>Deferred Inflows of Resources</u>						
Pension	6,513,344	5,613,220	2,932,516	1,873,345	9,395,163	7,475,542
OPEB	4,256,729	3,006,827	2,378,826	940,272	6,635,555	3,885,255
Other Amounts	3,216,576	3,024,654	0	0	3,216,576	3,024,654
Total Deferred Inflows of Resources	<u>13,986,649</u>	<u>11,644,701</u>	<u>5,311,342</u>	<u>2,813,617</u>	<u>19,247,294</u>	<u>14,385,451</u>

(continued)

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Table 1
Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Net Position</u>						
Net Investment in Capital Assets	\$39,758,517	\$38,876,480	\$134,335,842	\$133,302,885	\$174,094,359	\$172,179,365
Restricted	21,835,542	16,128,355	0	0	21,835,542	16,128,355
Unrestricted (Deficit)	(52,283,754)	(53,803,050)	47,291,551	37,140,571	(4,992,203)	(16,662,479)
Total Net Position	<u>\$9,310,305</u>	<u>\$1,201,785</u>	<u>\$181,627,393</u>	<u>\$170,443,456</u>	<u>\$190,937,698</u>	<u>\$171,645,241</u>

The net pension/OPEB liability (asset) reported by the City at December 31, 2021, 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
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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 decrease in deferred outflows and overall increase in deferred inflows. These changes are affected by changes in benefits, contribution rates, return on investments, and actuarial assumptions. The decrease in the net pension liability and the net OPEB liability represent the City's proportionate share of the unfunded benefits.

Aside from changes related to pension/OPEB, there were few other items of note for governmental activities. The increase in current and other assets was primarily an increase in cash and cash equivalents; generally a combination of American Rescue Plan Act (ARPA) resources received and not spent as of year end as well as debt proceeds which were not spent as of year end. There was also an increase in the amount due from other governments related to Ohio Water Development Authority funded projects and resources due from the Ohio Army National Guard for park maintenance. The increase in current and other liabilities is largely due to outstanding contracts and retainage related to an aeration and biosolids project and for the new MARCS tower. The increase in other long-term liabilities reflects general obligation bonds issued for a new city hall and a new building at the park. In addition, there was additional borrowing for the aeration and biosolids project mentioned above. The increase in unrestricted net position, while significantly impacted by the above items, also reflects the significant decrease in the pension/OPEB liability. While changes in pension/OPEB related assumptions led to the decrease in these liabilities, the most significant change was due to the health care group plans offered by OPERS being discontinued for non-Medicare and reemployed employees and those changes being reflected in the December 31, 2020, measurement date.

For business-type activities, the increase in current and other assets was primarily an increase in cash and cash equivalents. There was an increase in charges for services revenue due to an increase in the base rate for electric and there was also proceeds from the sale of land, both contributing to the increase in cash at year end. The decrease in current and other liabilities was due to a lower 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, 2021
Unaudited

Table 2 reflects the change in net position for 2021 and 2020.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Revenues</u>						
<u>Program Revenues</u>						
Charges for Services	\$4,583,014	\$3,687,322	\$75,395,815	\$71,519,910	\$79,978,829	\$75,207,232
Operating Grants, Contributions, and Interest	2,811,480	4,493,907	0	0	2,811,480	4,493,907
Capital Grants and Contributions	151,849	281,694	0	0	151,849	281,694
Total Program Revenues	7,546,343	8,462,923	75,395,815	71,519,910	82,942,158	79,982,833
<u>General Revenues</u>						
Property Taxes-General Purposes	1,837,795	1,684,660	0	0	1,837,795	1,684,660
Property Taxes-Playground and Recreation	1,222,101	1,196,774	0	0	1,222,101	1,196,774
Municipal Income Taxes	22,077,837	20,501,322	0	0	22,077,837	20,501,322
Other Local Taxes	1,992,211	1,799,276	0	0	1,992,211	1,799,276
Grants and Entitlements not Restricted to Specific Programs	1,593,738	935,776	0	0	1,593,738	935,776
Franchise Taxes	236,314	237,716	0	0	236,314	237,716
Interest	(248,323)	1,268,167	0	0	(248,323)	1,268,167
Other	843,049	1,802,984	2,037,951	1,863,821	2,881,000	3,666,805
Total General Revenues	29,554,722	29,426,675	2,037,951	1,863,821	31,592,673	31,290,496
Total Revenues	37,101,065	37,889,598	77,433,766	73,383,731	114,534,831	111,273,329
<u>Program Expenses</u>						
<u>Security of Persons and Property</u>						
Police	5,535,985	7,129,719	0	0	5,535,985	7,129,719
Fire/Ambulance	6,611,999	7,563,053	0	0	6,611,999	7,563,053
Public Health	7,480	12,082	0	0	7,480	12,082
Leisure Time Activities	1,719,395	2,225,888	0	0	1,719,395	2,225,888
Community Environment	762,583	1,284,826	0	0	762,583	1,284,826
Basic Utility Services	696,700	1,041,377	0	0	696,700	1,041,377
Transportation	4,412,017	6,549,858	0	0	4,412,017	6,549,858
<u>General Government</u>						
Court	737,152	1,565,470	0	0	737,152	1,565,470
Other	3,155,717	4,719,616	0	0	3,155,717	4,719,616
Internal Service Fund External Portion	10,648	21,227	0	0	10,648	21,227
Interest and Fiscal Charges	1,112,873	794,286	0	0	1,112,873	794,286
Electric	0	0	60,420,880	59,597,176	60,420,880	59,597,176
Water	0	0	5,415,883	7,160,814	5,415,883	7,160,814
Sewer	0	0	4,643,062	5,778,103	4,643,062	5,778,103
Total Expenses	24,762,549	32,907,402	70,479,825	72,536,093	95,242,374	105,443,495
<u>Increase in Net Position</u>						
Before Transfers	12,338,516	4,982,196	6,953,941	847,638	19,292,457	5,829,834
Transfers	(4,229,996)	(1,925,311)	4,229,996	1,925,311	0	0
Increase in Net Position	8,108,520	3,056,885	11,183,937	2,772,949	19,292,457	5,829,834
<u>Net Position (Deficit)</u>						
Beginning of Year	1,201,785	(1,855,100)	170,443,456	167,670,507	171,645,241	165,815,407
Net Position End of Year	\$9,310,305	\$1,201,785	\$181,627,393	\$170,443,456	\$190,937,698	\$171,645,241

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

For governmental activities, there was an 11 percent decrease in program revenues. Several factors led to the increase in charges for services; revenue from various fees and charges increased (for example, pool receipts as the pool had been closed in the prior year due to COVID as well as other activities were less in the prior year due to the pandemic), there was also an increase in ambulance fees and in refuse/recycling charges. The decrease in operating grants and contributions was due to CARE Act resources received in the prior year. Significant changes in general revenues include the increase in municipal income taxes resulting from continuing pandemic recovery. There was also an increase in unrestricted grants and entitlements related to monies the City received for the MARCS tower (not the City's asset). However, there were also a couple of substantial decreases in general revenues. There was a sizable decline in interest revenue based on the market value of the City's investments. In the prior year, the City received a significant refund from the Ohio Bureau of Workers' Compensation reflected in other revenue. The decrease in expenses is primarily related to the decrease in pension/OPEB expenses, particularly OPEB expenses, from the prior year (as discussed previously).

As expected, program revenues make up a significant portion of the total revenues for business-type activities (97 percent). The increase in charges for services was largely due to an increase in the base rate for electric. There was a very slight increase in expenses for the Electric Fund. The overall decrease 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	
	2021	2020	2021	2020
Security of Persons and Property				
Police	\$5,535,985	\$7,129,719	\$5,252,156	\$6,489,902
Fire/Ambulance	6,611,999	7,563,053	6,017,352	5,567,294
Public Health	7,480	12,082	(62,166)	(38,123)
Leisure Time Activities	1,719,395	2,225,888	952,728	1,727,349
Community Environment	762,583	1,284,826	284,942	925,532
Basic Utility Services	696,700	1,041,377	(339,278)	(47,072)
Transportation	4,412,017	6,549,858	1,428,655	4,049,416
General Government				
Court	737,152	1,565,470	(482,222)	501,767
Other	3,155,717	4,719,616	3,056,460	4,461,915
Internal Service Fund External Portion	10,648	21,227	(5,294)	12,213
Interest and Fiscal Charges	1,112,873	794,286	1,112,873	794,286
Total Expenses	<u>\$24,762,549</u>	<u>\$32,907,402</u>	<u>\$17,216,206</u>	<u>\$24,444,479</u>

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

For 2021, general revenues provided for 70 percent of the costs of providing governmental activities services (74 percent in 2020). 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 and operating grants in the form of State levied motor vehicle license fees and gas taxes. The municipal court receives substantial support through fines, costs, and fees as well as some support through grant resources. 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 and ARPA).

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 2021, the General Fund had a 10 percent increase in fund balance. As discussed previously, municipal income taxes increased as did charges for services (returning to pre-pandemic activities). However, there was an overall decrease in revenues due to the significant decrease in interest revenue based on the City's investments. There was an increase in expenditures, most notably in the fire program as a large portion of these costs were paid in the prior year with COVID relief resources. However, current year expenditures were kept within current year revenues. In addition, the General Fund transferred less resources to other funds in 2021.

Revenues increased in the Playground and Recreation Fund, primarily charges for services with the resumption of recreation activities and the opening of the pool. With the resumption of activities, there was also an increase in expenditures. The fund had an increase in fund balance for 2021.

Resources received in the American Rescue Plan fund were entirely offset to unearned revenue; therefore, no change in fund balance.

Fund balance increased substantially in the Sewer and Water Capital Improvement Fund due to proceeds from general obligation bonds that were not spent as of year end. There was also a \$666 thousand transfer in from the Sewer Fund.

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 2021.

The Electric Fund had an 8 percent increase in net position. Revenue increased 6 percent, largely the result of an increase in the base rate. Expenses only increased 2 percent primarily due to purchase of power costs.

There was a 3 percent increase in net position in the Water Fund. Revenues were similar to the prior year; expenses decreased 24 percent, mainly in operation and distribution costs.

The increase in net position in the Sewer Fund was 9 percent and primarily due to capital contributions.

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

BUDGETARY HIGHLIGHTS

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

The City's most significant budgeted fund is the General Fund. For revenues, changes from the original budget to the final budget as well as from the final budget to actual revenues were not significant. The same is true for expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2021, was \$39,758,517 and \$134,335,842, 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 design of a new administration building, a fire truck, four transit vehicles, and street improvements. Disposals consisted of police, transit, and public works vehicles. The most significant additions for business-type activities were improvements at the water and wastewater treatment plants, vehicles, and electric, water, and sewer lines. Disposals included the sale of land. For further information regarding the City's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2021, the City had \$21,820,000 in general obligation bonds, \$26,179,838 in OWDA loans payable, and \$680,855 in capital loans payable from governmental activities. Business-type activities had \$725,000 in general obligation bonds outstanding at year end and a loan, in the amount of \$200,000. In addition, business-type activities, specifically the Electric enterprise fund, owed AMP-Ohio \$532,778 related to the City's obligation for the AMPGS project which was terminated. During 2021, the City issued \$9,140,000 in general obligation bonds for the construction of a new city hall and to retire notes issued in 2020 for the construction of a park building.

In addition to the debt outlined above, the City's long-term obligations also include the net pension liability, net OPEB liability, and compensated absences. For further information regarding the City's debt, refer to Notes 19 and 20 to the basic financial statements.

CURRENT ISSUES

The City of Bowling Green's priorities include public safety, investment in infrastructure, efforts to promote economic development and employment growth, and retaining adequate fund balances to ensure both financial flexibility and long-term stability. The City keeps these in mind 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 2022 include rising inflation, economic recovery from the global pandemic, federal funding opportunities including the American Rescue Plan Act, pressures of maintaining the City's infrastructure and facilities, and the increasing costs and importance of technology and managing cyber risk.

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

In April 2022, the City broke ground on the construction of a new \$11 million administration building which will be 70 percent funded by the proceeds of thirty-year general obligation bonds issued in 2021 and 30 percent from capital reserve resources.

The City will receive over \$3.6 million, the second of two payments totaling more than \$7.3 million from the federal government's American Rescue Plan Act (ARPA), in the first half of 2022. These funds are revenue replacement funds and will be used for general government services. The City has earmarked more than \$2.3 million in 2022 for paving, park infrastructure and security, housing grants, and support for an all-inclusive playground.

The 2022 budget includes more than \$21.5 million for utility capital improvements funded respectively by OWDA loans, income tax, and utility capital reserve resources.

Although revenue estimates are optimistic, inflation over the last twelve months caused increases in expense projections for 2022. Immediate issues of concern are the unknowns related to supply chain issues and labor shortages. The City has made some recent wage adjustments in an effort to recruit and retain employees and continues to research creative cost effective ways 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, 304 North Church Street, Bowling Green, Ohio 43402-2399.

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City of Bowling Green
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities*	Total*
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$39,115,184	\$45,335,518	\$84,450,702
Cash and Cash Equivalents in Segregated Accounts	4,118	0	4,118
Accounts Receivable	693,802	9,518,497	10,212,299
Accrued Interest Receivable	94,910	0	94,910
Due from Other Governments	2,157,415	3,994	2,161,409
Municipal Income Taxes Receivable	3,327,812	0	3,327,812
Other Local Taxes Receivable	117,547	108,727	226,274
Internal Balances	213,331	(213,331)	0
Prepaid Items	235,784	158,850	394,634
Materials and Supplies Inventory	0	1,943,349	1,943,349
Property Taxes Receivable	3,226,049	0	3,226,049
Notes Receivable	278,972	0	278,972
Special Assessments Receivable	41,773	0	41,773
Asset Held for Resale	0	998,111	998,111
Recovered Purchased Power Receivable	0	532,778	532,778
Net Pension Asset	266,552	277,432	543,984
Net OPEB Asset	730,304	760,112	1,490,416
Nondepreciable Capital Assets	4,797,692	12,421,408	17,219,100
Depreciable Capital Assets, Net	48,038,368	122,601,007	170,639,375
Investment in Joint Venture	0	2,649,456	2,649,456
	<hr/>	<hr/>	<hr/>
Total Assets	103,339,613	197,095,908	300,435,521
<u>Deferred Outflows of Resources</u>			
Deferred Charge on Refunding	124,915	44,218	169,133
Recovered Purchased Power	0	1,670,151	1,670,151
Pension	4,382,285	991,961	5,323,549
OPEB	2,555,493	377,251	2,932,744
	<hr/>	<hr/>	<hr/>
Total Deferred Outflows of Resources	7,062,693	3,083,581	10,095,577
<u>Liabilities</u>			
Accrued Wages Payable	280,275	130,572	410,847
Accounts Payable	881,090	3,786,094	4,667,184
Contracts Payable	1,070,617	6,009	1,076,626
Due to Other Governments	345,939	179,868	525,807
Matured Compensated Absences Payable	7,867	0	7,867
Unearned Revenue	3,658,389	0	3,658,389
Retainage Payable	189,532	0	189,532
Accrued Interest Payable	52,196	1,359	53,555
Long-Term Liabilities			
Due Within One Year	3,964,993	979,396	4,944,389
Due in More Than One Year			
Net Pension Liability	26,585,022	6,207,356	32,792,378
Net OPEB Liability	3,204,942	0	3,204,942
Other Amounts Due in More Than One Year	46,864,490	1,950,100	48,814,590
	<hr/>	<hr/>	<hr/>
Total Liabilities	87,105,352	13,240,754	100,346,106

(continued)

City of Bowling Green
Statement of Net Position
December 31, 2021
(continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities*</u>	<u>Total*</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes	\$3,216,576	\$0	\$3,216,576
Pension	6,513,344	2,932,516	9,395,163
OPEB	4,256,729	2,378,826	6,635,555
Total Deferred Inflows of Resources	<u>13,986,649</u>	<u>5,311,342</u>	<u>19,247,294</u>
<u>Net Position</u>			
Net Investment in Capital Assets	39,758,517	134,335,842	174,094,359
Restricted for			
Capital Projects	15,023,414	0	15,023,414
Playground and Recreation	1,005,371	0	1,005,371
Street Maintenance and Repair	1,545,774	0	1,545,774
Community Development	926,549	0	926,549
Security of Persons and Property - Police	916,897	0	916,897
Security of Persons and Property - Fire	1,604,079	0	1,604,079
Other Purposes	813,458	0	813,458
Unrestricted (Deficit)	<u>(52,283,754)</u>	<u>47,291,551</u>	<u>(4,992,203)</u>
Total Net Position	<u>\$9,310,305</u>	<u>\$181,627,393</u>	<u>\$190,937,698</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, 2021

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>	<u>Capital Grants and Contributions</u>
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$5,535,985	\$245,143	\$38,686	\$0
Fire	6,611,999	590,301	4,346	0
Public Health	7,480	64,646	5,000	0
Leisure Time Activities	1,719,395	722,601	19,528	24,538
Community Environment	762,583	17,714	332,616	127,311
Basic Utility Services	696,700	1,035,978	0	0
Transportation	4,412,017	883,753	2,099,609	0
General Government				
Court	737,152	978,458	240,916	0
Other	3,155,717	28,478	70,779	0
Internal Service Fund				
External Portion	10,648	15,942	0	0
Interest and Fiscal Charges	1,112,873	0	0	0
Total Governmental Activities	24,762,549	4,583,014	2,811,480	151,849
<u>Business-Type Activities</u>				
Electric	60,420,880	63,920,464	0	0
Water	5,415,883	7,004,331	0	0
Sewer	4,643,062	4,471,020	0	0
Total Business-Type Activities	70,479,825	75,395,815	0	0
Total	\$95,242,374	\$79,978,829	\$2,811,480	\$151,849

General Revenues

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year - Restated (Note 3)

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$5,252,156)	\$0	(\$5,252,156)
(6,017,352)	0	(6,017,352)
62,166	0	62,166
(952,728)	0	(952,728)
(284,942)	0	(284,942)
339,278	0	339,278
(1,428,655)	0	(1,428,655)
482,222	0	482,222
(3,056,460)	0	(3,056,460)
5,294	0	5,294
(1,112,873)	0	(1,112,873)
(17,216,206)	0	(17,216,206)
0	3,499,584	3,499,584
0	1,588,448	1,588,448
0	(172,042)	(172,042)
0	4,915,990	4,915,990
(17,216,206)	4,915,990	(12,300,216)
1,837,795	0	1,837,795
1,222,101	0	1,222,101
8,279,190	0	8,279,190
551,945	0	551,945
5,519,459	0	5,519,459
5,519,459	0	5,519,459
2,207,784	0	2,207,784
1,992,211	0	1,992,211
1,593,738	0	1,593,738
236,314	0	236,314
(248,323)	0	(248,323)
843,049	2,037,951	2,881,000
29,554,722	2,037,951	31,592,673
(4,229,996)	4,229,996	0
25,324,726	6,267,947	31,592,673
8,108,520	11,183,937	19,292,457
1,201,785	170,443,456	171,645,241
\$9,310,305	\$181,627,393	\$190,937,698

City of Bowling Green
Balance Sheet
Governmental Funds
December 31, 2021

	General	Playground and Recreation	American Rescue Plan	Sewer and Water Capital Improvement
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$8,362,695	\$911,832	\$3,658,389	\$12,685,349
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Accounts Receivable	691,269	0	0	0
Accrued Interest Receivable	94,910	0	0	0
Due from Other Governments	494,972	165,929	0	872,411
Municipal Income Taxes Receivable	1,247,930	83,195	0	831,953
Other Local Taxes Receivable	94,685	0	0	0
Interfund Receivable	233,232	0	0	0
Prepaid Items	180,497	10,472	0	0
<u>Restricted Assets</u>				
Equity in Pooled Cash and Cash Equivalents	74,480	0	0	0
Property Taxes Receivable	1,846,902	1,112,307	0	0
Notes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
Total Assets	\$13,321,572	\$2,283,735	\$3,658,389	\$14,389,713
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$179,331	\$4,839	\$0	\$0
Accounts Payable	529,079	28,835	0	84,503
Contracts Payable	0	0	0	882,663
Due to Other Governments	236,072	9,674	0	0
Matured Compensated Absences Payable	7,867	0	0	0
Interfund Payable	0	0	0	3,515
Unearned Revenue	0	0	3,658,389	0
Retainage Payable	0	0	0	174,120
Total Liabilities	952,349	43,348	3,658,389	1,144,801
<u>Deferred Inflows of Resources</u>				
Property Taxes	1,842,762	1,107,712	0	0
Unavailable Revenue	1,626,266	165,581	0	337,740
Total Deferred Inflows of Resources	3,469,028	1,273,293	0	337,740
<u>Fund Balance</u>				
Nonspendable	254,977	10,472	0	0
Restricted	0	956,622	0	12,907,172
Committed	80,002	0	0	0
Assigned	1,737,127	0	0	0
Unassigned (Deficit)	6,828,089	0	0	0
Total Fund Balance	8,900,195	967,094	0	12,907,172
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$13,321,572	\$2,283,735	\$3,658,389	\$14,389,713

See Accompanying Notes to the Basic Financial Statements

Other Governmental	Total Governmental Funds
\$13,369,122	\$38,987,387
4,118	4,118
750	692,019
0	94,910
624,082	2,157,394
1,164,734	3,327,812
22,862	117,547
202,500	435,732
43,758	234,727
0	74,480
266,840	3,226,049
278,972	278,972
41,773	41,773
\$16,019,511	\$49,672,920
\$94,058	\$278,228
236,742	879,159
187,954	1,070,617
98,811	344,557
0	7,867
252,500	256,015
0	3,658,389
15,412	189,532
885,477	6,684,364
266,102	3,216,576
1,015,732	3,145,319
1,281,834	6,361,895
43,758	309,207
7,009,421	20,873,215
6,918,433	6,998,435
35,916	1,773,043
(155,328)	6,672,761
13,852,200	36,626,661
\$16,019,511	\$49,672,920

City of Bowling Green
 Reconciliation of Total Governmental Fund Balance
 to Net Position of Governmental Activities
 December 31, 2021

Total Governmental Fund Balance \$36,626,661

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

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

Governmental Activities	52,836,060	
Internal Service Fund	<u>(1,915)</u>	52,834,145

Deferred outflows of resources include deferred charges on refundings which do not provide current financial resources and, therefore, are not reported in the funds. 124,915

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	575,964	
Accrued Interest Receivable	56,838	
Due from Other Governments	1,098,207	
Municipal Income Taxes Receivable	1,350,961	
Other Local Taxes Receivable	12,103	
Delinquent Property Taxes Receivable	9,473	
Special Assessments Receivable	<u>41,773</u>	3,145,319

An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities. 18,229

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	266,552	
Net Pension Asset - Internal Service Fund	(5,440)	
Deferred Outflows - Pension	4,382,285	
Deferred Outflows - Pension - Internal Service Fund	(18,529)	
Deferred Inflows - Pension	(6,513,344)	
Deferred Inflows - Pension - Internal Service Fund	58,089	
Net Pension Liability	(26,585,022)	
Net Pension Liability - Internal Service Fund	121,713	
Net OPEB Asset	730,304	
Net OPEB Asset - Internal Service Fund	(14,904)	
Deferred Outflows - OPEB	2,555,493	
Deferred Outflows - OPEB - Internal Service Fund	(7,397)	
Deferred Inflows - OPEB	(4,256,729)	
Deferred Inflows - OPEB - Internal Service Fund	47,703	
Net OPEB Liability	<u>(3,204,942)</u>	(32,444,168)

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

Accrued Interest Payable	(52,196)	
General Obligation Bonds Payable	(21,820,000)	
OWDA Loans Payable	(26,179,838)	
Capital Loans Payable	(680,855)	
Compensated Absences Payable	(2,148,790)	
Compensated Absences Payable - Internal Service Fund	<u>7,948</u>	(50,873,731)

City of Bowling Green
Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities
December 31, 2021
(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.

(\$121,065)

Net Position of Governmental Activities

\$9,310,305

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, 2021

	General	Playground and Recreation	Sewer and Water Capital Improvement	Other Governmental
<u>Revenues</u>				
Property Taxes	\$1,847,852	\$960,349	\$0	\$267,091
Municipal Income Taxes	8,333,719	555,581	5,555,813	7,778,138
Other Local Taxes	2,218,735	0	0	277,339
Special Assessments	0	0	0	46,621
Charges for Services	2,754,670	722,601	0	222,646
Fees, Licenses, and Permits	43,594	0	0	15,517
Fines and Forfeitures	253,428	0	0	248,119
Intergovernmental	1,790,456	18,112	0	2,602,037
Interest	(240,501)	0	0	11,258
Other	232,875	142,885	53,168	259,135
Total Revenues	17,234,828	2,399,528	5,608,981	11,727,901
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	4,825,027	0	0	1,702,688
Fire	2,956,635	0	0	3,742,329
Public Health	858	0	0	37
Leisure Time Activities	0	1,946,323	0	3,326
Community Environment	738,633	0	0	269,956
Basic Utility Services	929,408	0	0	0
Transportation	2,707,555	0	0	1,868,598
General Government				
Court	1,236,358	0	0	161,313
Other	3,057,081	15,637	156,375	244,251
Capital Outlay	0	0	5,072,728	1,498,023
Debt Service				
Principal Retirement	0	0	1,697,458	1,378,621
Interest and Fiscal Charges	2,048	0	399,564	673,900
Total Expenditures	16,453,603	1,961,960	7,326,125	11,543,042
Excess of Revenues Over (Under) Expenditures	781,225	437,568	(1,717,144)	184,859
<u>Other Financing Sources (Uses)</u>				
General Obligation Bonds Issued	0	0	2,319,884	6,820,116
OWDA Loans Issued	0	0	3,415,309	0
Capital Loans Issued	0	0	0	743,615
Current Refunding	0	0	0	(1,010,000)
Sale of Capital Assets	0	0	0	35,806
Transfers In	510,050	0	666,043	3,368,607
Transfers Out	(518,273)	(262,308)	0	(3,098,076)
Total Other Financing Sources (Uses)	(8,223)	(262,308)	6,401,236	6,860,068
Change in Fund Balance	773,002	175,260	4,684,092	7,044,927
Fund Balance Beginning of Year	8,127,193	791,834	8,223,080	6,807,273
Fund Balance End of Year	<u>\$8,900,195</u>	<u>\$967,094</u>	<u>\$12,907,172</u>	<u>\$13,852,200</u>

See Accompanying Notes to the Basic Financial Statements

Total
Governmental
Funds

\$3,075,292
22,223,251
2,496,074
46,621
3,699,917
59,111
501,547
4,410,605
(229,243)
688,063

36,971,238

6,527,715
6,698,964
895
1,949,649
1,008,589
929,408
4,576,153

1,397,671
3,473,344
6,570,751

3,076,079
1,075,512

37,284,730

(313,492)

9,140,000
3,415,309
743,615
(1,010,000)
35,806
4,544,700
(3,878,657)

12,990,773

12,677,281

23,949,380

\$36,626,661

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, 2021

Change in Fund Balance - Total Governmental Funds \$12,677,281

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

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

Capital Outlay	1,215,206	
Capital Contributions	127,311	
Depreciation	(2,871,980)	
Depreciation - Internal Service Fund	<u>4,590</u>	(1,524,873)

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 on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(35,806)	
Gain on Disposal of Capital Assets	<u>35,806</u>	0

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

Property Taxes	(15,396)	
Municipal Income Taxes	(145,414)	
Other Local Taxes	9,790	
Special Assessments	(43,515)	
Charges for Services	31,257	
Fines and Forfeitures	(5,205)	
Intergovernmental	7,893	
Interest	(7,822)	
Other	119,180	
OWDA Loans Issued	<u>(172,524)</u>	(221,756)

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

Bond Anticipation Notes Payable	1,010,000	
General Obligation Bonds Payable	1,450,000	
OWDA Loans Payable	1,563,319	
Capital Loans Payable	<u>62,760</u>	4,086,079

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.

General Obligation Bonds Payable	(9,140,000)	
OWDA Loans Payable	(3,242,785)	
Capital Loans Payable	<u>(743,615)</u>	(13,126,400)

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	(10,571)	
Amortization of Deferred Charge on Refunding	<u>(26,790)</u>	(37,361)

(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, 2021
 (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	(\$74,418)	
Compensated Absences Payable - Internal Service Fund	<u>(1,368)</u>	(75,786)
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	(793,827)	
Pension Expense - Internal Service Fund	(3,056)	
OPEB Expense	4,439,581	
OPEB Expense - Internal Service Fund	<u>(93,579)</u>	3,549,119
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	2,705,997	
Contractually Required Contributions - Pension - Internal Service Fund	(17,930)	
Contractually Required Contributions - OPEB	46,043	
Contractually Required Contributions - OPEB - Internal Service Fund	<u>(70)</u>	2,734,040
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.		
		42,883
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>5,294</u>
Change in Net Position of Governmental Activities		<u><u>\$8,108,520</u></u>

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$1,859,359	\$1,739,359	\$1,847,852	\$108,493
Other Local Taxes	2,179,300	2,179,300	2,203,115	23,815
Charges for Services	2,637,800	2,637,800	2,730,679	92,879
Fees, Licenses, and Permits	35,450	35,450	43,594	8,144
Fines and Forfeitures	208,500	208,500	246,643	38,143
Intergovernmental	1,117,274	1,539,642	1,774,673	235,031
Interest	436,000	436,000	439,338	3,338
Other	74,850	96,354	206,160	109,806
Total Revenues	8,548,533	8,872,405	9,492,054	619,649
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,073,371	5,084,371	4,829,252	255,119
Fire	3,007,916	3,029,366	3,017,063	12,303
Community Environment	896,892	899,592	797,953	101,639
Basic Utility Services	1,001,843	1,007,843	989,184	18,659
Transportation	3,075,821	3,075,816	2,935,130	140,686
General Government				
Court	1,313,026	1,313,026	1,245,266	67,760
Other	2,880,143	3,064,813	3,065,294	(481)
Total Expenditures	17,249,012	17,474,827	16,879,142	595,685
Excess of Revenues Under Expenditures	(8,700,479)	(8,602,422)	(7,387,088)	1,215,334
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	8,500	8,500	8,508	8
Advances Out	0	(50,000)	(50,000)	0
Transfers In	7,761,281	8,122,281	8,186,650	64,369
Transfers Out	(627,178)	(583,878)	(582,959)	919
Total Other Financing Sources (Uses)	7,142,603	7,496,903	7,562,199	65,296
Change in Fund Balance	(1,557,876)	(1,105,519)	175,111	1,280,630
Fund Balance Beginning of Year	6,111,009	6,111,009	6,111,009	0
Prior Year Encumbrances Appropriated	668,037	668,037	668,037	0
Fund Balance End of Year	\$5,221,170	\$5,673,527	\$6,954,157	\$1,280,630

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$944,230	\$944,229	\$960,349	\$16,120
Municipal Income Taxes	525,000	550,000	554,629	4,629
Charges for Services	839,750	839,750	722,251	(117,499)
Fines and Forfeitures	250	250	0	(250)
Intergovernmental	13,343	16,207	18,112	1,905
Other	147,410	147,410	104,376	(43,034)
Total Revenues	<u>2,469,983</u>	<u>2,497,846</u>	<u>2,359,717</u>	<u>(138,129)</u>
<u>Expenditures</u>				
Current:				
Leisure Time Activities	2,224,764	2,227,628	1,988,643	238,985
General Government				
Other	19,725	16,687	16,420	267
Total Expenditures	<u>2,244,489</u>	<u>2,244,315</u>	<u>2,005,063</u>	<u>239,252</u>
Excess of Revenues Over Expenditures	225,494	253,531	354,654	101,123
<u>Other Financing Uses</u>				
Transfers Out	(215,727)	(262,308)	(262,308)	0
Change in Fund Balance	9,767	(8,777)	92,346	101,123
Fund Balance Beginning of Year	698,476	698,476	698,476	0
Prior Year Encumbrances Appropriated	70,980	70,980	70,980	0
Fund Balance End of Year	<u>\$779,223</u>	<u>\$760,679</u>	<u>\$861,802</u>	<u>\$101,123</u>

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$3,658,389	\$3,658,389	\$3,658,389	\$0
<u>Expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Fund Balance	3,658,389	3,658,389	3,658,389	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$3,658,389</u></u>	<u><u>\$3,658,389</u></u>	<u><u>\$3,658,389</u></u>	<u><u>\$0</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Fund Net Position
Proprietary Funds
December 31, 2021

	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	\$31,249,782	\$9,704,630	\$4,381,106	\$45,335,518	\$53,317
Accounts Receivable	8,105,812	790,020	622,665	9,518,497	1,783
Due from Other Governments	3,101	414	479	3,994	21
Other Local Taxes Receivable	108,727	0	0	108,727	0
Interfund Receivable	9,685	2,756	187	12,628	15,385
Prepaid Items	59,528	49,607	49,715	158,850	1,057
Materials and Supplies Inventory	1,280,290	663,059	0	1,943,349	0
Total Current Assets	40,816,925	11,210,486	5,054,152	57,081,563	71,563
<u>Non-Current Assets</u>					
Asset Held for Resale	598,867	199,622	199,622	998,111	0
Recovered Purchased Power Receivable	532,778	0	0	532,778	0
Net Pension Asset	125,116	76,158	76,158	277,432	5,440
Net OPEB Asset	342,796	208,658	208,658	760,112	14,904
Nondepreciable Capital Assets	2,510,393	2,855,190	7,055,825	12,421,408	0
Depreciable Capital Assets, Net	18,250,996	54,148,019	50,201,992	122,601,007	1,915
Investment in Joint Venture	2,649,456	0	0	2,649,456	0
Total Non-Current Assets	25,010,402	57,487,647	57,742,255	140,240,304	22,259
Total Assets	65,827,327	68,698,133	62,796,407	197,321,867	93,822
<u>Deferred Outflows of Resources</u>					
Deferred Charge on Refunding	0	9,801	34,417	44,218	0
Recovered Purchased Power	1,670,151	0	0	1,670,151	0
Pension	445,245	288,575	336,355	1,070,175	18,529
OPEB	184,146	122,069	153,936	460,151	7,397
Total Deferred Outflows of Resources	2,299,542	420,445	524,708	3,244,695	25,926
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	56,551	37,555	36,466	130,572	2,047
Accounts Payable	3,414,730	194,000	177,364	3,786,094	1,931
Contracts Payable	6,009	0	0	6,009	0
Due to Other Governments	92,595	38,431	48,842	179,868	1,382
Interfund Payable	183,472	6,640	17,618	207,730	0
Accrued Interest Payable	0	300	1,059	1,359	0
General Obligation Bonds Payable	0	80,000	275,000	355,000	0
Compensated Absences Payable	236,896	164,001	151,499	552,396	4,607
AMP Ohio Payable	72,000	0	0	72,000	0
Total Current Liabilities	4,062,253	520,927	707,848	5,291,028	9,967

(continued)

City of Bowling Green
Statement of Fund Net Position
Proprietary Funds
December 31, 2021
(continued)

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Non-Current Liabilities</u>					
Loan Payable	\$120,000	\$40,000	\$40,000	\$200,000	\$0
General Obligation Bonds Payable	0	80,000	290,000	370,000	0
Compensated Absences Payable	417,994	219,686	281,642	919,322	3,341
AMP Ohio Payable	460,778	0	0	460,778	0
Net Pension Liability	2,799,396	1,703,980	1,703,980	6,207,356	121,713
Total Non-Current Liabilities	3,798,168	2,043,666	2,315,622	8,157,456	125,054
Total Liabilities	7,860,421	2,564,593	3,023,470	13,448,484	135,021
<u>Deferred Inflows of Resources</u>					
Pension	1,317,913	917,973	774,844	3,010,730	58,089
OPEB	1,083,166	732,058	646,502	2,461,726	47,703
Total Deferred Inflows of Resources	2,401,079	1,650,031	1,421,346	5,472,456	105,792
<u>Net Position</u>					
Net Investment in Capital Assets	20,755,598	56,853,010	56,727,234	134,335,842	1,915
Unrestricted (Deficit)	37,109,771	8,050,944	2,149,065	47,309,780	(122,980)
Total Net Position (Deficit)	\$57,865,369	\$64,903,954	\$58,876,299	181,645,622	(\$121,065)
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.				(18,229)	
Net position of business-type activities				\$181,627,393	

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, 2021

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Operating Revenues</u>					
Charges for Services	\$62,530,973	\$7,004,331	\$4,471,020	\$74,006,324	\$159,102
Other	698,519	173,632	312,195	1,184,346	322
Total Operating Revenues	<u>63,229,492</u>	<u>7,177,963</u>	<u>4,783,215</u>	<u>75,190,670</u>	<u>159,424</u>
<u>Operating Expenses</u>					
Purchased Power	51,943,400	0	0	51,943,400	0
Plant Operation	0	2,406,619	1,465,320	3,871,939	0
Geographical Information Systems	142,427	148,706	137,156	428,289	0
Distribution Operation	1,482,660	705,949	679,110	2,867,719	0
Administrative and General	3,203,573	402,633	403,358	4,009,564	0
Information and Technology	148,524	49,247	46,171	243,942	0
Sustainability	14,102	5,078	23,648	42,828	0
Depreciation	1,855,678	1,690,083	1,857,046	5,402,807	4,590
Other	0	0	0	0	101,892
Total Operating Expenses	<u>58,790,364</u>	<u>5,408,315</u>	<u>4,611,809</u>	<u>68,810,488</u>	<u>106,482</u>
Operating Income	<u>4,439,128</u>	<u>1,769,648</u>	<u>171,406</u>	<u>6,380,182</u>	<u>52,942</u>
<u>Non-Operating Revenues (Expenses)</u>					
Gain on Disposal of Capital Assets	0	3,600	850,005	853,605	0
Excise Taxes	1,389,491	0	0	1,389,491	0
Excise Taxes Expense	(1,389,491)	0	0	(1,389,491)	0
Interest Expense	0	(9,569)	(33,874)	(43,443)	0
Investment in Joint Venture	(241,168)	0	0	(241,168)	0
Total Non-Operating Revenues (Expenses)	<u>(241,168)</u>	<u>(5,969)</u>	<u>816,131</u>	<u>568,994</u>	<u>0</u>
Income before Transfers and Contributions	4,197,960	1,763,679	987,537	6,949,176	52,942
Transfers Out	0	0	(666,043)	(666,043)	0
Capital Contributions	0	362,355	4,533,684	4,896,039	0
Change in Net Position	4,197,960	2,126,034	4,855,178	11,179,172	52,942
Net Position (Deficit)					
Beginning of Year - Restated (Note 3)	<u>53,667,409</u>	<u>62,777,920</u>	<u>54,021,121</u>		<u>(174,007)</u>
Net Position (Deficit) End of Year	<u>\$57,865,369</u>	<u>\$64,903,954</u>	<u>\$58,876,299</u>		<u>(\$121,065)</u>
The change in net position reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net income of the internal service fund.				<u>4,765</u>	
Change in net position of business-type activities				<u>\$11,183,937</u>	

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	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	\$62,760,096	\$6,953,735	\$4,442,419	\$74,156,250	\$0
Cash Received from Transactions with Other Funds	0	0	0	0	146,852
Cash Payments for Purchased Power	(51,272,971)	0	0	(51,272,971)	0
Cash Payments for Plant Operation	0	(3,165,763)	(2,113,811)	(5,279,574)	0
Cash Payments for Geographical Information Systems	(218,406)	(172,249)	(161,129)	(551,784)	0
Cash Payments for Distribution Operation	(3,038,397)	(1,330,132)	(1,150,278)	(5,518,807)	0
Cash Payments for Administrative and General	(3,815,705)	(655,442)	(659,979)	(5,131,126)	0
Cash Payments for Information and Technology	(214,674)	(71,558)	(71,520)	(357,752)	0
Cash Payments for Sustainability	(47,394)	(16,243)	(32,303)	(95,940)	0
Cash Received from Other Revenues	698,995	173,801	312,340	1,185,136	323
Cash Payments for Other Expenses	0	0	0	0	(215,470)
Net Cash Provided by (Used for) Operating Activities	<u>4,851,544</u>	<u>1,716,149</u>	<u>565,739</u>	<u>7,133,432</u>	<u>(68,295)</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Cash Received from Excise Taxes	1,389,491	0	0	1,389,491	0
Cash Payments for Excise Tax Distribution	(1,389,491)	0	0	(1,389,491)	0
Transfers Out	0	0	(666,043)	(666,043)	0
Net Cash Used for Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>(666,043)</u>	<u>(666,043)</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Principal Paid on General Obligation Bonds	0	(75,000)	(265,000)	(340,000)	0
Interest Paid on General Obligation Bonds	0	(5,100)	(18,013)	(23,113)	0
Sale of Capital Assets	0	3,600	1,332,086	1,335,686	0
Acquisition of Capital Assets	(2,049,239)	(162,147)	(289,428)	(2,500,814)	0
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,049,239)</u>	<u>(238,647)</u>	<u>759,645</u>	<u>(1,528,241)</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,802,305	1,477,502	659,341	4,939,148	(68,295)
Cash and Cash Equivalents Beginning of Year	<u>28,447,477</u>	<u>8,227,128</u>	<u>3,721,765</u>	<u>40,396,370</u>	<u>121,612</u>
Cash and Cash Equivalents End 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>

(continued)

City of Bowling Green
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021
(continued)

	Business-Type Activities			Total Enterprise Funds	Governmental Activity
	Electric	Water	Sewer		Internal Service Fund
<u>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</u>					
Operating Income	\$4,439,128	\$1,769,648	\$171,406	\$6,380,182	\$52,942
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities</u>					
Depreciation	1,855,678	1,690,083	1,857,046	5,402,807	4,590
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	225,778	(50,432)	(28,523)	146,823	337
Decrease in Due from Other Governments	4,607	169	82	4,858	1
Increase in Other Local Taxes Receivable	(95)	0	0	(95)	0
Increase in Interfund Receivable	(786)	(164)	(15)	(965)	(12,587)
(Increase) Decrease in Prepaid Items	5,774	1,564	(458)	6,880	563
Increase in Materials and Supplies Inventory	(16,443)	(129,079)	0	(145,522)	0
Decrease in Recovered Purchased Power Receivable	1,805,916	0	0	1,805,916	0
Increase in Net Pension Asset	(14,777)	(8,997)	(8,997)	(32,771)	(641)
Increase in Net OPEB Asset	(1,656,656)	(1,008,400)	(1,008,399)	(3,673,455)	(72,029)
Increase in Accrued Wages Payable	11,813	8,286	9,313	29,412	450
Increase (Decrease) in Accounts Payable	(980,297)	30,010	102,019	(848,268)	1,352
Decrease in Contracts Payable	(4,718)	0	0	(4,718)	0
Increase (Decrease) in Due to Other Governments	1,710	(1,798)	(1,999)	(2,087)	60
Increase in Interfund Payable	58	2,153	8,007	10,218	0
Increase (Decrease) in Compensated Absences Payable	10,165	(5,554)	25,810	30,421	(1,368)
Decrease in AMP-Ohio Payable	(66,466)	0	0	(66,466)	0
Decrease in Net Pension Liability	(14,997)	(9,131)	(9,128)	(33,256)	(652)
Decrease in Deferred Outflows - Pension	562,800	385,732	350,069	1,298,601	22,640
Decrease in Deferred Outflows - OPEB	333,886	217,989	221,724	773,599	13,645
Decrease in Deferred Inflows - Pension	(892,810)	(649,536)	(611,292)	(2,153,638)	(42,333)
Decrease in Deferred Inflows - OPEB	(757,724)	(526,394)	(510,926)	(1,795,044)	(35,265)
Net Cash Provided by (Used for) Operating Activities	<u>\$4,851,544</u>	<u>\$1,716,149</u>	<u>\$565,739</u>	<u>\$7,133,432</u>	<u>(\$68,295)</u>

Non-Cash Capital Financing Activities:

At December 31, 2021, the Electric enterprise fund had payables related to the acquisition of capital assets, in the amount of \$5,791. At December 31, 2020, the Electric and Water enterprise funds had payables related to the acquisition of capital assets, in the amount of \$6,698 and \$6,435, respectively.

The Water and Sewer enterprise funds received capital assets that were constructed in the City's governmental funds, in the amount of \$362,355 and \$4,533,684, respectively.

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2021

<u>Assets</u>	
Cash and Cash Equivalents in Segregated Accounts	\$140,384
Special Assessments Receivable	<u>107,366</u>
Total Assets	<u>247,750</u>
<u>Liabilities</u>	
Accounts Payable	108,233
Due to Other Governments	<u>55,296</u>
Total Liabilities	<u>163,529</u>
<u>Net Position</u>	
Restricted for Individuals, Organizations, and Other Governments	<u><u>\$84,221</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Change in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2021

<u>Additions</u>	
Fines and Forfeitures for Other Governments	\$1,820,748
Special Assessments Collections for Others	<u>102,494</u>
Total Additions	<u>1,923,242</u>
<u>Deductions</u>	
Fines and Forfeitures Distributions to Other Governments	1,805,893
Special Assessments Distributions to Others	<u>102,494</u>
Total Deductions	<u>1,908,387</u>
Net Increase in Fiduciary Net Position	14,855
Net Position Beginning of Year	<u>69,366</u>
Net Position End of Year	<u><u>\$84,221</u></u>
See Accompanying Notes to the Basic Financial Statements	

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 2021.

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 23, 24, and 25 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, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

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

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

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

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.

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, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; proprietary funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days after year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: income taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, and interest.

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the City, deferred outflows of resources includes deferred charges on refundings, recovered purchased power, pension, and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the life of the old debt or the life of the new debt, whichever is shorter. Recovered purchased power represents recovered costs of a regulated business-type activity applicable to a future period. These amounts have been recorded as deferred outflows of resources on both the government-wide statement of net position and the proprietary fund financial statements. Deferred outflows of resources related to pension and OPEB are reported on the government-wide and proprietary funds statement of net position and explained in Notes 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 position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 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, other local taxes, delinquent property taxes, special assessments, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities on page 20. 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.

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 2021, 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, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For 2021, 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.

Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Due to a decrease in the fair value of the City's investments, the General Fund reported negative interest revenue in 2021.

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, 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

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

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

J. 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, 2021

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 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

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees who have accumulated unpaid leave are paid.

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.

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, and capital loans 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.

Q. Fund Balance

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

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

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2022 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.

R. 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.

S. Capital Contributions

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

T. Interfund Transactions

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

U. 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.

V. Estimates

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

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

A. Change in Accounting Principles

For 2021, the City implemented Implementation Guide No. 2019-1. These changes were incorporated in the City's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

B. Restatement of Net Position

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

	Electric	Water	Sewer
Net Position at December 31, 2020	\$51,874,927	\$62,777,920	\$54,021,121
Asset Held for Resale	598,867	199,622	199,622
Nondepreciable Capital Assets	(478,867)	(159,622)	(159,622)
Depreciable Capital Assets	1,991,647	0	0
Accumulated Depreciation	(199,165)	0	0
Loan Payable	(120,000)	(40,000)	(40,000)
Restated Net Position at December 31, 2020	\$53,667,409	\$62,777,920	\$54,021,121

	Business-Type Activities
Net Position December 31, 2020	\$168,650,974
Asset Held for Resale	998,111
Nondepreciable Capital Assets	(798,111)
Depreciable Capital Assets	1,991,647
Accumulated Depreciation	(199,165)
Loan Payable	(200,000)
Restated Net Position December 31, 2020	\$170,443,456

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2021, the Aquatic Facility Capital Improvement capital projects fund had a deficit fund balance, in the amount of \$155,328, 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, 2021, the internal service fund had a deficit net position, in the amount of \$121,065, 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, 2021

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, 2021.

Fund Program/Department/Object	Appropriations	Expenditures Plus Encumbrances	Excess
General Fund			
Security of Persons and Property			
Fire			
Salaries	\$1,585,765	\$1,642,296	\$56,531
Community Environment			
Planning			
Salaries	207,000	211,990	4,990
Basic Utility Services			
Sustainability			
Salaries	39,487	41,754	2,267
Fringe Benefits	17,207	20,899	3,692
General Government - Other			
Municipal Administrator			
Salaries	137,757	140,896	3,139
Prosecutor			
Salaries	255,657	256,463	806
Personnel Director			
Salaries	80,518	81,360	842
Income Tax			
Salaries	220,094	220,115	21
Operating	22,046,374	22,095,964	49,590
Miscellaneous General			
Salaries	108,000	206,837	98,837
Fringe Benefits	4	4,985	4,981
Operating	1,894,780	1,918,431	23,651
Playground and Recreation Fund			
Leisure Time Activities			
Playground and Recreation Administration			
Salaries	150,313	155,916	5,603
Park Maintenance			
Salaries	161,881	165,160	3,279
Fringe Benefits	67,278	70,416	3,138
Natural Resources			
Salaries	120,792	120,801	9
Fringe Benefits	43,580	55,288	11,708

(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

Fund Program/Department/Object	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
Playground and Recreation Fund (continued)			
Leisure Time Activities (continued)			
Recreational Programming			
Salaries	\$114,175	\$115,171	\$996
Simpson Garden Park			
Salaries	47,680	48,351	671
Revolving Loan Fund			
Community Environment			
Salaries	81,669	85,513	3,844
Municipal Probation Services Fund			
General Government - Court			
Salaries	32,967	33,795	828
Special Assessment Bond Retirement Fund			
Debt Service			
Operating	57,475	58,176	701
Aquatic Facility Fund			
Leisure Time Activities			
Operating	301,319	301,676	357
City Park Building			
Leisure Time Activities			
Operating	1,024,006	1,039,444	15,438
Electric Fund			
Administrative and General			
Fringe Benefits	268,645	276,360	7,715
Information Technology			
Salaries	66,923	67,929	1,006
Sustainability			
Salaries	20,092	25,053	4,961
Water Fund			
Information Technology			
Salaries	22,308	22,643	335
Sustainability			
Salaries	6,697	8,351	1,654
Sewer Fund			
Information Technology			
Salaries	22,308	22,643	335
Sustainability			
Salaries	6,697	8,351	1,654

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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).

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

Change in Fund Balance			
	General	Playground and Recreation	American Rescue Plan
GAAP Basis	\$773,002	\$175,260	\$0
<u>Increases (Decreases) Due To</u>			
Revenue Accruals:			
Accrued 2020, Received in Cash 2021	1,124,525	48,677	0
Accrued 2021, Not Yet Received in Cash	(1,184,872)	(88,138)	3,658,389
Expenditure Accruals:			
Accrued 2020, Paid in Cash 2021	(912,403)	(49,444)	0
Accrued 2021, Not Yet Paid in Cash	952,349	43,348	0
Cash Adjustments:			
Unrecorded Activity 2020	1,032,251	11,597	0
Unrecorded Activity 2021	(405,101)	(14,322)	0
Prepaid Items	14,744	1,076	0
Bond Anticipation Notes Interest and Fiscal Charges	5,050	0	0
Advances Out	(50,000)	0	0
Transfers In	(510,050)	0	0
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses into Financial Statement Fund Types	43,444	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(707,828)	(35,708)	0
Budget Basis	\$175,111	\$92,346	\$3,658,389

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$7,255,062 of the City's bank balance of \$28,649,486 was exposed to custodial credit risk because it was uninsured and uncollateralized. The City's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments

Investments are reported at fair value or amortized cost. At December 31, 2021, 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					
Mutual Funds	\$93,553	\$93,553	\$0	\$0	\$0
Fair Value - Level Two Inputs					
Negotiable Certificates of Deposit	10,205,991	1,243,999	2,753,555	2,163,223	4,045,214
Federal Agricultural Mortgage Corporation Notes	1,644,990	0	0	0	1,644,990
Federal Farm Credit Bank Notes	8,476,458	1,152,070	454,266	1,940,682	4,929,440
Federal Home Loan Bank Notes	5,540,121	0	266,802	1,317,249	3,956,070
Federal Home Loan Mortgage Corporation Notes	2,369,141	0	99,638	1,172,651	1,096,852
Federal National Mortgage Association Notes	2,742,245	0	0	0	2,742,245
United States Treasury Bills	5,718,969	0	0	500,810	5,218,159
Total Fair Value - Level Two Inputs	<u>36,697,915</u>	<u>2,396,069</u>	<u>3,574,261</u>	<u>7,094,615</u>	<u>23,632,970</u>
Amortized Cost					
Commercial Paper	<u>5,630,037</u>	<u>5,380,560</u>	<u>249,477</u>	<u>0</u>	<u>0</u>
Net Value Per Share					
STAR Ohio	<u>13,660,573</u>	<u>13,660,573</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Investments	<u>\$56,082,078</u>	<u>\$21,530,755</u>	<u>\$3,823,738</u>	<u>\$7,094,615</u>	<u>\$23,632,970</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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, 2021. 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.

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.

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	\$10,205,991	18.20%
Federal Agricultural Mortgage Corporation	1,644,990	2.93
Federal Farm Credit Bank	8,476,458	15.11
Federal Home Loan Bank	5,540,121	9.88
Federal Home Loan Mortgage Corporation	2,369,141	4.22
Federal National Mortgage Association	2,742,245	4.89
United States Treasury	5,718,969	10.20
Commercial Paper	5,630,037	10.04

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 7 - RECEIVABLES

Receivables at December 31, 2021, 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 \$140,598, will not be received within one year. At December 31, 2021, the amount of delinquent special assessments was \$15,547.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$90,770
Local Government	380,090
Bowling Green State University	2,348
Ohio Attorney General	19,855
Ohio Bureau of Workers' Compensation	1,909
Total General Fund	494,972
Playground and Recreation	
Homestead and Rollback	8,032
Ohio Bureau of Workers' Compensation	209
State of Ohio	138,458
Wood County	19,230
Total Playground and Recreation	165,929
Sewer and Water Capital Improvement	
Ohio Water Development Authority	872,411
Total Major Funds	1,533,312
Nonmajor Funds	
Street Maintenance and Repair	
Gasoline Tax	431,326
Auto Registration	64,907
Motor Vehicle License Tax	22,641
Ohio Bureau of Workers' Compensation	77
Total Street Maintenance and Repair	518,951

(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
State Highway	
Gasoline Tax	\$34,972
Auto Registration	5,263
Total State Highway	40,235
ODOT Transportation	
Ohio Department of Transportation	44,606
Revolving Loan	
Community Development Block Grant	7,340
Ohio Bureau of Workers' Compensation	19
Total Revolving Loan	7,359
Police Levy	
Ohio Bureau of Workers' Compensation	233
Fire Levy	
Ohio Bureau of Workers' Compensation	527
Aquatic Facility Capital Improvement	
Homestead and Rollback	12,171
Total Nonmajor Funds	624,082
Internal Service Fund	
Ohio Bureau of Workers' Compensation	21
Total Governmental Activities	\$2,157,415
Business Type Activities	
Major Funds	
Electric	
Charges for Services	\$2,455
Ohio Bureau of Workers' Compensation	646
Total Electric	3,101
Water	
Ohio Bureau of Workers' Compensation	414
Sewer	
Charges for Services	63
Ohio Bureau of Workers' Compensation	416
Total Sewer	479
Total Business Type Activities	\$3,994

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 8 - NOTES RECEIVABLE

Notes receivable represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under the Federal Community Development Block Grant and Home Investment Partnership Program. The notes have an annual interest rate of 0 to 4.75 percent and are to be repaid over periods ranging from one and a half to twenty years. A summary of the changes in notes receivable during 2021 follows:

	Balance December 31, 2020	New Loans	Repayments	Balance December 31, 2021	Due Within One Year
Special Revenue Fund					
CDBG					
Revolving Loan Program	\$616,131	\$11,720	\$373,894	\$253,957	\$113,359
Home Program	26,631	0	1,616	25,015	25,015
Total Notes Receivable	<u>\$642,762</u>	<u>\$11,720</u>	<u>\$375,510</u>	<u>\$278,972</u>	<u>\$138,374</u>

NOTE 9 - MUNICIPAL INCOME TAXES

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

The City, by ordinance, allocates 1.5 percent of income taxes as follows: to the General Fund (.75); Playground and Recreation (.05) special revenue fund; and the Capital Improvement (.13), Sewer and Water Capital Improvement (.50), and Street Repair Capital Improvement (.07) capital projects funds. The remaining .5 percent is split between the Police Levy (.14) and Fire Levy (.36) special revenue funds.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 2021 represent the collection of 2020 taxes. Real property taxes received in 2021 were levied after October 1, 2020, on the assessed values as of January 1, 2020, 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 2021 represent the collection of 2020 taxes. Public utility real and tangible personal property taxes received in 2021 became a lien on December 31, 2019, were levied after October 1, 2020, 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, 2021, and for which there was an enforceable legal claim. In the government funds, the portion of the receivable not levied to finance 2021 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been reported as deferred inflows of resources - unavailable revenue.

The full tax rate for all City operations for the year ended December 31, 2021, was \$6.20 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2021 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Agricultural/Residential	\$352,913,060
Commercial/Industrial	194,763,420
Public Utility Real	22,170
Public Utility Personal	5,312,830
Total	<u>\$553,011,480</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 11 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$4,422,948	\$0	\$0	\$4,422,948
Construction in Progress	115,460	259,284	0	374,744
Total Nondepreciable Capital Assets	4,538,408	259,284	0	4,797,692
Depreciable Capital Assets				
Land Improvements	3,716,306	0	0	3,716,306
Buildings	29,033,698	0	0	29,033,698
Equipment	3,721,405	38,800	0	3,760,205
Vehicles	9,546,816	892,916	(292,295)	10,147,437
Streets	74,214,581	151,517	0	74,366,098
Total Depreciable Capital Assets	120,232,806	1,083,233	(292,295)	121,023,744
Less Accumulated Depreciation for				
Land Improvements	(2,020,224)	(131,606)	0	(2,151,830)
Buildings	(12,087,927)	(628,998)	0	(12,716,925)
Equipment	(3,123,645)	(172,946)	0	(3,296,591)
Vehicles	(8,083,958)	(414,261)	292,295	(8,205,924)
Streets	(45,089,937)	(1,524,169)	0	(46,614,106)
Total Accumulated Depreciation	(70,405,691)	(2,871,980)	292,295	(72,985,376)
Total Depreciable Capital Assets, Net	49,827,115	(1,788,747)	0	48,038,368
Governmental Activities				
Capital Assets, Net	\$54,365,523	(\$1,529,463)	\$0	\$52,836,060

Governmental funds accepted contributions of capital assets from other governments with a fair value of \$127,311.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 11 - CAPITAL ASSETS (continued)

	Restated Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$5,690,289	\$0	(\$482,081)	\$5,208,208
Construction in Progress	4,945,013	6,447,535	(4,179,348)	7,213,200
Total Nondepreciable Capital Assets	10,635,302	6,447,535	(4,661,429)	12,421,408
Depreciable Capital Assets				
Buildings	108,640,702	4,116,787	0	112,757,489
Equipment	5,219,011	89,102	0	5,308,113
Vehicles	7,722,793	426,424	(25,555)	8,123,662
Electric, Water, Sewer, and Storm Sewer Lines	121,284,439	489,011	0	121,773,450
Total Depreciable Capital Assets	242,866,945	5,121,324	(25,555)	247,962,714
Less Accumulated Depreciation for				
Buildings	(47,559,627)	(1,905,567)	0	(49,465,194)
Equipment	(3,186,647)	(496,347)	0	(3,682,994)
Vehicles	(6,545,661)	(503,123)	25,555	(7,023,229)
Electric, Water, Sewer, and Storm Sewer Lines	(62,692,520)	(2,497,770)	0	(65,190,290)
Total Accumulated Depreciation	(119,984,455)	(5,402,807)	25,555	(125,361,707)
Total Depreciable Capital Assets, Net	122,882,490	(281,483)	0	122,601,007
Business-Type Activities Capital Assets, Net	\$133,517,792	\$6,166,052	(\$4,661,429)	\$135,022,415

The Water and Sewer enterprise funds accepted contributions of capital assets from governmental activities with a fair value of \$362,355 and \$4,533,684, respectively.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 11 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property-Police	\$57,160
Security of Persons and Property-Fire	215,245
Public Health	6,585
Leisure Time Activities	474,912
Community Environment	118,074
Basic Utility Services	36,727
Transportation	1,729,230
General Government-Court	100,146
General Government-Other	133,901
Total Depreciation Expense - Governmental Activities	\$2,871,980

NOTE 12 - INTERFUND BALANCES

Interfund balances at December 31, 2021, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Electric	\$183,232
Other Governmental	50,000
Total General Fund	\$233,232
Due to Other Governmental Funds from:	
Other Governmental	\$202,500
Due to Electric Fund from:	
Water	\$3,781
Sewer	5,904
Total Electric Fund	\$9,685
(continued)	

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 12 - INTERFUND BALANCES (continued)

Due to Water Fund from:	
Electric	\$137
Sewer	2,619
Total Water Fund	\$2,756

Due to Sewer Fund from :	
Electric	\$103
Water	84
Total Sewer Fund	\$187

Due to Internal Service Fund from:	
Sewer and Water Capital Improvement	\$3,515
Water	2,775
Sewer	9,095
Total Internal Service Fund	\$15,385

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 \$152,500 in other governmental funds, are expected to be received within one year.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2021, 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

(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 13 - RISK MANAGEMENT (continued)

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

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

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

For 2021, the City participated in the Ohio Rural Water Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan. To maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the City pays an enrollment fee to the Plan to cover the costs of administering the program.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 13 - RISK MANAGEMENT (continued)

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

NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has several outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2021:

Vendor	Contract Amount	Amount Paid as of 12/31/21	Outstanding Balance
Jack Doheny Supplies Ohio, Inc.	\$505,955	\$0	\$505,955
Kirk Brothers Company, Inc.	4,559,525	2,188,281	2,371,244
Mosser Construction, Inc.	1,298,000	0	1,298,000
Poggemeyer Design Group, Inc.	1,093,704	296,973	796,731
Speelman Electric, Inc.	415,167	0	415,167
Titan Mechanical	428,900	7,820	421,080
Utility Truck Equipment, Inc.	249,522	0	249,522
Vernon Nagel	767,948	0	767,948

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2022 are as follows:

General Fund	\$707,828
Sewer and Water Capital Improvement	4,724,246
Other Governmental Funds	1,824,333

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 17 for the required OPEB disclosures.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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

	State and Local	Public Safety	Law Enforcement
2021 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0 %	**	***
2021 Actual Contribution Rates			
Employer			
Pension ****	14.0 %	18.1 %	18.1 %
Postemployment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Total Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

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

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

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

For 2021, the City's contractually required contribution was \$1,674,435 for the traditional plan, \$118,620 for the combined plan, and \$17,506 for the member-directed plan. Of these amounts, \$155,874 is reported as an intergovernmental payable for the traditional plan, \$11,050 for the combined plan, and \$1,631 for the member-directed plan.

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

Plan Description - Full-time police and firefighters participate in the Ohio Police and Fire Pension Fund (OPF), a cost-sharing multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information, required supplementary information, and detailed information about OPF's fiduciary net position that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first twenty years of service credit, 2 percent for each of the next five years of service credit, and 1.5 percent for each year of service credit in excess of twenty-five years. The maximum pension of 72 percent of the allowable average annual salary is paid after thirty-three years of service credit. (See the OPF 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 fifty-five years old and have been receiving OPF benefits for at least one year may be eligible for a cost of living allowance adjustment. The age fifty-five provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have fifteen 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 percent of the member's base pension benefit.

The COLA amount for members who have less than fifteen 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 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 1 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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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

	Police	Firefighters
2021 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
 2021 Actual Contribution Rates		
Employer		
Pension	19.00 %	23.50 %
Postemployment Health Care Benefits	.50	.50
Total Employer	19.50 %	24.00 %
Total Employee	12.25 %	12.25 %

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

The City's contractually required contribution was \$1,827,401 for 2021. Of this amount, \$169,644 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. 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.

	OPERS Traditional Plan	OPERS Combined Plan	OPF	Total
Proportion of the Net Pension Liability/Asset				
Current Measurement Date	0.08219500%	0.18844900%	0.30249110%	
Prior Measurement Date	0.08427800%	0.18381500%	0.31840570%	
Change in Proportionate Share	0.00208300%	0.00463400%	0.01591460%	
Proportionate Share				
Net Pension Liability	\$12,171,289	\$0	\$20,621,089	\$32,792,378
Net Pension Asset	\$0	\$543,984	\$0	\$543,984
Pension Expense	(\$320,931)	\$15,386	\$1,092,767	\$787,222

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Pension expense for the member-directed defined contribution plan was \$17,506 for 2021. The aggregate pension expense for all pension plans was \$804,728 for 2021.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources.

	OPERS Traditional Plan	OPERS Combined Plan	OPF	Total
Deferred Outflows of Resources				
Difference Between Expected and Actual Experience	\$0	\$0	\$862,031	\$862,031
Changes of Assumptions	0	33,972	345,825	379,797
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	0	26,048	435,217	461,265
City Contributions Subsequent to the Measurement Date	1,674,435	118,620	1,827,401	3,620,456
Total Deferred Outflows of Resources	<u>\$1,674,435</u>	<u>\$178,640</u>	<u>\$3,470,474</u>	<u>\$5,323,549</u>
Deferred Inflows of Resources				
Difference Between Expected and Actual Experience	\$509,136	\$102,628	\$803,336	\$1,415,100
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,744,014	80,898	1,000,259	5,825,171
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	366,283	6,305	1,782,304	2,154,892
Total Deferred Inflows of Resources	<u>\$5,619,433</u>	<u>\$189,831</u>	<u>\$3,585,899</u>	<u>\$9,395,163</u>

\$3,620,456 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase in the net pension asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	OPERS Traditional Plan	OPERS Combined Plan	OPF	Total
Year Ending December 31,				
2022	(\$2,272,370)	(\$35,660)	(\$405,679)	(\$2,713,709)
2023	(766,230)	(21,447)	68,231	(719,446)
2024	(1,933,821)	(40,109)	(1,198,908)	(3,172,838)
2025	(647,012)	(16,900)	(341,283)	(1,005,195)
2026	0	(5,363)	(65,187)	(70,550)
Thereafter	0	(10,332)	0	(10,332)
Total	<u>(\$5,619,433)</u>	<u>(\$129,811)</u>	<u>(\$1,942,826)</u>	<u>(\$7,692,070)</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 16 - DEFINED BENEFIT PENSION 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 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, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 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	3 percent simple	3 percent simple
Post-January 7, 2013	.5 percent simple through 2021, then 2.15 percent simple	.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

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013, retirees changing it from 1.4 percent simple through 2020 then 2.15 percent simple to .5 percent simple through 2021 then 2.15 percent simple.

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

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

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. Each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, is summarized in the following table.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	<u>100.00 %</u>	

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

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

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
City's Proportionate Share of the Net Pension Liability (Asset)			
OPERS Traditional Plan	\$23,216,800	\$12,171,289	\$2,986,966
OPERS Combined Plan	(\$378,782)	(\$543,984)	(\$667,109)

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

Changes Between the Measurement Date and the Reporting Date

During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Actuarial Assumptions - OPF

OPF's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67 as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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 modification as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI based COLA, investment returns, salary increases, and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, are presented below.

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	entry age normal
Investment Rate of Return	8 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum compounded annually consisting of an inflation rate of 2.75 percent plus productivity increase rate of .5 percent
Cost of Living Adjustments	2.2 percent simple for increases based on lesser of the increase in CPI and 3 percent

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

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building block approach and assumes a time horizon as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2020, are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equities	21.00	4.10
Non-U.S. Equities	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income*	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

Note: assumptions are geometric

* levered 2.5x

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

OPF's Board of Trustees has incorporated the risk parity concept into OPF's asset liability valuation with the goal of reducing equity risk exposure which reduces overall total portfolio risk without sacrificing return and creating a more risk balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the total portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

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

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

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City's Proportionate Share of the Net Pension Liability	\$28,707,199	\$20,621,089	\$13,853,833

NOTE 17 - DEFINED BENEFIT OPEB PLANS

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

OPERS maintains a cost-sharing multiple-employer defined benefit postemployment health care trust which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a health reimbursement arrangement (HRA) to qualifying benefit recipients of both the traditional and combined pension 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 drug 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.

Medicare eligible retirees who choose to become reemployed or survivors who become employed in an OPERS covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

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 account balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and reemployed 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. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

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 which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. For 2021, OPERS did not allocate any employer contributions to health care for members in the traditional and combined plans.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2021.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$7,003 for 2021. Of this amount, \$653 is reported as an intergovernmental payable.

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

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

OPF 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 OPF is available to these members through a health reimbursement arrangement and can be used to reimburse retirees for qualified health care expenses.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

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

OPF maintains funds for health care in two separate accounts, one for health care benefits and one for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under an IRS Code Section 115 Trust. An IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contribution for retiree health care benefits. For 2021, the portion of the employer contribution allocated to health care was .5 percent of covered payroll. The amount of the employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OPF was \$42,611 for 2021. Of this amount, \$3,968 is reported as an intergovernmental payable.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

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

The net OPEB asset and the total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OPF's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. 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>OPF</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset			
Current Measurement Date	0.08365700%	0.30249110%	
Prior Measurement Date	0.08549700%	0.31840570%	
Change in Proportionate Share	<u>0.00184000%</u>	<u>0.01591460%</u>	
Proportionate Share of the			
Net OPEB Liability	\$0	\$3,204,942	\$3,204,942
Net OPEB Asset	\$1,490,416	\$0	\$1,490,416
OPEB Expense	(\$9,358,092)	\$227,182	(\$9,130,910)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes of Assumptions	\$732,706	\$1,770,556	\$2,503,262
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	0	379,868	379,868
City Contributions Subsequent to the Measurement Date	7,003	42,611	49,614
Total Deferred Outflows of Resources	<u>\$739,709</u>	<u>\$2,193,035</u>	<u>\$2,932,744</u>
Deferred Inflows of Resources			
Difference Between Expected and Actual Experience	\$1,345,092	\$528,644	\$1,873,736
Changes of Assumptions	2,414,921	510,928	2,925,849
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	793,816	119,101	912,917
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	216,388	706,665	923,053
Total Deferred Inflows of Resources	<u>\$4,770,217</u>	<u>\$1,865,338</u>	<u>\$6,635,555</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

\$49,614 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 increase in the net OPEB asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

Year Ending December 31,	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
2022	(\$2,151,162)	\$62,744	(\$2,088,418)
2023	(1,447,854)	90,948	(1,356,906)
2024	(344,960)	46,484	(298,476)
2025	(93,535)	47,182	(46,353)
2026	0	20,551	20,551
Thereafter	0	17,177	17,177
Total	<u>(\$4,037,511)</u>	<u>\$285,086</u>	<u>(\$3,752,425)</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74.

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	
Current Measurement Date	6 percent
Prior Measurement Date	3.16 percent
Investment Rate of Return	6 percent
Municipal Bond Rate	
Current Measurement Date	2 percent
Prior Measurement Date	2.75 percent
Health Care Cost Trend Rate	
Current Measurement Date	8.5 percent initial
	3.5 percent ultimate in 2035
Prior Measurement Date	10.5 percent initial
	3.5 percent ultimate in 2030
Actuarial Cost Method	individual entry age

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

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

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

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. Each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2020, is summarized in the following table.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.43
Total	<u>100.00 %</u>	

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

Discount Rate - A single discount rate of 6 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of twenty year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the expected rate of return on the health care investment portfolio of 6 percent and a municipal bond rate of 2 percent (Fidelity Index's "Twenty-Year Municipal GO AA Index). The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through 2120; 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 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 percent) or one percentage point higher (7 percent) than the current rate.

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
City's Proportionate Share of the Net OPEB Asset	\$370,601	\$1,490,416	\$2,410,995

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 assumed trend rates and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1 percent lower or 1 percent higher than the current rate.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 2021 is 8.5 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that the health plan cost trend will decrease to a level at or near wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate assumed to be 3.5 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's Proportionate Share of the Net OPEB Asset	\$1,526,740	\$1,490,416	\$1,449,776

Changes Between the Measurement Date and the Reporting Date

During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effect of these changes are unknown.

Actuarial Assumptions - OPF

OPF's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled forward using generally accepted actuarial procedures. The total OPEB liability is determined by OPF's actuaries in accordance with GASB Statement No. 74 as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modification as actual results are compared with past expectations and new estimates are made about the future.

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	entry age normal
Investment Rate of Return	8 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Single Discount Rate	
Current Measurement Date	2.96 percent
Prior Measurement Date	3.56 percent
Cost of Living Adjustments	2.2 percent simple

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

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

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

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

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

The OPF health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 16.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

Discount Rate - For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, the plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020, and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation Twenty Year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to all 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 2.96 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 (1.96 percent) or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's Proportionate Share of the Net OPEB Liability	\$3,996,380	\$3,204,942	\$2,552,099

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

NOTE 19 - NOTES PAYABLE

The City’s note transactions for the year ended December 31, 2021, were as follows:

	Interest Rate	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021
<u>Governmental Activities</u>					
Bond Anticipation Notes from Direct Placements					
Real Estate Acquisition	1%	\$505,000	\$0	\$505,000	\$0

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

The City issued bond anticipation notes in 2020 through a direct placement, in the amount of \$505,000, to purchase land. The notes matured on May 28, 2021.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 20 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2021, was as follows:

	Interest Rate	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
<u>Governmental Activities</u>						
Bond Anticipation Notes from Direct Placements						
2020 Various Purpose						
Real Estate Acquisition	1%	\$1,010,000	\$0	\$1,010,000	\$0	\$0
General Obligation Bonds						
2021 Various Purpose Improvement						
(Original Issue - \$9,140,000)	1.5 - 4	0	9,140,000	305,000	8,835,000	220,000
General Obligation Bonds from Direct Placements						
2004 Various Purpose Improvement						
(Original Issue - \$11,745,000)	3 - 5	55,000	0	55,000	0	0
2012 Refunding Various Purpose Improvement						
(Original Issue - \$3,850,000)	.75 - 3	2,435,000	0	430,000	2,005,000	440,000
2013 Refunding Various Purpose Improvement						
(Original Issue - \$7,095,000)	1.5 - 4	2,710,000	0	380,000	2,330,000	390,000
2018 Various Purpose Improvement						
(Original Issue - \$9,815,000)	3 - 4	8,930,000	0	280,000	8,650,000	280,000
Total General Obligation Bonds from Direct Placements		14,130,000	0	1,145,000	12,985,000	1,110,000
Total General Obligation Bonds		14,130,000	9,140,000	1,450,000	21,820,000	1,330,000
Ohio Water Development Authority Loans from Direct Borrowings						
2008 Intake and Pump Station						
(Original Issue - \$4,107,626)	3.52	2,203,723	0	212,098	1,991,625	219,630
2009 WWTP Tertiary Filtration						
(Original Issue - \$2,541,205)	4.14	1,336,175	0	134,136	1,202,039	139,747
2009 Microfiltration/Low Pressure Reverse Osmosis						
(Original Issue - \$4,319,545)	0.00	2,159,772	0	215,977	1,943,795	215,977
2010 WWTP Ultraviolet Disinfection Project						
(Original Issue - \$961,095)	3.70	521,959	0	49,861	472,098	51,723
2012 Poe and Mercer Roads Pump Station Upgrades						
(Original Issue - \$1,228,015)	3.08	795,755	0	58,638	737,117	60,458
2013 Manville Tower Replacement						
(Original Issue - \$3,227,489)	2.59	2,498,450	0	143,999	2,354,451	147,753

(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
<u>Governmental Activities (continued)</u>						
Ohio Water Development Authority Loans from Direct Borrowings (continued)						
2015 Water Treatment Reservoir Pump Station (Original Issue - \$3,332,996)	0.00%	\$2,749,722	\$0	\$166,650	\$2,583,072	\$166,650
2017 Grit Removal System Improvements (Original Issue - \$5,225,256)	0.00	4,811,465	0	239,365	4,572,100	261,262
2018 Conneaut Avenue Pump Station & Force Main (Original Issue - \$1,935,893)	1.84	1,710,313	0	64,116	1,646,197	86,239
2018 WTP Rapid Sand Filter (Original Issue - \$2,231,035)	0.00	1,974,754	0	78,374	1,896,380	111,552
2019 Microfiltration Membrane Expansion	0.00	2,435,110	0	154,880	2,280,230	0
2019 Wooster and Main Water Main Replacement (Original Issue - \$1,113,173)	2.35	1,045,987	0	45,225	1,000,762	46,835
2019 Aeration and Biosolids Improvements	0.00	257,187	3,242,785	0	3,499,972	0
Total Ohio Water Development Authority Loans		<u>24,500,372</u>	<u>3,242,785</u>	<u>1,563,319</u>	<u>26,179,838</u>	<u>1,507,826</u>
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		8,162,479	0	2,198,546	5,963,933	0
Ohio Police and Fire Pension		21,449,510	0	828,421	20,621,089	0
Total Net Pension Liability		<u>29,611,989</u>	<u>0</u>	<u>3,026,967</u>	<u>26,585,022</u>	<u>0</u>
Net OPEB Liability						
Ohio Public Employees Retirement System		5,786,585	0	5,786,585	0	0
Ohio Police and Fire Pension		3,145,126	59,816	0	3,204,942	0
Total Net OPEB Liability		<u>8,931,711</u>	<u>59,816</u>	<u>5,786,585</u>	<u>3,204,942</u>	<u>0</u>
Capital Loan from Direct Borrowing		0	743,615	62,760	680,855	68,319
Compensated Absences Payable		2,074,372	268,310	193,892	2,148,790	1,058,848
Total Other Long-Term Obligations		<u>40,618,072</u>	<u>1,071,741</u>	<u>9,070,204</u>	<u>32,619,609</u>	<u>1,127,167</u>
Total Governmental Activities		<u>\$80,258,444</u>	<u>\$13,454,526</u>	<u>\$13,093,523</u>	<u>\$80,619,447</u>	<u>\$3,964,993</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Restated Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
<u>Business-Type Activities</u>						
General Obligation Bonds from Direct Placements						
2012 Refunding Various Purpose Improvement						
(Original Issue - \$2,195,000)	.75 - 3%	\$1,065,000	\$0	\$340,000	\$725,000	\$355,000
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		8,495,640	0	2,288,284	6,207,356	0
Net OPEB Liability						
Ohio Public Employees Retirement System		6,022,773	0	6,022,773	0	0
Loan Payable from Direct Borrowing						
Real Estate Acquisition	5	200,000	0	0	200,000	0
Compensated Absences Payable		1,441,297	139,914	109,493	1,471,718	552,396
AMP Ohio Payable		599,244	5,534	72,000	532,778	72,000
Total Other Long-Term Obligations		16,758,954	145,448	8,492,550	8,411,852	624,396
Total Business-Type Activities		\$17,823,954	\$145,448	\$8,832,550	\$9,136,852	\$979,396

Bond Anticipation Notes

The City issued bond anticipation notes in 2020 through a direct placement, in the amount of \$1,010,000, for the construction of a park building. The notes matured on May 28, 2021, and were retired with the proceeds of general obligation bonds issued.

2004 Various Purpose Improvement General Obligation Bonds - On May 6, 2004, the City issued \$17,960,000 in unvoted general obligation bonds through a direct placement to retire notes originally issued to finance the following: a new Municipal Court (\$3,510,000), the West Side Fire Station (\$610,000), portions of the Central Business District (\$2,270,000), the Community Center (\$3,950,000), the East Wooster Street Improvements (\$1,405,000), the Electric System (\$835,000), the Water System Improvement (\$1,150,000), the Wastewater Treatment Plant (\$1,385,000), and the Sanitary Sewerage System (\$2,845,000). The bonds were issued for a twenty-four year period with maturity beginning December 1, 2004. The interest rate of the bonds ranges from 3 to 5 percent over the life of the bonds. The bonds matured and were paid in full in 2021.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

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

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

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

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

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

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

At December 31, 2021, none of the refunded debt was still outstanding.

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

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

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

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

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

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

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

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

The bonds maturing on December 1, 2036, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2035	\$395,000
2036	\$410,000

The bonds maturing on December 1, 2038, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2037	\$420,000
2038	\$430,000

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

The bonds maturing and on December 1, 2040, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2039	\$445,000
2040	\$465,000

The bonds maturing and on December 1, 2042, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2041	\$480,000
2042	\$495,000

The bonds maturing and on December 1, 2047, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2043	\$165,000
2044	\$170,000
2045	\$175,000
2046	\$180,000
2047	\$185,000

The bonds are subject to prior redemption on or after December 1, 2024, by and at the sole option of the City, either in whole or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

At December 31, 2021, all of the bond proceeds have been spent and \$1,602,728 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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

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

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, 2021, \$7,647,805 of the bond proceeds have not been spent and \$57,770 has not been capitalized.

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

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 \$20,399,636 and \$1,553,148, respectively. Principal and interest paid on the OWDA loans in the Sewer and Water Capital Improvement capital projects fund for the current year were \$1,563,319 and \$253,063, respectively. Total revenue for the Sewer and Water Capital Improvement capital projects fund was \$5,608,981.

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

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

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.

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, the Electric, Water, and Sewer enterprise funds, and the Engineering internal service fund.

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

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

The City’s estimated share of the impaired costs at March 31, 2014, was \$3,625,332. The City received a credit of \$949,722 related to the AMPGS costs deemed to have future benefit for the project participants, and had made payments of \$1,679,000 leaving a net impaired cost estimate of \$996,610. The City has since incurred additional costs of \$143,632 (in total) for interest and legal fees and has made payments of \$607,464 (in total), resulting in a net impaired cost estimate at December 31, 2021, of \$532,778. 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 \$36,282,121 at December 31, 2021.

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, 2021, were as follows:

Year	General Obligation Bonds			
	Principal	Interest	From Direct Placement	
	Principal	Interest	Principal	Interest
2022	\$220,000	\$190,105	\$1,110,000	\$397,563
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 to 2031	1,335,000	707,875	3,095,000	1,240,495
2032 to 2036	1,435,000	596,025	2,125,000	838,656
2037 to 2041	1,590,000	448,413	2,240,000	481,849
2042 to 2046	1,760,000	280,704	1,185,000	139,305
2047 to 2050	1,540,000	86,621	185,000	6,706
Total	\$8,835,000	\$2,979,563	\$12,985,000	\$4,447,606

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Year	Direct Borrowings			
	OWDA Loans		Capital Loan	
	Principal	Interest	Principal	Interest
2022	\$1,507,826	\$241,752	\$68,319	\$16,627
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 to 2031	7,035,885	430,045	321,605	18,179
2032 to 2036	4,276,527	120,435	0	0
2037 to 2041	1,299,819	9,167	0	0
2042 to 2046	0	0	0	0
2047 to 2050	0	0	0	0
Total	\$20,399,636	\$1,553,148	\$680,855	\$83,654

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2021, from the enterprise funds were as follows:

Year	General Obligation Bonds		AMP Ohio Payable
	Principal	Interest	Principal
2021	\$355,000	\$16,313	\$72,000
2023	370,000	8,324	72,000
2024	0	0	72,000
2025	0	0	72,000
2026	0	0	72,000
2027-2028	0	0	172,778
Total	\$725,000	\$24,637	\$532,778

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 21 - 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	\$180,497	\$10,472	\$0	\$43,758
Unclaimed Monies	74,480	0	0	0
Total Nonspendable	<u>254,977</u>	<u>10,472</u>	<u>0</u>	<u>43,758</u>
Restricted for:				
Capital Improvements	0	0	12,907,172	844,012
Cemetery Operations and Maintenance	0	0	0	25,571
Community Development	0	0	0	925,623
Court Operations	0	0	0	224,991
Debt Retirement	0	0	0	2,807
Playground and Recreation	0	956,622	0	17,640
Police and Fire Operations	0	0	0	2,896,141
Public Transit	0	0	0	34,508
Street Construction and Maintenance	0	0	0	2,038,128
Total Restricted	<u>0</u>	<u>956,622</u>	<u>12,907,172</u>	<u>7,009,421</u>
Committed to:				
Equipment Replacement	0	0	0	586,241
Facility Replacement	0	0	0	6,313,247
Greenspace Enhancements	80,002	0	0	0
Roadway Replacement	0	0	0	18,945
Total Committed	<u>80,002</u>	<u>0</u>	<u>0</u>	<u>6,918,433</u>
Assigned for:				
Debt Retirement	0	0	0	35,916
Future Severance	30,000	0	0	0
Projected Budget Shortage	1,052,260	0	0	0
Unpaid Obligations	654,867	0	0	0
Total Assigned	<u>1,737,127</u>	<u>0</u>	<u>0</u>	<u>35,916</u>
Unassigned (Deficit)	<u>6,828,089</u>	<u>0</u>	<u>0</u>	<u>(155,328)</u>
Total Fund Balance	<u>\$8,900,195</u>	<u>\$967,094</u>	<u>\$12,907,172</u>	<u>\$13,852,200</u>

NOTE 22 - INTERNAL BALANCES AND TRANSFERS

During 2021, the General Fund made transfers to other governmental funds, in the amount of \$518,273; \$8,844 for transit operations and \$509,429 as debt payments came due. The Playground and Recreation special revenue fund made transfers, in the amount of \$262,308, to other governmental funds as debt payments came due. The Sewer Fund made transfers, in the amount of \$666,043, to the Sewer and Water Capital Improvement capital projects fund related to capital assets. Other governmental funds made transfers to the General Fund, in the amount of \$510,050, as debt payments came due and to other governmental funds, in the amount of \$2,588,026; \$2,464,651 as debt payments came due, \$33,375 for transit operations, and \$90,000 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 \$78,214.

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 \$82,900.

Eliminations made in the total column of the government-wide statement of net position for pension include deferred outflows of resources and deferred inflows of resources, in the amount of \$50,697.

NOTE 23 - 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, 2021. Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., 1111 Superior Avenue, Suite 1601, Cleveland, Ohio 44114.

NOTE 23 - 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 24 - 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 (\$75,177) at December 31, 2021. Complete financial statements for JV2 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.ohioauditor.gov.

NOTE 24 - 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, 2021, the City had met its debt coverage obligation.

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

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

NOTE 24 - 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, 2021. Complete financial statements for JV5 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.ohioauditor.gov.

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

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

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

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

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, 2021

NOTE 24 - 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 \$2,254,539 at December 31, 2021. Complete financial statements for JV6 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.ohioauditor.gov.

NOTE 25 - 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 26 - CONTINGENT LIABILITIES

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

For the period January 1, 2021, to December 31, 2021, the City received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

NOTE 27 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The impact of the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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 Eight Years (1)

	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.08219500%	0.08427800%	0.08596700%	0.08982300%
City's Proportionate Share of the Net Pension Liability	\$12,171,289	\$16,658,119	\$23,544,619	\$14,091,487
City's Covered Payroll	\$11,578,364	\$11,857,814	\$11,611,364	\$11,875,777
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	105.12%	140.48%	202.77%	118.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%

(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

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

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

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

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 Eight Years (1)

	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.30249110%	0.31840570%	0.32735000%	0.34593100%
City's Proportionate Share of the Net Pension Liability	\$20,621,089	\$21,449,510	\$26,720,411	\$21,231,346
City's Covered Payroll	\$6,394,260	\$7,462,630	\$7,318,902	\$6,569,201
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	322.49%	287.43%	365.09%	323.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%

(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

2017	2016	2015	2014
0.32490000%	0.32843900%	0.32675040%	0.32675040%
\$20,578,841	\$21,128,711	\$16,927,033	\$15,913,770
\$6,885,486	\$7,119,120	\$6,391,680	\$7,493,314
298.87%	296.79%	264.83%	212.37%
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 Five Years (1)

	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.08365700%	0.08549700%	0.08731900%	0.09189000%
City's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,490,416)	\$11,809,358	\$11,384,337	\$9,978,577
City's Covered Payroll	\$12,653,382	\$12,916,771	\$12,665,425	\$13,021,671
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-11.78%	91.43%	89.89%	76.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%

(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

2017

0.08756000%

\$8,843,857

\$12,094,350

73.12%

54.04%

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 Five Years (1)

	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability	0.30249110%	0.31840570%	0.32735000%	0.34593100%
City's Proportionate Share of the Net OPEB Liability	\$3,204,942	\$3,145,126	\$2,981,025	\$19,599,966
City's Covered Payroll	\$6,394,260	\$7,462,630	\$7,318,902	\$6,569,201
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	50.12%	42.15%	40.73%	298.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.40%	47.08%	46.57%	14.13%

(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

2017

0.32900000%

\$15,616,890

\$6,885,486

226.81%

15.96%

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

	2021	2020	2019	2018
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$1,674,435	\$1,620,971	\$1,660,094	\$1,625,591
Contributions in Relation to the Contractually Required Contribution	<u>(1,674,435)</u>	<u>(1,620,971)</u>	<u>(1,660,094)</u>	<u>(1,625,591)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$11,960,250	\$11,578,364	\$11,857,814	\$11,611,364
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net Pension Asset - Combined Plan				
Contractually Required Contribution	\$118,620	\$116,269	\$114,556	\$114,868
Contributions in Relation to the Contractually Required Contribution	<u>(118,620)</u>	<u>(116,269)</u>	<u>(114,556)</u>	<u>(114,868)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$847,286	\$830,493	\$818,257	\$820,486
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability/Asset - OPEB Plan (2)				
Contractually Required Contribution	\$7,003	\$9,781	\$9,628	\$9,343
Contributions in Relation to the Contractually Required Contribution	<u>(7,003)</u>	<u>(9,781)</u>	<u>(9,628)</u>	<u>(9,343)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$12,982,611	\$12,653,382	\$12,916,771	\$12,665,425
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) Information prior to 2013 is not available.

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

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

See Accompanying Notes to the Required Supplementary Information

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

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	\$1,827,401	\$1,369,607	\$1,600,173	\$1,567,203
Contributions in Relation to the Contractually Required Contribution	<u>(1,827,401)</u>	<u>(1,369,607)</u>	<u>(1,600,173)</u>	<u>(1,567,203)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$8,522,251	\$6,394,260	\$7,462,630	\$7,318,902
Contributions as a Percentage of Covered Payroll	21.44%	21.42%	21.44%	21.41%
Net OPEB Liability				
Contractually Required Contribution	\$42,611	\$31,972	\$37,314	\$36,595
Contributions in Relation to the Contractually Required Contribution	<u>(42,611)</u>	<u>(31,972)</u>	<u>(37,314)</u>	<u>(36,595)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$8,522,251	\$6,394,260	\$7,462,630	\$7,318,902
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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$1,410,554	\$1,479,130	\$1,528,568	\$1,367,429	\$1,358,420	\$959,823
<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>(959,823)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,569,201	\$6,885,486	\$7,119,120	\$6,391,680	\$7,493,314	\$6,317,014
21.47%	21.48%	21.47%	21.39%	18.13%	15.19%
\$32,846	\$34,428	\$35,595	\$31,958	\$271,009	\$426,399
<u>(32,846)</u>	<u>(34,428)</u>	<u>(35,595)</u>	<u>(31,958)</u>	<u>(271,009)</u>	<u>(426,399)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,569,201	\$6,885,486	\$7,119,119	\$6,391,680	\$7,493,314	\$6,317,014
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%

City of Bowling Green
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Changes in Assumptions - OPERS Pension - Traditional Plan

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

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

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

2021	.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 percent simple through 2019, then 2.15 percent simple
2016 and prior	3 percent simple through 2018, then 2.8 percent simple

Amounts reported beginning in 2017 use preretirement mortality rates based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 Mortality Improvement Scale to the above described tables.

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

Changes in Assumptions - OPERS Pension - Combined Plan

For 2021 and 2020, the combined plan had the same change in COLA or Ad Hoc COLA for post-January 7, 2013, retirees as the traditional plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

City of Bowling Green
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Changes in Assumptions - OPF Pension

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

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

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

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

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

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

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

City of Bowling Green
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Changes in Assumptions - OPERS OPEB

Investment Return Assumption	
Beginning in 2019	6 percent
2018	6.5 percent
Municipal Bond Rate	
2021	2 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate	
2021	6 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate	
2021	8 percent initial 3.5 percent ultimate in 2035
2020	10 percent initial 3.5 percent ultimate in 2030
2019	10 percent initial 3.25 percent ultimate in 2029
2018	7.5 percent initial 3.25 percent ultimate in 2028

Changes in Assumptions - OPF OPEB

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

Changes in Benefit Terms - OPERS OPEB

On January 15, 2020, the OPERS Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes were 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 - OPF OPEB

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

Comparative Enterprise Fund Financial Statements

City of Bowling Green
Comparative Statement of Fund Net Position
Enterprise Funds
December 31, 2021, and 2020

	Electric		Water	
	2021	2020	2021	2020
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$31,249,782	\$28,447,477	\$9,704,630	\$8,227,128
Accounts Receivable	8,105,812	8,331,590	790,020	739,588
Due from Other Governments	3,101	7,708	414	583
Other Local Taxes Receivable	108,727	108,632	0	0
Interfund Receivable	9,685	8,899	2,756	2,592
Prepaid Items	59,528	65,302	49,607	51,171
Materials and Supplies Inventory	1,280,290	1,263,847	663,059	533,980
Total Current Assets	40,816,925	38,233,455	11,210,486	9,555,042
<u>Non-Current Assets</u>				
Asset Held for Resale	598,867	598,867	199,622	199,622
Recovered Purchased Power Receivable	532,778	599,244	0	0
Net Pension Asset	125,116	88,159	76,158	57,495
Net OPEB Asset	342,796	0	208,658	0
Nondepreciable Capital Assets	2,510,393	1,219,566	2,855,190	5,720,543
Depreciable Capital Assets, Net	18,250,996	19,349,169	54,148,019	52,454,682
Investment in Joint Venture	2,649,456	2,890,624	0	0
Total Non-Current Assets	25,010,402	24,745,629	57,487,647	58,432,342
Total Assets	65,827,327	62,979,084	68,698,133	67,987,384
<u>Deferred Outflows of Resources</u>				
Deferred Charge on Refunding	0	0	9,801	14,395
Recovered Purchased Power	1,670,151	3,409,601	0	0
Pension	445,245	681,394	288,575	482,932
OPEB	184,146	469,351	122,069	329,122
Total Deferred Outflows of Resources	2,299,542	4,560,346	420,445	826,449
<u>Current Liabilities</u>				
Accrued Wages Payable	56,551	44,738	37,555	29,269
Accounts Payable	3,414,730	4,395,027	194,000	163,990
Contracts Payable	6,009	11,634	0	6,435
Due to Other Governments	92,595	90,885	38,431	40,229
Interfund Payable	183,472	183,414	6,640	4,487
Accrued Interest Payable	0	0	300	425
General Obligation Bonds Payable	0	0	80,000	75,000
Compensated Absences Payable	236,896	216,408	164,001	122,315
AMP Ohio Payable	72,000	72,000	0	0
Total Current Liabilities	4,062,253	5,014,106	520,927	442,150

Sewer		Totals	
2021	2020	2021	2020
\$4,381,106	\$3,721,765	\$45,335,518	\$40,396,370
622,665	594,142	9,518,497	9,665,320
479	561	3,994	8,852
0	0	108,727	108,632
187	172	12,628	11,663
49,715	49,257	158,850	165,730
0	0	1,943,349	1,797,827
<u>5,054,152</u>	<u>4,365,897</u>	<u>57,081,563</u>	<u>52,154,394</u>
199,622	199,622	998,111	998,111
0	0	532,778	599,244
76,158	49,829	277,432	195,483
208,658	0	760,112	0
7,055,825	3,695,193	12,421,408	10,635,302
50,201,992	51,078,639	122,601,007	122,882,490
0	0	2,649,456	2,890,624
<u>57,742,255</u>	<u>55,023,283</u>	<u>140,240,304</u>	<u>138,201,254</u>
<u>62,796,407</u>	<u>59,389,180</u>	<u>197,321,867</u>	<u>190,355,648</u>
34,417	50,720	44,218	65,115
0	0	1,670,151	3,409,601
336,355	352,072	1,070,175	1,516,398
153,936	246,135	460,151	1,044,608
<u>524,708</u>	<u>648,927</u>	<u>3,244,695</u>	<u>6,035,722</u>
36,466	27,153	130,572	101,160
177,364	75,345	3,786,094	4,634,362
0	0	6,009	18,069
48,842	50,841	179,868	181,955
17,618	9,611	207,730	197,512
1,059	1,501	1,359	1,926
275,000	265,000	355,000	340,000
151,499	128,490	552,396	467,213
0	0	72,000	72,000
<u>707,848</u>	<u>557,941</u>	<u>5,291,028</u>	<u>6,014,197</u>

(continued)

City of Bowling Green
Comparative Statement of Fund Net Position
Enterprise Funds
December 31, 2021, and 2020
(continued)

	Electric		Water	
	2021	2020	2021	2020
<u>Non-Current Liabilities</u>				
Loan Payable	\$120,000	\$120,000	\$40,000	\$40,000
General Obligation Bonds Payable	0	0	80,000	160,000
Compensated Absences Payable	417,994	428,317	219,686	266,926
AMP Ohio Payable	460,778	527,244	0	0
Net Pension Liability	2,799,396	3,831,367	1,703,980	2,498,718
Net OPEB Liability	0	2,716,152	0	1,771,404
Total Non-Current Liabilities	<u>3,798,168</u>	<u>7,623,080</u>	<u>2,043,666</u>	<u>4,737,048</u>
Total Liabilities	<u>7,860,421</u>	<u>12,637,186</u>	<u>2,564,593</u>	<u>5,179,198</u>
<u>Deferred Inflows of Resources</u>				
Pension	1,317,913	844,918	917,973	580,861
OPEB	1,083,166	389,917	732,058	275,854
Total Deferred Inflows of Resources	<u>2,401,079</u>	<u>1,234,835</u>	<u>1,650,031</u>	<u>856,715</u>
<u>Net Position</u>				
Net Investment in Capital Assets	20,755,598	21,040,904	56,853,010	58,107,807
Unrestricted (Deficit)	37,109,771	32,626,505	8,050,944	4,670,113
Total Net Position	<u>\$57,865,369</u>	<u>\$53,667,409</u>	<u>\$64,903,954</u>	<u>\$62,777,920</u>

Sewer		Totals	
2021	2020	2021	2020
\$40,000	\$40,000	\$200,000	\$200,000
290,000	565,000	370,000	725,000
281,642	278,841	919,322	974,084
0	0	460,778	527,244
1,703,980	2,165,555	6,207,356	8,495,640
0	1,535,217	0	6,022,773
<u>2,315,622</u>	<u>4,584,613</u>	<u>8,157,456</u>	<u>16,944,741</u>
<u>3,023,470</u>	<u>5,142,554</u>	<u>13,448,484</u>	<u>22,958,938</u>
774,844	582,005	3,010,730	2,007,784
646,502	292,427	2,461,726	958,198
<u>1,421,346</u>	<u>874,432</u>	<u>5,472,456</u>	<u>2,965,982</u>
56,727,234	54,154,174	134,335,842	133,302,885
2,149,065	(133,053)	47,309,780	37,163,565
<u>\$58,876,299</u>	<u>\$54,021,121</u>	<u>\$181,645,622</u>	<u>\$170,466,450</u>

City of Bowling Green
Comparative Statement of Revenues, Expenses, and Change in Fund Net Position
Enterprise Funds
For the Years Ended December 31, 2021, and 2020

	Electric		Water	
	2021	2020	2021	2020
<u>Operating Revenues</u>				
Charges for Services	\$62,530,973	\$59,034,041	\$7,004,331	\$6,695,283
Other	698,519	750,325	173,632	377,625
Total Operating Revenues	<u>63,229,492</u>	<u>59,784,366</u>	<u>7,177,963</u>	<u>7,072,908</u>
<u>Operating Expenses</u>				
Purchased Power	51,943,400	48,130,527	0	0
Plant Operation	0	0	2,406,619	3,184,621
Geographical Information Systems	142,427	260,834	148,706	244,969
Distribution Operation	1,482,660	4,392,437	705,949	1,314,257
Administrative and General	3,203,573	2,792,304	402,633	696,467
Information and Technology	148,524	188,766	49,247	62,040
Sustainability	14,102	39,412	5,078	12,604
Depreciation	1,855,678	1,807,965	1,690,083	1,629,882
Total Operating Expenses	<u>58,790,364</u>	<u>57,612,245</u>	<u>5,408,315</u>	<u>7,144,840</u>
Operating Income (Loss)	<u>4,439,128</u>	<u>2,172,121</u>	<u>1,769,648</u>	<u>(71,932)</u>
<u>Non-Operating Revenues (Expenses)</u>				
Gain on Sale of Capital Assets	0	0	3,600	27,000
Excise Taxes	1,389,491	1,350,149	0	0
Excise Taxes Expense	(1,389,491)	(1,350,149)	0	0
Interest Expense	0	0	(9,569)	(11,467)
Investment in Joint Venture	(241,168)	(633,683)	0	0
Total Non-Operating Revenues (Expenses)	<u>(241,168)</u>	<u>(633,683)</u>	<u>(5,969)</u>	<u>15,533</u>
Income (Loss) Before Transfers and Contributions	4,197,960	1,538,438	1,763,679	(56,399)
Transfers Out	0	0	0	0
Capital Contributions	0	0	362,355	508,057
Change in Net Position	4,197,960	1,538,438	2,126,034	451,658
Net Position Beginning of Year	<u>53,667,409</u>	<u>52,128,971</u>	<u>62,777,920</u>	<u>62,326,262</u>
Net Position End of Year	<u>\$57,865,369</u>	<u>\$53,667,409</u>	<u>\$64,903,954</u>	<u>\$62,777,920</u>

Sewer		Totals	
2021	2020	2021	2020
\$4,471,020	\$4,440,437	\$74,006,324	\$70,169,761
312,195	708,871	1,184,346	1,836,821
<u>4,783,215</u>	<u>5,149,308</u>	<u>75,190,670</u>	<u>72,006,582</u>
0	0	51,943,400	48,130,527
1,465,320	1,980,464	3,871,939	5,165,085
137,156	81,368	428,289	587,171
679,110	1,089,263	2,867,719	6,795,957
403,358	679,101	4,009,564	4,167,872
46,171	59,857	243,942	310,663
23,648	12,901	42,828	64,917
<u>1,857,046</u>	<u>1,830,497</u>	<u>5,402,807</u>	<u>5,268,344</u>
<u>4,611,809</u>	<u>5,733,451</u>	<u>68,810,488</u>	<u>70,490,536</u>
<u>171,406</u>	<u>(584,143)</u>	<u>6,380,182</u>	<u>1,516,046</u>
850,005	0	853,605	27,000
0	0	1,389,491	1,350,149
0	0	(1,389,491)	(1,350,149)
(33,874)	(39,266)	(43,443)	(50,733)
<u>0</u>	<u>0</u>	<u>(241,168)</u>	<u>(633,683)</u>
<u>816,131</u>	<u>(39,266)</u>	<u>568,994</u>	<u>(657,416)</u>
987,537	(623,409)	6,949,176	858,630
(666,043)	0	(666,043)	0
<u>4,533,684</u>	<u>1,417,254</u>	<u>4,896,039</u>	<u>1,925,311</u>
4,855,178	793,845	11,179,172	2,783,941
<u>54,021,121</u>	<u>53,227,276</u>	<u>170,466,450</u>	<u>167,682,509</u>
<u>\$58,876,299</u>	<u>\$54,021,121</u>	<u>\$181,645,622</u>	<u>\$170,466,450</u>

City of Bowling Green
Comparative Statement of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2021, and 2020

	Electric		Water	
	2021	2020	2021	2020
<u>Increases (Decreases) in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$62,760,096	\$58,537,351	\$6,953,735	\$6,668,999
Cash Payments for Purchased Power	(51,272,971)	(50,197,027)	0	0
Cash Payments for Plant Operation	0	0	(3,165,763)	(3,070,461)
Cash Payments for Geographical Information Systems	(218,406)	(225,873)	(172,249)	(235,847)
Cash Payments for Distribution Operation	(3,038,397)	(4,180,415)	(1,330,132)	(1,229,147)
Cash Payments for Administrative and General	(3,815,705)	(2,671,134)	(655,442)	(662,687)
Cash Payments for Information and Technology	(214,674)	(184,738)	(71,558)	(61,418)
Cash Payments for Sustainability	(47,394)	(35,671)	(16,243)	(11,420)
Cash Received from Other Revenues	698,995	751,829	173,801	377,617
Net Cash Provided by Operating Activities	<u>4,851,544</u>	<u>1,794,322</u>	<u>1,716,149</u>	<u>1,775,636</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Cash Received from Excise Taxes	1,389,491	1,350,149	0	0
Cash Payments for Excise Tax Distribution	(1,389,491)	(1,350,149)	0	0
Transfers Out	0	0	0	0
Net Cash Used for Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Paid on General Obligation Bonds	0	0	(75,000)	(80,000)
Interest Paid on General Obligation Bonds	0	0	(5,100)	(6,700)
Sale of Capital Assets	0	0	3,600	0
Acquisition of Capital Assets	(2,049,239)	(609,309)	(162,147)	(515,327)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,049,239)</u>	<u>(609,309)</u>	<u>(238,647)</u>	<u>(602,027)</u>
Net Increase in Cash and Cash Equivalents	2,802,305	1,185,013	1,477,502	1,173,609
Cash and Cash Equivalents Beginning of Year	<u>28,447,477</u>	<u>27,262,464</u>	<u>8,227,128</u>	<u>7,053,519</u>
Cash and Cash Equivalents End of Year	<u>\$31,249,782</u>	<u>\$28,447,477</u>	<u>\$9,704,630</u>	<u>\$8,227,128</u>

Sewer		Totals	
2021	2020	2021	2020
\$4,442,419	\$4,458,540	\$74,156,250	\$69,664,890
0	0	(51,272,971)	(50,197,027)
(2,113,811)	(1,940,767)	(5,279,574)	(5,011,228)
(161,129)	(75,128)	(551,784)	(536,848)
(1,150,278)	(1,065,659)	(5,518,807)	(6,475,221)
(659,979)	(657,443)	(5,131,126)	(3,991,264)
(71,520)	(61,418)	(357,752)	(307,574)
(32,303)	(12,395)	(95,940)	(59,486)
312,340	708,826	1,185,136	1,838,272
565,739	1,354,556	7,133,432	4,924,514
0	0	1,389,491	1,350,149
0	0	(1,389,491)	(1,350,149)
(666,043)	0	(666,043)	0
(666,043)	0	(666,043)	0
(265,000)	(270,000)	(340,000)	(350,000)
(18,013)	(23,413)	(23,113)	(30,113)
1,332,086	0	1,335,686	0
(289,428)	(410,473)	(2,500,814)	(1,535,109)
759,645	(703,886)	(1,528,241)	(1,915,222)
659,341	650,670	4,939,148	3,009,292
3,721,765	3,071,095	40,396,370	37,387,078
\$4,381,106	\$3,721,765	\$45,335,518	\$40,396,370

(continued)

City of Bowling Green
Comparative Statement of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2021, and 2020
(continued)

	Electric		Water	
	2021	2020	2021	2020
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>				
Operating Income (Loss)	\$4,439,128	\$2,172,121	\$1,769,648	(\$71,932)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>				
Depreciation	1,855,678	1,807,965	1,690,083	1,629,882
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	225,778	(499,808)	(50,432)	(27,161)
(Increase) Decrease in Due from Other Governments	4,607	(6,449)	169	(8)
(Increase) Decrease in Other Local Taxes Receivable	(95)	4,850	0	0
(Increase) Decrease in Interfund Receivable	(786)	11,071	(164)	877
(Increase) Decrease in Prepaid Items	5,774	4,117	1,564	2,409
Increase in Materials and Supplies Inventory	(16,443)	(146,442)	(129,079)	(21,036)
(Increase) Decrease in Recovered Purchased Power Receivable	1,805,916	(2,098,023)	0	0
Increase in Net Pension Asset	(14,777)	(12,824)	(8,997)	(8,364)
Increase in Net OPEB Asset	(1,656,656)	0	(1,008,400)	0
Increase (Decrease) in Accrued Wages Payable	11,813	(92,659)	8,286	(55,085)
Increase (Decrease) in Accounts Payable	(980,297)	71,924	30,010	(73,879)
Decrease in Contracts Payable	(4,718)	(6,413)	0	0
Increase (Decrease) in Due to Other Governments	1,710	(30,264)	(1,798)	(12,308)
Increase (Decrease) in Interfund Payable	58	6,849	2,153	(1,507)
Increase (Decrease) in Compensated Absences Payable	10,165	8,511	(5,554)	3,558
Decrease in AMP-Ohio Payable	(66,466)	(62,477)	0	0
Increase (Decrease) in Net Pension Liability	(14,997)	86,799	(9,131)	56,609
Increase in Net OPEB Liability	0	165,280	0	107,792
Decrease in Deferred Outflows - Pension	562,800	905,126	385,732	608,291
Decrease in Deferred Outflows - OPEB	333,886	435,172	217,989	297,820
Decrease in Deferred Inflows - Pension	(892,810)	(679,668)	(649,536)	(476,070)
Decrease in Deferred Inflows - OPEB	(757,724)	(250,436)	(526,394)	(184,252)
Net Cash Provided by Operating Activities	<u>\$4,851,544</u>	<u>\$1,794,322</u>	<u>\$1,716,149</u>	<u>\$1,775,636</u>

Sewer		Totals	
2021	2020	2021	2020
\$171,406	(\$584,143)	\$6,380,182	\$1,516,046
1,857,046	1,830,497	5,402,807	5,268,344
(28,523)	15,019	146,823	(511,950)
82	3,048	4,858	(3,409)
0	0	(95)	4,850
(15)	(9)	(965)	11,939
(458)	1,341	6,880	7,867
0	0	(145,522)	(167,478)
0	0	1,805,916	(2,098,023)
(8,997)	(7,248)	(32,771)	(28,436)
(1,008,399)	0	(3,673,455)	0
9,313	(48,864)	29,412	(196,608)
102,019	(63,847)	(848,268)	(65,802)
0	0	(4,718)	(6,413)
(1,999)	(997)	(2,087)	(43,569)
8,007	(11,372)	10,218	(6,030)
25,810	28,395	30,421	40,464
0	0	(66,466)	(62,477)
(9,128)	49,061	(33,256)	192,469
0	93,420	0	366,492
350,069	502,577	1,298,601	2,015,994
221,724	237,529	773,599	970,521
(611,292)	(485,172)	(2,153,638)	(1,640,910)
(510,926)	(204,679)	(1,795,044)	(639,367)
<u>\$565,739</u>	<u>\$1,354,556</u>	<u>\$7,133,432</u>	<u>\$4,924,514</u>

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 5, 2022 wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the City.

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 purposes 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.

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

October 5, 2022

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 10/18/2022

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