



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF BOWLING GREEN
WOOD COUNTY
DECEMBER 31, 2023**

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WOOD COUNTY
DECEMBER 31, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Wood County, Ohio (City), as of and for the year ended December 31, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Playground and Recreation, and American Rescue Plan Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The comparative enterprise fund financial statements and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, 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

December 18, 2024

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2023
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, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2023 are as follows:

In total, the City's net position increased \$6,662,757, or 3 percent. Net position increased almost 7 percent for governmental activities and net position increased 3 percent for business-type activities.

A review of the enterprise funds reflects that the Electric, Water, and Sewer funds had operating losses for 2023.

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, Street Repair, 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 2023. 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, 2023
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, Street Repair, 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, 2023
Unaudited

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 presents a summary of the City's net position for 2023 and 2022.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	\$41,601,716	\$48,243,677	\$61,670,009	\$63,091,713	\$103,271,725	\$111,335,390
Net Pension Asset	212,332	358,806	220,997	373,451	433,329	732,257
Net OPEB Asset	0	1,278,006	0	1,330,170	0	2,608,176
Capital Assets, Net	61,753,520	56,827,596	149,905,307	140,068,655	211,658,827	196,896,251
Equity Interest in Joint Venture	0	0	1,190,922	1,879,912	1,190,922	1,879,912
Total Assets	103,567,568	106,708,085	212,987,235	206,743,901	316,554,803	313,451,986
Deferred Outflows of Resources						
Pension	15,566,489	7,800,655	5,070,217	1,634,512	20,636,706	9,435,167
OPEB	2,613,153	1,992,096	784,593	4,724	3,397,746	1,996,820
Other Amounts	70,089	97,502	0	638,140	70,089	735,642
Total Deferred Outflows of Resources	18,249,731	9,890,253	5,854,810	2,277,376	24,104,541	12,167,629
Liabilities						
Current and Other Liabilities	6,839,047	9,494,122	5,666,333	6,042,190	12,505,380	15,536,312
Long-Term Liabilities						
Pension	42,180,800	22,649,015	12,022,964	3,657,501	54,203,764	26,306,516
OPEB	2,545,524	3,357,152	259,985	0	2,805,509	3,357,152
Other Amounts	46,483,651	49,014,543	2,367,941	2,593,822	48,851,592	51,608,365
Total Liabilities	98,049,022	84,514,832	20,317,223	12,293,513	118,366,245	96,808,345
Deferred Inflows of Resources						
Pension	2,156,076	11,659,006	175,181	4,604,540	2,331,257	16,263,546
OPEB	2,800,636	3,036,346	87,679	1,408,365	2,888,315	4,444,711
Other Amounts	3,679,820	3,237,827	1,865,764	0	5,545,584	3,237,827
Total Deferred Inflows of Resources	8,636,532	17,933,179	2,128,624	6,012,905	10,765,156	23,946,084

(continued)

City of Bowling Green
 Management's Discussion and Analysis
 For the Year Ended December 31, 2023
 Unaudited

Table 1
 Net Position
 (continued)

Net Position	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Net Investment in Capital Assets	\$44,447,752	\$41,341,022	\$149,402,322	\$138,929,291	\$193,850,074	\$180,270,313
Restricted*	17,822,789	22,823,292	220,997	1,703,621	18,043,786	24,526,913
Unrestricted (Deficit)*	(47,138,796)	(50,013,987)	46,772,879	50,081,947	(365,917)	67,960
Total Net Position	<u>\$15,131,745</u>	<u>\$14,150,327</u>	<u>\$196,396,198</u>	<u>\$190,714,859</u>	<u>\$211,527,943</u>	<u>\$204,865,186</u>

*In an effort to promote comparability with other governments, the City updated its calculation of net position restricted for pension and OPEB plans for years 2022 and 2023. This change had no impact on the beginning net position, but rather reclassified the amounts presented as net position restricted for pension and OPEB plans and unrestricted net position.

The net pension liability (asset) and net OPEB liability reported by the City at December 31, 2023, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability (asset), and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

City of Bowling Green
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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, respectively, not accounted for as deferred outflows/inflows.

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

Aside from changes related to pension/OPEB, there were other items of note for governmental activities. The decrease in current and other assets was primarily due to a decrease in cash and cash equivalents as the City continued to spend American Rescue Plan Act (ARPA) monies and debt proceeds received in 2022 for the new City Hall building. This is also all reflected in the decrease in restricted net position. Note however, accounts receivable did increase due to the OPIOID settlement monies. The increase in net capital assets along with net investment in capital assets is the result of finished construction on the new City Hall building and street improvements and roundabout (E. Wooster Street and Cambell Hill) projects. Current and other liabilities decreased due to the timing of payments made in the prior year for contracts and retainage for the new City Hall building (now completed) and unearned revenue with ARPA monies continuing to be spent at year end. The decrease in other long-term liabilities was primarily scheduled debt retirement. The increase in unrestricted net position is related to the change in net pension/OPEB discussed above.

For business-type activities, the decrease in current and other assets was primarily due to a decrease in cash and cash equivalents in electric as a result of overall increased expenses for various capital projects. The increase in net capital assets along with net investment in capital assets is the result of finished construction on the new City Hall building and other construction projects. The decrease in current and other liabilities was due to a higher liability for purchase of power costs in the prior year. 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, 2023
Unaudited

Table 2 reflects the change in net position for 2023 and 2022.

Table 2
 Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$5,068,325	\$4,722,303	\$73,558,039	\$75,972,171	\$78,626,364	\$80,694,474
Operating Grants, Contributions, and Interest	3,179,440	2,930,265	0	0	3,179,440	2,930,265
Capital Grants and Contributions	3,800,234	3,639,116	37,500	0	3,837,734	3,639,116
Total Program Revenues	12,047,999	11,291,684	73,595,539	75,972,171	85,643,538	87,263,855
General Revenues						
Property Taxes-General Purposes	1,859,459	1,859,026	0	0	1,859,459	1,859,026
Property Taxes-Playground and Recreation	1,388,375	1,383,268	0	0	1,388,375	1,383,268
Municipal Income Taxes	24,955,113	24,098,057	0	0	24,955,113	24,098,057
Other Local Taxes	2,097,854	2,090,815	0	0	2,097,854	2,090,815
Grants and Entitlements no Restricted to Specific Programs	1,299,621	1,220,477	0	0	1,299,621	1,220,477
Franchise Taxes	211,476	228,169	0	0	211,476	228,169
Investment Earnings and Other Interest	3,329,952	(1,246,819)	0	0	3,329,952	(1,246,819)
Other	628,188	898,262	1,874,740	1,003,083	2,502,928	1,901,345
Total General Revenues	35,770,038	30,531,255	1,874,740	1,003,083	37,644,778	31,534,338
Total Revenues	47,818,037	41,822,939	75,470,279	76,975,254	123,288,316	118,798,193
Program Expenses						
Security of Persons and Property						
Police	8,095,553	6,632,746	0	0	8,095,553	6,632,746
Fire/Ambulance	9,074,768	7,138,783	0	0	9,074,768	7,138,783
Public Health	12,753	7,960	0	0	12,753	7,960
Leisure Time Activities	3,048,680	2,519,381	0	0	3,048,680	2,519,381
Community Environment	1,813,908	1,100,091	0	0	1,813,908	1,100,091
Basic Utility Services	1,015,770	870,739	0	0	1,015,770	870,739
Transportation	8,193,169	6,063,273	0	0	8,193,169	6,063,273
General Government						
Court	1,694,983	1,151,641	0	0	1,694,983	1,151,641
Other	4,622,394	4,285,683	0	0	4,622,394	4,285,683
Intergovernmental	50,000	0	0	0	50,000	0
Internal Service Fund External Portion	60	10,125	0	0	60	10,125
Interest an Fiscal Charges	861,066	913,395	0	0	861,066	913,395
Electric	0	0	62,524,045	62,059,791	62,524,045	62,059,791
Water	0	0	8,535,078	6,592,700	8,535,078	6,592,700
Sewer	0	0	7,083,332	5,524,397	7,083,332	5,524,397
Total Expenses	38,483,104	30,693,817	78,142,455	74,176,888	116,625,559	104,870,705
Increase (Decrease) in Net Position						
Before Transfers	9,334,933	11,129,122	(2,672,176)	2,798,366	6,662,757	13,927,488
Transfers	(8,353,515)	(6,289,100)	8,353,515	6,289,100	0	0
Increase in Net Position	981,418	4,840,022	5,681,339	9,087,466	6,662,757	13,927,488
Net Position Beginning of Year	14,150,327	9,310,305	190,714,859	181,627,393	204,865,186	190,937,698
Net Position End of Year	\$15,131,745	\$14,150,327	\$196,396,198	\$190,714,859	\$211,527,943	\$204,865,186

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

For governmental activities, there was an overall increase of almost 7 percent increase in program revenues with moderate increases in all program revenue categories. The increase in program revenues for charges for services is primarily the result of outstanding special assessments related to street cleaning. Program revenues for operating grants experienced an overall increase as the result of ARPA monies that were used during the year compared to the prior year. The City continued to receive grant monies received from the Ohio Department of Transportation for an urban paving project along with other capital related items impacting the increase in program revenues for capital grants and contributions. Significant changes in general revenues include the sizable increase in investment earning and other interest that was based on the market value of the City's investments. Changes also include the continued increase in municipal income taxes resulting from continuing pandemic recovery. The overall increase in expenses is primarily due to the increase in salaries and benefits.

As expected, program revenues make up a significant portion of the total revenues for business-type activities (almost 98 percent). The overall increase in expenses is primarily due to the increase in salaries and benefits.

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	
	2023	2022	2023	2022
Security of Persons and Property				
Police	\$8,095,553	\$6,632,746	\$7,856,270	\$6,168,358
Fire/Ambulance	9,074,768	7,138,783	8,492,497	6,207,524
Public Health	12,753	7,960	(66,122)	(53,643)
Leisure Time Activities	3,048,680	2,519,381	2,136,934	1,031,775
Community Environment	1,813,908	1,100,091	787,864	632,018
Basic Utility Services	1,015,770	870,739	(26,060)	(169,134)
Transportation	8,193,169	6,063,273	1,524,008	414,465
General Government				
Court	1,694,983	1,151,641	606,653	67,032
Other	4,622,394	4,285,683	4,262,458	4,196,134
Intergovernmental	50,000	0	0	0
Internal Service Fund External Portion	60	10,125	(463)	(5,791)
Interest an Fiscal Charges	861,066	913,395	861,066	913,395
Total Expenses	<u>\$38,483,104</u>	<u>\$30,693,817</u>	<u>\$26,435,105</u>	<u>\$19,402,133</u>

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

For 2023, general revenues provided for 69 percent of the costs of providing governmental activities services (63 percent in 2022). Note that general revenues provide for the majority of the costs of providing police, fire, and ambulance services. The leisure time activities program receives significant support through program revenues generated through admission and sports fees, rentals, and concession charges. The transportation program receives charges for services in the form of permissive motor vehicle license monies, operating grants in the form of State levied motor vehicle license fees and gas taxes, and capital grants and contributions in the form of grant resources from the Ohio Department of Transportation for street projects. The municipal court receives substantial support through fines, costs, and fees as well as some support through grant resources. Fluctuations in the net cost of services have seen some substantial differences over the past couple of years due to the effect of the pandemic and the inflow of resources from the federal government to assist with offsetting pandemic costs and for pandemic recovery (CARES Act ARPA).

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 and Street Repair capital projects funds.

For 2023, the General Fund had a 35 percent increase in fund balance. There was an overall increase in revenues due to the significant increase in interest revenue based on the market value of the City's investments. Expenditures increased slightly in nearly all programs and can be attributed to normal fluctuations in costs associated with salaries and benefits. During 2023 there was a City wide 3 percent wage increase in place.

The Playground and Recreation Fund had a 3 percent decrease in fund balance, which is not significant.

The City continued to spend ARPA grant monies in 2023 but less than the previous year. ARPA resources that remained unspent at year end were offset to unearned revenue. The current change in fund balance is the result of shared funding for ARPA projects from Plain Township and reimbursements for work done at the Carter Park playground.

Fund balance decreased 38 percent in the Sewer and Water Capital Improvement Fund due to the continuation of debt proceeds received in the prior year from general obligation bonds being spent during the year resulting in a increase in capital outlay expenditures.

Fund balance in the Street Repair fund decreased 50 percent. Revenues and expenditures increased significantly as the result of Ohio Department of Transportation grants received and spent during the year on street improvements and roundabout (E. Wooster Street and Campbell Hill) projects.

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 a decrease in net position for the Electric fund and an increase in net position for the Water and Sewer funds in 2023.

The Electric Fund had a 1 percent decrease in net position, which is insignificant.

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

There was a 3 percent increase in net position in the Water Fund primarily due to capital contributions.

The increase in net position in the Sewer Fund was an almost 7 percent and primarily due to capital contributions.

BUDGETARY HIGHLIGHTS

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

The City's most significant budgeted fund is the General Fund. For revenues, changes from the original budget to the final budget were not significant. The increase from final budget to actual revenues was most significant in interest revenue received during the year due the change in market value of the City's investment as discussed above. For expenditures, changes from the original budget to the final budget were not significant. Variances between the final budget and actual expenditures were the result of conservative budgeting.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2023, was \$44,447,752 and \$149,402,322, 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 completed construction of a new City Hall building, a side load refuse packer, an asphalt patcher, and street improvements. Disposals included the old City Hall building, and police, fire, transit, and public works equipment and vehicles. The most significant additions for business-type activities included completed construction of a new City Hall building, improvements at the water and wastewater treatment plants, vehicles, and electric, water, and sewer lines. Disposals consisted of the old City Hall building and vehicles. For further information regarding the City's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2023, the City had \$19,335,000 in general obligation bonds, \$23,843,028 in Ohio Water Development Authority (OWDA) loans payable, \$542,496 in capital loans payable, \$68,850 in financed purchases payable, and \$446,171 in leases payable from governmental activities. Business-type activities had a loan, in the amount of \$200,000, financed purchases payable, in the amount of \$133,974, and leases payable, in the amount of \$111,372 outstanding at year end. In addition, business-type activities, specifically the Electric enterprise fund, owed AMP-Ohio \$443,348 related to the City's obligation for the AMPGS project which was terminated.

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

City of Bowling Green
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

CURRENT ISSUES

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

Major financial influences at the start of 2024 include inflation, labor market challenges, economic uncertainty, depletion of capital reserve funds, and future funding for infrastructure and facility capital maintenance. The 2024 budget includes \$300,000; the 1st of 10 annual installments for advances back to the Water and Sewer Capital Improvements fund. While the 2024 budget included wages increases of percent City-wide, each of the 5 collective bargaining contracts were settled for more causing the need for budget increases of \$1.1 million.

State and Local Fiscal Recovery Funds as authorized by the American Rescue Plan Act (ARPA) assist in bolstering municipal activities. These funds are revenue replacement funds and will be used for general government services. To date the City has earmarked more than \$7.3 million of ARPA funds for paving, leisure time activities, infrastructure and public safety, housing grants, and will spend down more than \$2 million in 2024.

The 2024 budget includes \$4.4 million for building improvements, equipment, technology infrastructure and street improvements as well as \$43 million for utility capital improvements funded respectively by Ohio Water Development Authority (OWDA) loans, income tax and utility capital reserve funds.

Additionally, the 2024 budget includes \$1.3 million in governmental activities debt service payments and \$2.3 million in business-type activities debt service funded primarily with capital funds, a property tax levy, charges for services, and reserve funds.

Revenue estimates are optimistic, specifically for income tax and hotel/motel tax. However, inflation and economic uncertainty once again caused increases in expense projections. The 2024 Budget was prepared to account for inflationary increases due to labor market concerns. The City continues to research creative cost effective ways to maintain optimum staffing levels to support operations.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those interested in our City's financial well-being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Dana Pinkert, Finance Director, 305 North Main Street, Bowling Green, Ohio 43402-2399.

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City of Bowling Green
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities*	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$30,347,681	\$48,392,598	\$78,740,279
Cash and Cash Equivalents in Segregated Accounts	3,960	0	3,960
Accounts Receivable	1,138,578	9,938,336	11,076,914
Accrued Interest Receivable	173,819	0	173,819
Due from Other Governments	1,359,455	367	1,359,822
Municipal Income Taxes Receivable	3,899,729	0	3,899,729
Other Local Taxes Receivable	117,098	107,934	225,032
Internal Balances	196,290	(196,290)	0
Prepaid Items	113,850	113,851	227,701
Materials and Supplies Inventory	0	1,871,754	1,871,754
Property Taxes Receivable	3,702,932	0	3,702,932
Notes Receivable	548,184	0	548,184
Special Assessments Receivable	140	0	140
Asset Held for Resale	0	998,111	998,111
Recovered Purchased Power Receivable	0	443,348	443,348
Net Pension Asset	212,332	220,997	433,329
Nondepreciable Capital Assets	6,674,590	16,360,085	23,034,675
Depreciable Capital Assets, Net	55,078,930	133,545,222	188,624,152
Equity Interest in Joint Venture	0	1,190,922	1,190,922
 Total Assets	 103,567,568	 212,987,235	 316,554,803
Deferred Outflows of Resources			
Deferred Charge on Refunding	70,089	0	70,089
Pension	15,566,489	5,070,217	20,636,706
OPEB	2,613,153	784,593	3,397,746
 Total Deferred Outflows of Resources	 18,249,731	 5,854,810	 24,104,541
Liabilities			
Accrued Wages Payable	332,804	145,709	478,513
Accounts Payable	1,132,969	4,947,592	6,080,561
Contracts Payable	1,951,158	99,717	2,050,875
Due to Other Governments	510,928	302,789	813,717
Unearned Revenue	2,445,642	0	2,445,642
Retainage Payable	419,455	157,922	577,377
Accrued Interest Payable	46,091	12,604	58,695
Long-Term Liabilities			
Due Within One Year	3,954,069	897,795	4,851,864
Due in More Than One Year			
Net Pension Liability	42,180,800	12,022,964	54,203,764
Net OPEB Liability	2,545,524	259,985	2,805,509
Other Amounts Due in More Than One Year	42,529,582	1,470,146	43,999,728
 Total Liabilities	 98,049,022	 20,317,223	 118,366,245

(continued)

City of Bowling Green
 Statement of Net Position
 December 31, 2023
 (continued)

	Governmental Activities	Business-Type Activities*	Total
<u>Deferred Inflows of Resources</u>			
Property Taxes	\$3,679,820	\$0	\$3,679,820
Recovered Purchase Power	0	1,865,764	1,865,764
Pension	2,156,076	175,181	2,331,257
OPEB	<u>2,800,636</u>	<u>87,679</u>	<u>2,888,315</u>
Total Deferred Inflows of Resources	<u>8,636,532</u>	<u>2,128,624</u>	<u>10,765,156</u>
<u>Net Position</u>			
Net Investment in Capital Assets	44,447,752	149,402,322	193,850,074
Restricted for			
Capital Projects	9,320,362	0	9,320,362
Debt Service	442	0	442
American Rescue Plan	337,093	0	337,093
Playground and Recreation	1,145,484	0	1,145,484
Street Maintenance and Repair	2,275,282	0	2,275,282
Community Development	950,814	0	950,814
Security of Persons and Property - Police	761,412	0	761,412
Security of Persons and Property - Fire	1,746,542	0	1,746,542
Other Purposes	1,073,026	0	1,073,026
Pension Plans	212,332	220,997	433,329
Unrestricted (Deficit)	<u>(47,138,796)</u>	<u>46,772,879</u>	<u>(365,917)</u>
Total Net Position	<u>\$15,131,745</u>	<u>\$196,396,198</u>	<u>\$211,527,943</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, 2023

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$8,095,553	\$221,296	\$17,987	\$0
Fire	9,074,768	579,270	3,001	0
Public Health	12,753	78,875	0	0
Leisure Time Activities	3,048,680	828,615	64,832	18,299
Community Environment	1,813,908	11,674	1,014,370	0
Basic Utility Services	1,015,770	1,041,830	0	0
Transportation	8,193,169	1,205,742	1,681,484	3,781,935
General Government				
Court	1,694,983	888,942	199,388	0
Other	4,622,394	211,558	148,378	0
Intergovernmental	50,000	0	50,000	0
Internal Service Fund				
External Portion	60	523	0	0
Interest	861,066	0	0	0
Total Governmental Activities	<u>38,483,104</u>	<u>5,068,325</u>	<u>3,179,440</u>	<u>3,800,234</u>
<u>Business-Type Activities</u>				
Electric	62,524,045	61,007,128	0	0
Water	8,535,078	7,640,722	0	37,500
Sewer	7,083,332	4,910,189	0	0
Total Business-Type Activities	<u>78,142,455</u>	<u>73,558,039</u>	<u>0</u>	<u>37,500</u>
Total	<u><u>\$116,625,559</u></u>	<u><u>\$78,626,364</u></u>	<u><u>\$3,179,440</u></u>	<u><u>\$3,837,734</u></u>

General Revenues

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

**Net (Expense) Revenue
and Change in Net Position**

Governmental Activities	Business-Type Activities	Total
(\$7,856,270)	\$0	(\$7,856,270)
(8,492,497)	0	(8,492,497)
66,122	0	66,122
(2,136,934)	0	(2,136,934)
(787,864)	0	(787,864)
26,060	0	26,060
(1,524,008)	0	(1,524,008)
(606,653)	0	(606,653)
(4,262,458)	0	(4,262,458)
0	0	0
463	0	463
(861,066)	0	(861,066)
(26,435,105)	0	(26,435,105)
0	(1,516,917)	(1,516,917)
0	(856,856)	(856,856)
0	(2,173,143)	(2,173,143)
0	(4,546,916)	(4,546,916)
(26,435,105)	(4,546,916)	(30,982,021)
1,859,459	0	1,859,459
1,388,375	0	1,388,375
9,358,167	0	9,358,167
623,877	0	623,877
6,238,778	0	6,238,778
6,238,778	0	6,238,778
2,495,513	0	2,495,513
2,097,854	0	2,097,854
1,299,621	0	1,299,621
211,476	0	211,476
3,329,952	0	3,329,952
628,188	1,874,740	2,502,928
35,770,038	1,874,740	37,644,778
(8,353,515)	8,353,515	0
27,416,523	10,228,255	37,644,778
981,418	5,681,339	6,662,757
14,150,327	190,714,859	204,865,186
\$15,131,745	\$196,396,198	\$211,527,943

City of Bowling Green
Balance Sheet
Governmental Funds
December 31, 2023

	General	Playground and Recreation	American Rescue Plan	Sewer and Water Capital Improvement
Assets				
Equity in Pooled Cash and Cash Equivalents	\$10,934,972	\$1,287,018	\$2,784,417	\$5,111,272
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Accounts Receivable	982,804	3,245	0	0
Accrued Interest Receivable	173,819	0	0	0
Due from Other Governments	653,194	26,618	0	0
Municipal Income Taxes Receivable	1,462,399	97,493	0	974,932
Other Local Taxes Receivable	92,555	0	0	0
Interfund Receivable	233,689	0	0	3,000,000
Prepaid Items	113,850	0	0	0
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	96,898	0	0	0
Property Taxes Receivable	2,281,302	1,145,484	0	0
Notes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
Total Assets	\$17,025,482	\$2,559,858	\$2,784,417	\$9,086,204
Liabilities and Fund Balance				
Liabilities				
Accrued Wages Payable	\$207,814	\$15,366	\$142	\$0
Accounts Payable	673,445	76,689	0	135,434
Contracts Payable	0	0	1,196	1,612,705
Due to Other Governments	314,286	42,927	344	664
Interfund Payable	0	0	0	0
Unearned Revenue	0	0	2,445,642	0
Retainage Payable	0	0	0	156,251
Total Liabilities	1,195,545	134,982	2,447,324	1,905,054
Deferred Inflows of Resources				
Property Taxes	2,269,356	1,136,729	0	0
Unavailable Revenue	2,229,136	74,211	0	388,381
Total Deferred Inflows of Resources	4,498,492	1,210,940	0	388,381
Fund Balance				
Nonspendable	210,748	0	0	0
Restricted	0	1,213,936	337,093	6,792,769
Committed	94,714	0	0	0
Assigned	4,535,752	0	0	0
Unassigned (Deficit)	6,490,231	0	0	0
Total Fund Balance	11,331,445	1,213,936	337,093	6,792,769
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$17,025,482	\$2,559,858	\$2,784,417	\$9,086,204

See Accompanying Notes to the Basic Financial Statements

Street Repair	Other Governmental	Total Governmental Funds
\$2,444,841	\$7,619,982	\$30,182,502
0	3,960	3,960
0	152,529	1,138,578
0	0	173,819
0	679,643	1,359,455
146,240	1,218,665	3,899,729
0	24,543	117,098
0	102,500	3,336,189
0	0	113,850
0	0	96,898
0	276,146	3,702,932
0	548,184	548,184
0	140	140
<u>\$2,591,081</u>	<u>\$10,626,292</u>	<u>\$44,673,334</u>
\$0	\$109,482	\$332,804
15,854	231,547	1,132,969
173,125	164,132	1,951,158
99	152,608	510,928
2,000,000	1,152,500	3,152,500
0	0	2,445,642
0	263,204	419,455
<u>2,189,078</u>	<u>2,073,473</u>	<u>9,945,456</u>
0	273,735	3,679,820
58,257	1,213,581	3,963,566
<u>58,257</u>	<u>1,487,316</u>	<u>7,643,386</u>
0	0	210,748
343,746	7,717,628	16,405,172
0	300,186	394,900
0	36,288	4,572,040
0	(988,599)	5,501,632
<u>343,746</u>	<u>7,065,503</u>	<u>27,084,492</u>
<u>\$2,591,081</u>	<u>\$10,626,292</u>	<u>\$44,673,334</u>

City of Bowling Green
 Reconciliation of Total Governmental Fund Balance
 to Net Position of Governmental Activities
 December 31, 2023

Total Governmental Fund Balance	\$27,084,492
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.	61,753,520
Deferred outflows of resources include deferred charges on refundings which do not provide current financial resources and, therefore, are not reported in the funds.	70,089
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	251,368
Accrued Interest Receivable	110,686
Due from Other Governments	1,186,834
Municipal Income Taxes Receivable	1,553,527
Other Local Taxes Receivable	23,917
Delinquent Property Taxes Receivable	23,112
Special Assessments Receivable	<u>814,122</u>
	3,963,566
An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities.	12,601
The net pension liability (asset) and net OPEB liability 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	212,332
Net Pension Asset - Internal Service Fund	(4,333)
Deferred Outflows - Pension	15,566,489
Deferred Outflows - Pension - Internal Service Fund	(99,466)
Deferred Inflows - Pension	(2,156,076)
Deferred Inflows - Pension - Internal Service Fund	3,434
Net Pension Liability	(42,180,800)
Net Pension Liability - Internal Service Fund	235,745
Deferred Outflows - OPEB	2,613,153
Deferred Outflows - OPEB - Internal Service Fund	(15,384)
Deferred Inflows - OPEB	(2,800,636)
Deferred Inflows - OPEB - Internal Service Fund	1,718
Net OPEB Liability	(2,545,524)
Net OPEB Liability - Internal Service Fund	<u>5,097</u>
	(31,164,251)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest Payable	(46,091)
General Obligation Bonds Payable	(19,335,000)
OWDA Loans Payable	(23,843,028)
Capital Loans Payable	(542,496)
Compensated Absences Payable	(2,248,106)
Financed Purchases Payable	(68,850)
Leases Payable	<u>(446,171)</u>
	(46,529,742)

(continued)

City of Bowling Green
Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities
December 31, 2023
(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.

(\$58,530)

Net Position of Governmental Activities

\$15,131,745

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, 2023

	General	Playground and Recreation	American Rescue Plan	Sewer and Water Capital Improvement
<u>Revenues</u>				
Property Taxes	\$1,858,183	\$1,116,510	\$0	\$0
Municipal Income Taxes	9,332,394	622,159	0	6,221,596
Other Local Taxes	2,292,844	0	0	0
Special Assessments	0	0	0	0
Charges for Services	2,796,770	828,583	0	0
Fees, Licenses, and Permits	40,070	0	0	0
Fines, Forfeitures, and Settlements	252,934	32	0	0
Intergovernmental	1,684,495	16,250	2,241,846	0
Investment Earnings and Other Interests	3,306,608	0	0	0
Other	131,581	198,090	139,493	196
Total Revenues	21,695,879	2,781,624	2,381,339	6,221,792
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,337,723	0	0	0
Fire	3,296,557	0	2,340	0
Public Health	0	0	0	0
Leisure Time Activities	0	2,502,284	29,720	0
Community Environment	753,007	0	748,907	0
Basic Utility Services	965,138	0	0	0
Transportation	3,225,988	0	1,256,351	0
General Government				
Court	1,394,018	0	0	0
Other	3,563,677	24,093	102,166	240,922
Capital Outlay	0	0	0	8,106,313
Intergovernmental	0	0	50,000	0
Debt Service				
Principal Retirement	0	0	0	2,040,163
Interest	0	0	0	344,234
Total Expenditures	18,536,108	2,526,377	2,189,484	10,731,632
Excess of Revenues Over (Under) Expenditures	3,159,771	255,247	191,855	(4,509,840)
<u>Other Financing Sources (Uses)</u>				
OWDA Loans Issued	0	0	0	259,317
Sale of Capital Assets	21,000	0	0	0
Inception of Lease	0	0	0	0
Inception of Financed Purchase	0	0	0	0
Transfers In	0	0	145,238	0
Transfers Out	(230,657)	(294,804)	0	0
Total Other Financing Sources (Uses)	(209,657)	(294,804)	145,238	259,317
Change in Fund Balance	2,950,114	(39,557)	337,093	(4,250,523)
Fund Balance Beginning of Year	8,381,331	1,253,493	0	11,043,292
Fund Balance End of Year	\$11,331,445	\$1,213,936	\$337,093	\$6,792,769

See Accompanying Notes to the Basic Financial Statements

Street Repair	Other Governmental	Total Governmental Funds
\$0	\$268,214	\$3,242,907
933,240	7,776,995	24,886,384
0	275,490	2,568,334
0	1,183	1,183
0	201,460	3,826,813
0	18,306	58,376
0	228,720	481,686
2,275,584	1,934,230	8,152,405
0	45,278	3,351,886
29	271,950	741,339
<hr/>	<hr/>	<hr/>
3,208,853	11,021,826	47,311,313
<hr/>	<hr/>	<hr/>
0	1,880,563	7,218,286
0	4,316,080	7,614,977
0	8,170	8,170
0	2,942	2,534,946
0	231,977	1,733,891
0	0	965,138
3,418,006	1,648,911	9,549,256
<hr/>	<hr/>	<hr/>
0	153,673	1,547,691
36,139	301,223	4,268,220
0	5,154,587	13,260,900
0	0	50,000
<hr/>	<hr/>	<hr/>
0	1,274,707	3,314,870
0	492,059	836,293
<hr/>	<hr/>	<hr/>
3,454,145	15,464,892	52,902,638
<hr/>	<hr/>	<hr/>
(245,292)	(4,443,066)	(5,591,325)
<hr/>	<hr/>	<hr/>
0	0	259,317
0	0	21,000
0	299,697	299,697
0	87,574	87,574
150,000	2,428,106	2,723,344
(254,879)	(1,943,004)	(2,723,344)
<hr/>	<hr/>	<hr/>
(104,879)	872,373	667,588
<hr/>	<hr/>	<hr/>
(350,171)	(3,570,693)	(4,923,737)
<hr/>	<hr/>	<hr/>
693,917	10,636,196	32,008,229
<hr/>	<hr/>	<hr/>
\$343,746	\$7,065,503	\$27,084,492

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, 2023

Change in Fund Balance - Total Governmental Funds (\$4,923,737)

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

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

Capital Outlay	7,991,020
Depreciation/Amortization	<u>(2,986,009)</u>
	5,005,011

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

Proceeds from Sale of Capital Assets	(21,000)
Gain on Disposal of Capital Assets	21,000
Loss on Disposal of Capital Assets	<u>(79,087)</u>
	(79,087)

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

Property Taxes	4,927
Municipal Income Taxes	68,729
Other Local Taxes	16,486
Special Assessments	(1,187)
Charges for Services	276,504
Fines, Forfeitures, and Settlements	148,937
Intergovernmental	83,876
Investment Earnings and Other Interest	21,080
Other	<u>(134,151)</u>
	485,201

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

General Obligation Bonds Payable	1,155,000
OWDA Loans Payable	1,924,523
Capital Loans Payable	70,040
Financed Purchases Payable	18,724
Leases Payable	<u>146,583</u>
	3,314,870

The inception of a financed purchase and lease is reported as an other financing sources in the governmental funds but increases long-term liabilities on the statement of net position.

Financed Purchase	(87,574)
Lease	<u>(299,697)</u>
	(387,271)

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. (259,317)

(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, 2023
 (continued)

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	\$2,640
Amortization of Deferred Charge on Refunding	<u>(27,413)</u>
	(24,773)

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	(137,390)
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Except for amounts reported as deferred outflows/inflows, changes in the net pension liability (asset) and net OPEB liability are reported as pension/OPEB expense on the statement of activities.

Pension Expense	(5,231,894)
Pension Expense - Internal Service Fund	32,282
OPEB Expense	333,133
OPEB Expense - Internal Service Fund	<u>(9,729)</u>
	(4,876,208)

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	2,822,399
Contractually Required Contributions - Pension - Internal Service Fund	(19,468)
Contractually Required Contributions - OPEB	57,256
Contractually Required Contributions - OPEB - Internal Service Fund	<u>(281)</u>
	2,859,906

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.

3,750

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.

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Change in Net Position of Governmental Activities	<u><u>\$981,418</u></u>
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See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
 Statement of Revenues, Expenditures,
 and Change in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 General Fund
 For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<u>Revenues</u>				
Property Taxes	\$1,857,400	\$1,857,400	\$1,858,183	\$783
Other Local Taxes	2,320,000	2,320,000	2,309,044	(10,956)
Charges for Services	2,707,500	2,707,500	2,756,412	48,912
Fees, Licenses, and Permits	30,800	30,800	40,070	9,270
Fines, Forfeitures, and Settlements	232,500	232,500	226,275	(6,225)
Intergovernmental	1,409,200	1,659,200	1,694,030	34,830
Interest	450,000	465,242	2,184,178	1,718,936
Other	<u>167,444</u>	<u>167,444</u>	<u>109,543</u>	<u>(57,901)</u>
Total Revenues	<u>9,174,844</u>	<u>9,440,086</u>	<u>11,177,735</u>	<u>1,737,649</u>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,449,513	5,464,513	5,322,135	142,378
Fire	3,204,360	3,351,420	3,322,469	28,951
Community Environment	1,059,905	978,405	846,353	132,052
Basic Utility Services	1,113,259	1,132,759	1,027,822	104,937
Transportation	3,516,107	3,508,107	3,302,488	205,619
General Government				
Court	1,466,526	1,454,526	1,388,104	66,422
Other	<u>3,900,817</u>	<u>4,044,817</u>	<u>3,758,329</u>	<u>286,488</u>
Total Expenditures	<u>19,710,487</u>	<u>19,934,547</u>	<u>18,967,700</u>	<u>966,847</u>
Excess of Revenues Under Expenditures	<u>(10,535,643)</u>	<u>(10,494,461)</u>	<u>(7,789,965)</u>	<u>2,704,496</u>
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	13,500	13,500	16,813	3,313
Sale of Capital Assets	0	0	21,000	21,000
Transfers In	7,213,462	8,711,186	8,427,486	(283,700)
Transfers Out	<u>(144,357)</u>	<u>(294,357)</u>	<u>(294,357)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>7,082,605</u>	<u>8,430,329</u>	<u>8,170,942</u>	<u>(259,387)</u>
Change in Fund Balance	(3,453,038)	(2,064,132)	380,977	2,445,109
Fund Balance Beginning of Year	7,889,814	7,889,814	7,889,814	0
Prior Year Encumbrances Appropriated	<u>940,696</u>	<u>940,696</u>	<u>940,696</u>	<u>0</u>
Fund Balance End of Year	<u>\$5,377,472</u>	<u>\$6,766,378</u>	<u>\$9,211,487</u>	<u>\$2,445,109</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
 Playground and Recreation Fund
 For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<u>Revenues</u>				
Property Taxes	\$1,104,025	\$1,111,743	\$1,116,510	\$4,767
Municipal Income Taxes	565,000	607,500	619,184	11,684
Charges for Services	862,450	862,450	832,068	(30,382)
Fines, Forfeitures, and Settlements	0	0	32	32
Intergovernmental	16,100	16,100	16,250	150
Other	<u>213,000</u>	<u>213,000</u>	<u>198,646</u>	<u>(14,354)</u>
Total Revenues	<u>2,760,575</u>	<u>2,810,793</u>	<u>2,782,690</u>	<u>(28,103)</u>
<u>Expenditures</u>				
Current:				
Leisure Time Activities	2,804,675	2,730,196	2,594,719	135,477
General Government				
Other	<u>28,882</u>	<u>28,468</u>	<u>22,743</u>	<u>5,725</u>
Total Expenditures	<u>2,833,557</u>	<u>2,758,664</u>	<u>2,617,462</u>	<u>141,202</u>
Excess of Revenues Over (Under) Expenditures	(72,982)	52,129	165,228	113,099
<u>Other Financing Uses</u>				
Transfers Out	<u>(294,804)</u>	<u>(429,283)</u>	<u>(294,804)</u>	<u>134,479</u>
Change in Fund Balance	(367,786)	(377,154)	(129,576)	247,578
Fund Balance Beginning of Year	1,223,470	1,223,470	1,223,470	0
Prior Year Encumbrances Appropriated	<u>51,864</u>	<u>51,864</u>	<u>51,864</u>	<u>0</u>
Fund Balance End of Year	<u>\$907,548</u>	<u>\$898,180</u>	<u>\$1,145,758</u>	<u>\$247,578</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, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<u>Revenues</u>				
Intergovernmental	\$0	\$112,500	\$52,362	(\$60,138)
Other	0	0	139,493	139,493
Total Revenues	0	112,500	191,855	79,355
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Fire	2,819	3,150	3,150	0
Public Health	1,224	881,065	880,923	142
Leisure Time Activities	26,598	29,720	29,720	0
Community Environment	670,084	748,738	748,738	0
Transportation	1,576,599	1,593,859	1,593,859	0
General Government				
Other	91,343	102,065	102,065	0
Intergovernmental	50,000	50,000	50,000	0
Total Expenditures	2,418,667	3,408,597	3,408,455	142
Excess of Revenues				
Under Expenditures	(2,418,667)	(3,296,097)	(3,216,600)	79,497
<u>Other Financing Sources</u>				
Transfers In	0	145,238	145,238	0
Change in Fund Balance	(2,418,667)	(3,150,859)	(3,071,362)	79,497
Fund Balance Beginning of Year	4,824,467	4,824,467	4,824,467	0
Prior Year Encumbrances Appropriated	150,173	150,173	150,173	0
Fund Balance End of Year	\$2,555,973	\$1,823,781	\$1,903,278	\$79,497

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
 Statement of Fund Net Position
 Proprietary Funds
 December 31, 2023

	Business-Type Activities			Total Enterprise Funds	Governmental Activity Internal Service Fund		
	Electric	Water	Sewer				
Assets							
Current Assets							
Equity in Pooled Cash and Cash Equivalents	\$33,512,378	\$9,972,342	\$4,907,878	\$48,392,598	\$68,281		
Accounts Receivable	8,327,479	867,618	743,239	9,938,336	0		
Due from Other Governments	367	0	0	367	0		
Other Local Taxes Receivable	107,934	0	0	107,934	0		
Interfund Receivable	14,824	6,761	527	22,112	0		
Prepaid Items	37,935	37,958	37,958	113,851	0		
Materials and Supplies Inventory	1,454,765	416,989	0	1,871,754	0		
 Total Current Assets	 43,455,682	 11,301,668	 5,689,602	 60,446,952	 68,281		
Non-Current Assets							
Asset Held for Resale	598,867	199,622	199,622	998,111	0		
Recovered Purchased Power Receivable	443,348	0	0	443,348	0		
Restricted Assets							
Net Pension Asset	99,664	60,667	60,666	220,997	4,333		
Nondepreciable Capital Assets	3,111,740	6,681,117	6,567,228	16,360,085	0		
Depreciable Capital Assets, Net	21,751,359	55,210,636	56,583,227	133,545,222	0		
Equity Interest in Joint Venture	1,190,922	0	0	1,190,922	0		
 Total Non-Current Assets	 27,195,900	 62,152,042	 63,410,743	 152,758,685	 4,333		
 Total Assets	 70,651,582	 73,453,710	 69,100,345	 213,205,637	 72,614		
Deferred Outflows of Resources							
Pension	2,285,608	1,393,043	1,393,254	5,071,905	99,466		
OPEB	353,835	215,379	215,379	784,593	15,384		
 Total Deferred Outflows of Resources	 2,639,443	 1,608,422	 1,608,633	 5,856,498	 114,850		
Liabilities							
Current Liabilities							
Accrued Wages Payable	62,597	41,347	41,765	145,709	0		
Accounts Payable	4,374,748	425,105	147,739	4,947,592	0		
Contracts Payable	99,717	0	0	99,717	0		
Due to Other Governments	144,995	73,898	83,896	302,789	0		
Interfund Payable	184,264	6,067	15,470	205,801	0		
Retainage Payable	157,922	0	0	157,922	0		
Accrued Interest Payable	6,000	2,000	4,604	12,604	0		
Loan Payable	120,000	40,000	40,000	200,000	0		
Compensated Absences Payable	239,674	160,034	137,906	537,614	0		
Financed Purchase Payable	0	0	30,597	30,597	0		
Leases Payable	6,976	12,981	7,627	27,584	0		
AMP Ohio Payable	102,000	0	0	102,000	0		
 Total Current Liabilities	 5,498,893	 761,432	 509,604	 6,769,929	 0		

(continued)

City of Bowling Green
 Statement of Fund Net Position
 Proprietary Funds
 December 31, 2023
 (continued)

	Business-Type Activities			Total Enterprise Funds	Governmental Activity Internal Service Fund
	Electric	Water	Sewer		
<u>Non-Current Liabilities</u>					
Compensated Absences Payable	443,934	234,620	263,079	941,633	0
Financed Purchase Payable	0	0	103,377	103,377	0
Leases Payable	16,057	43,939	23,792	83,788	0
AMP Ohio Payable	341,348	0	0	341,348	0
Net Pension Liability	5,422,120	3,300,422	3,300,422	12,022,964	235,745
Net OPEB Liability	117,249	71,368	71,368	259,985	5,097
 Total Non-Current Liabilities	 6,340,708	 3,650,349	 3,762,038	 13,753,095	 240,842
 Total Liabilities	 11,839,601	 4,411,781	 4,271,642	 20,523,024	 240,842
<u>Deferred Inflows of Resources</u>					
Recovered Purchased Power	1,865,764	0	0	1,865,764	0
Pension	79,050	47,895	49,924	176,869	3,434
OPEB	39,540	24,069	24,070	87,679	1,718
 Total Deferred Inflows of Resources	 1,984,354	 71,964	 73,994	 2,130,312	 5,152
<u>Net Position</u>					
Net Investment in Capital Assets	24,582,427	61,834,833	62,985,062	149,402,322	0
Restricted for Pension Plans	99,664	60,667	60,666	220,997	4,333
Unrestricted (Deficit)	34,784,979	8,682,887	3,317,614	46,785,480	(62,863)
 Total Net Position (Deficit)	 \$59,467,070	 \$70,578,387	 \$66,363,342	 196,408,799	 (\$58,530)
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.					
					(12,601)
Net position of business-type activities					
					<u><u>\$196,396,198</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
 Statement of Revenues, Expenses,
 and Change in Fund Net Position
 Proprietary Funds
 For the Year Ended December 31, 2023

	Business-Type Activities			Governmental Activity	
	Electric	Water	Sewer	Total Enterprise Funds	Internal Service Fund
<u>Operating Revenues</u>					
Charges for Services	\$59,655,713	\$7,640,722	\$4,910,189	\$72,206,624	\$5,231
Other	677,372	183,685	1,009,035	1,870,092	0
Total Operating Revenues	60,333,085	7,824,407	5,919,224	74,076,716	5,231
<u>Operating Expenses</u>					
Purchased Power	49,774,479	0	0	49,774,479	0
Plant Operation	0	3,358,397	2,366,855	5,725,252	0
Geographical Information Systems	186,500	87,339	77,240	351,079	0
Distribution Operation	2,042,536	2,330,727	1,600,873	5,974,136	0
Administrative and General	6,364,319	704,689	656,872	7,725,880	0
Information and Technology	276,230	91,125	93,094	460,449	0
Sustainability	85,648	33,861	47,333	166,842	0
Engineering	0	151,946	158,537	310,483	0
Depreciation/Amortization	1,743,289	1,762,376	2,050,284	5,555,949	0
Other	0	0	0	0	601
Total Operating Expenses	60,473,001	8,520,460	7,051,088	76,044,549	601
Operating Income (Loss)	(139,916)	(696,053)	(1,131,864)	(1,967,833)	4,630
<u>Non-Operating Revenues (Expenses)</u>					
Gain on Sale of Capital Assets	0	2,324	2,324	4,648	0
Loss on Disposal of Capital Assets	(2,754)	(894)	(894)	(4,542)	0
Excise Taxes	1,351,415	0	0	1,351,415	0
Excise Taxes Expense	(1,351,415)	0	0	(1,351,415)	0
Interest Expense	(7,885)	(13,849)	(31,642)	(53,376)	0
Investment in Joint Venture	(688,990)	0	0	(688,990)	0
Total Non-Operating Revenues (Expenses)	(699,629)	(12,419)	(30,212)	(742,260)	0
Income (Loss) before Contributions	(839,545)	(708,472)	(1,162,076)	(2,710,093)	4,630
Capital Contributions	0	2,993,264	5,397,751	8,391,015	0
Change in Net Position	(839,545)	2,284,792	4,235,675	5,680,922	4,630
Net Position (Deficit) Beginning of Year	60,306,615	68,293,595	62,127,667		(63,160)
Net Position (Deficit) End of Year	\$59,467,070	\$70,578,387	\$66,363,342		(\$58,530)

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

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Change in net position of business-type activities

\$5,681,339

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-Type Activities			Total Enterprise Funds	Governmental Activity Internal Service Fund
	Electric	Water	Sewer		
Increases (Decreases) in Cash and Cash Equivalents					
<u>Cash Flows from Operating Activities</u>					
Cash Received from Customers	\$61,430,056	\$7,581,172	\$4,972,557	\$73,983,785	\$0
Cash Received from Transactions with Other Funds	0	0	0	0	36,931
Cash Payments for Purchased Power	(49,640,092)	0	0	(49,640,092)	0
Cash Payments for Plant Operation	0	(3,315,189)	(2,407,183)	(5,722,372)	0
Cash Payments for Geographical Information Systems	(207,152)	(94,155)	(78,936)	(380,243)	0
Cash Payments for Distribution Operation	(1,827,979)	(2,036,916)	(1,522,460)	(5,387,355)	0
Cash Payments for Administrative and General	(6,266,367)	(678,030)	(616,042)	(7,560,439)	0
Cash Payments for Information and Technology	(267,518)	(89,225)	(89,225)	(445,968)	0
Cash Payments for Sustainability	(76,342)	(31,204)	(43,448)	(150,994)	0
Cash Payments for Engineering	0	(147,026)	(147,024)	(294,050)	0
Cash Received from Other Revenues	687,626	184,206	1,009,604	1,881,436	0
Cash Payments for Other Expenses	0	0	0	0	(1,829)
Net Cash Provided by Operating Activities	<u>3,832,232</u>	<u>1,373,633</u>	<u>1,077,843</u>	<u>6,283,708</u>	<u>35,102</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Cash Received from Excise Taxes	1,351,415	0	0	1,351,415	0
Cash Payments for Excise Tax Distribution	(1,351,415)	0	0	(1,351,415)	0
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Principal Paid on General Obligation Bonds	0	(80,000)	(290,000)	(370,000)	0
Interest Paid on General Obligation Bonds	0	(1,802)	(6,522)	(8,324)	0
Principal Paid on Financed Purchase	0	0	(38,718)	(38,718)	0
Principal Paid on Leases	(7,576)	(22,754)	(18,614)	(48,944)	0
Interest Paid on Leases	(1,885)	(5,296)	(3,399)	(10,580)	0
Grants	0	37,500	0	37,500	0
Sale of Capital Assets	0	13,577	13,577	27,154	0
Acquisition of Capital Assets	<u>(5,315,925)</u>	<u>(1,794,925)</u>	<u>(156,563)</u>	<u>(7,267,413)</u>	<u>0</u>
Net Cash Used for Capital and Related Financing Activities	<u>(5,325,386)</u>	<u>(1,853,700)</u>	<u>(500,239)</u>	<u>(7,679,325)</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,493,154)</u>	<u>(480,067)</u>	<u>577,604</u>	<u>(1,395,617)</u>	<u>35,102</u>
Cash and Cash Equivalents Beginning of Year	<u>35,005,532</u>	<u>10,452,409</u>	<u>4,330,274</u>	<u>49,788,215</u>	<u>33,179</u>
Cash and Cash Equivalents End of Year	<u>\$33,512,378</u>	<u>\$9,972,342</u>	<u>\$4,907,878</u>	<u>\$48,392,598</u>	<u>\$68,281</u>

(continued)

City of Bowling Green
 Statement of Cash Flows
 Proprietary Funds
 For the Year Ended December 31, 2023
 (continued)

	Business-Type Activities			Total Enterprise Funds	Governmental Activity Internal Service Fund
	Electric	Water	Sewer		
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>					
Operating Income (Loss)	(\$139,916)	(\$696,053)	(\$1,131,864)	(\$1,967,833)	\$4,630
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</u>					
Depreciation/Amortization	1,743,289	1,762,376	2,050,284	5,555,949	0
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(81,430)	(59,119)	60,046	(80,503)	6,754
Decrease in Due from Other Governments	624	521	2,969	4,114	0
Decrease in Other Local Taxes Receivable	904	0	0	904	0
(Increase) Decrease in Interfund Receivable	(361)	(431)	(78)	(870)	24,946
Decrease in Prepaid Items	42,752	29,983	32,404	105,139	0
(Increase) Decrease in					
Materials and Supplies Inventory	(156,549)	128,132	0	(28,417)	0
Decrease in Recovered Purchased Power Receivable	644,419	0	0	644,419	0
Decrease in Net Pension Asset	9,042	5,504	5,504	20,050	394
Increase (Decrease) in Accrued Wages Payable	1,199	2,572	(288)	3,483	(1,909)
Increase (Decrease) in Accounts Payable	(205,485)	173,413	(31,745)	(63,817)	(756)
Decrease in Contracts Payable	(249)	0	0	(249)	0
Increase (Decrease) in Due to Other Governments	37,045	35,148	28,951	101,144	(1,367)
Decrease in Interfund Payable	(1,128)	(1,044)	(532)	(2,704)	0
Increase (Decrease) in Compensated					
Absences Payable	46,187	25,848	(38,462)	33,573	0
Decrease in AMP-Ohio Payable	(28,841)	0	0	(28,841)	0
Increase in Recovered Purchased Power Payable	1,865,764	0	0	1,865,764	0
Increase in Net Pension Liability	175,307	106,709	106,709	388,725	7,623
Decrease in Net OPEB Liability	(4,015)	(2,444)	(2,444)	(8,903)	(175)
Decrease in Deferred Outflows - Pension	961,827	585,819	611,475	2,159,121	41,839
Decrease in Deferred Outflows - OPEB	233,343	142,034	161,591	536,968	10,145
Decrease in Deferred Inflows - Pension	(851,988)	(557,646)	(505,409)	(1,915,043)	(37,042)
Decrease in Deferred Inflows - OPEB	(459,508)	(307,689)	(271,268)	(1,038,465)	(19,980)
Net Cash Provided by Operating Activities	<u>\$3,832,232</u>	<u>\$1,373,633</u>	<u>\$1,077,843</u>	<u>\$6,283,708</u>	<u>\$35,102</u>

Non-Cash Capital Financing Activities:

At December 31, 2022, the Electric enterprise fund had payables related to the acquisition of capital assets, in the amount of \$685,967. At December 31, 2023, the Electric enterprise fund had payables related to the acquisition of capital assets, in the amount of \$257,639.

During 2023, the Water and Sewer enterprise funds entered into leases for vehicles, in the amount of \$41,999, and \$12,358, respectively.

During 2023, the Water and Sewer enterprise funds entered into financed purchases for equipment, in the amount of \$172,692.

During 2023, the Water and Sewer enterprise funds received capital assets that were constructed in the City's governmental funds, in the amount of \$2,955,764 and \$5,397,751, respectively.

See Accompanying Notes to the Basic Financial Statements

City of Bowling Green
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2023

<u>Assets</u>	
Cash and Cash Equivalents in Segregated Accounts	\$203,797
Special Assessments Receivable	<u>107,561</u>
 Total Assets	 <u>311,358</u>
<u>Liabilities</u>	
Accounts Payable	109,217
Due to Other Governments	<u>71,080</u>
 Total Liabilities	 <u>180,297</u>
<u>Net Position</u>	
Restricted for Individuals, Organizations, and Other Governments:	<u><u>\$131,061</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, 2023

<u>Additions</u>	
Fines and Forfeitures for Other Governments	\$1,518,791
Special Assessments Collections for Others	<u>105,524</u>
 Total Additions	 <u>1,624,315</u>
<u>Deductions</u>	
Fines and Forfeitures Distributions to Other Governments	1,452,831
Special Assessments Distributions to Others	<u>105,524</u>
 Total Deductions	 <u>1,558,355</u>
Net Increase in Fiduciary Net Position	65,960
Net Position Beginning of Year	<u>65,101</u>
Net Position End of Year	<u><u>\$131,061</u></u>

See Accompanying Notes to the Basic Financial Statements

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City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 2023.

The City participates in two insurance pools, three joint ventures, and a jointly governed organization. These organizations are the Buckeye Ohio Risk Management Agency (BORMA), the Ohio Rural Water Association Workers' Compensation Group Rating Plan (Plan), the Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2), the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5), the Ohio Municipal Electric Generation Agency Joint Venture 6 (JV6), and the Bowling Green Central Business Special Improvement District, Inc. (SID). These organizations are presented in Notes 22, 23, and 24 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bowling Green have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the City's accounting policies.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

Street Repair Fund - The Street Repair Fund accounts for municipal income taxes, grants and federal aid that are restricted for major street repair of primary and secondary streets within the City.

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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sewer Fund - The Sewer Fund accounts for the provision of sanitary sewer service to residential and commercial users within the City.

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, 2023

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, forfeitures and settlements, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, and investment earnings and other interest.

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the City, deferred outflows of resources includes deferred charges on refundings, 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. These amounts have been recorded as deferred outflows of resources on both the government-wide statement of net position and the proprietary fund financial statements. Deferred outflows of resources related to pension and OPEB are reported on the government-wide and proprietary funds statement of net position and explained in Notes 16 and 17 to the basic financial statements.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, unavailable revenue, recovered purchased power, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes accrued interest, intergovernmental revenues including grants, municipal income taxes, delinquent property taxes, special assessments, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. Recovered purchased power represents recovered costs of a regulated business-type activity applicable to a future period. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities on page 22. Deferred inflows of resources related to pension and OPEB are reported on the government-wide and proprietary funds statement of net position and explained in Notes 16 and 17 to the basic financial statements.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 2023, the City invested in mutual funds, negotiable certificates of deposit, federal agency securities, Tennessee Valley Authority Bonds, private export funding corporation 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, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For 2023, 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 per day.

Under existing Ohio statutes all investment earnings and other interest are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings and other interest credited to the general fund during 2023 amounted to \$3,306,608 which includes \$2,838,229 assigned from other County funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent money set aside for unclaimed monies. Restricted assets in the proprietary funds represent amounts held in trust by the pension plans for future benefits.

J. Asset Held for Resale

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Capital Assets

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

All capital assets (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The City maintains a capitalization threshold of fifteen thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. The City reports all infrastructure, including that acquired prior to 1980.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	25 years	N/A
Buildings	15-50 years	15-50 years
Equipment	1-20 years	1-20 years
Vehicles	3-10 years	3-10 years
Streets	15-40 years	N/A
Electric, Water, Sewer, and Storm Sewer Lines	N/A	15-50 years
Intangible Right to Use Lease - Vehicles	26-59 months	30-60 months

The City is reporting intangible right to use assets related to lease assets. The lease assets include vehicles and represent nonfinancial assets which are being utilized for a period of time through lease from another entity. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Deferred Charge on Refunding

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

M. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as “Interfund Receivables/Payables.” Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as “Internal Balances”.

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

N. Compensated Absences

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

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

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. The net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient to pay those benefits. General obligation bonds, OWDA loans, capital loans, financed purchases, and leases are recognized as liabilities on the governmental fund financial statements when due.

P. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the City, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for maintenance of state highways, cemetery maintenance, and various municipal court operations. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted net position for pension plans represent the corresponding restricted asset amounts held in trust by the pension plan for future benefits.

Q. Leases

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

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

R. Fund Balance

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Assigned - Amounts in the assigned classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by City Council. Fund balance policy of City Council has authorized the Safety Director and the Service Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The City Council has also assigned fund balance for debt retirement, future severance payments, and to cover a gap between estimated resources and appropriations in the 2024 budget.

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

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

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for electric, water, and sewer services, and charges for engineering services in the internal service fund. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Capital Contributions

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

U. Interfund Transactions

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

V. 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.

W. Estimates

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”, and GASB Statement No.99, “Omnibus 2022”.

GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The City did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The City did not have any contracts that met GASB Statement No. 96 definition of a SBITA, other than short-term SBITAs.

GASB Statement No. 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

For 2023, the City also implemented the guidance in GASB’s Implementation Guide No. 2021-1, “Implementation Guidance Update-2021” (other than question 5.1).

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2023, the Facility Capitalization and Aquatic Facility Capital Improvement capital projects funds had a deficit fund balances, in the amount of \$906,315 and \$82,284, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

At December 31, 2023, the internal service fund had a deficit net position, in the amount of \$58,530, 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, 2023

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, 2023.

Fund Program/Department/Object	Appropriations	Expenditures Plus Encumbrances	Excess
General Fund			
Security of Persons and Property			
Fire			
Fringe Benefits	\$840,155	\$848,373	\$8,218
General Government - Other			
Grants			
Salaries	89,550	90,391	841
Fringe Benefits	32,621	35,381	2,760
Prosecutor			
Fringe Benefits	144,340	145,542	1,202
Personnel Director			
Fringe Benefits	31,260	32,525	1,265
Municipal Court			
Fringe Benefits	365,260	375,155	9,895
Sustainability			
Fringe Benefits	33,871	34,320	449
Playground and Recreation			
Leisure Time Activities			
Aquatic Complex			
Operating	120,448	136,321	15,873
Community Center			
Operating	89,078	92,520	3,442
Simpson Garden Park			
Fringe Benefits	21,595	21,608	13
American Rescue Plan			
General Government - Other			
Miscellaneous General			
Fringe Benefits	2,000	6,172	4,172
Fire Levy			
General Government - Other			
Fire District			
Salaries	2,871,713	2,893,464	21,751
Fringe Benefits	1,341,563	1,373,313	31,750

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

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

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and change in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Change in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - for the General Fund and the Playground and Recreation and American Rescue Plan special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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	\$2,950,114	(\$39,557)	\$337,093
<u>Increase (Decrease) Due To</u>			
Revenue Accruals:			
Accrued 2022, Received in Cash 2023	1,293,885	58,525	(4,635,126)
Accrued 2023, Net Yet Received in Cash	(1,331,270)	(61,900)	2,445,642
Expenditure Accruals:			
Accrued 2022, Paid in Cash 2023	(1,065,591)	(130,941)	(556,152)
Accrued 2023, Net Yet Paid in Cash	1,195,545	134,982	1,682

(continued)

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

	Change in Fund Balance (continued)		
	General	Playground and Recreation	American Rescue Plan
Cash Adjustments:			
Unrecorded Activity 2022	(\$1,612,295)	\$37,794	\$216,638
Unrecorded Activity 2023	430,246	(29,734)	(216)
Prepaid Items	128,973	12,781	0
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses into			
Financial Statement Fund Types	(589,306)	0	0
Encumbrances Outstanding at Year End (Budget Basis)	<u>(1,019,324)</u>	<u>(111,526)</u>	<u>(880,923)</u>
Budget Basis	<u><u>\$380,977</u></u>	<u><u>(\$129,576)</u></u>	<u><u>(\$3,071,362)</u></u>

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio (if training requirements have been met);
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time (if training requirements have been met).

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.

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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, \$3,572,517 of the City's bank balance of \$14,359,679 was exposed to custodial credit risk because it was uninsured and uncollateralized. The City's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

Investments

Investments are reported at fair value or amortized cost. At December 31, 2023, the City had the following investments:

Measurement/Investment	Measurement Amount	Less Than	Six Months	One Year	More Than
		Six Months	to One Year	to Two Years	Two Years
Fair Value - Level One Inputs					
Mutual Funds	\$392,279	\$392,279	\$0	\$0	\$0
Fair Value - Level Two Inputs					
Negotiable Certificates of Deposit	6,420,066	2,225,635	968,784	703,305	2,522,342
Federal Agricultural Mortgage Corporation Notes	2,454,842	0	0	1,258,979	1,195,863
Federal Farm Credit Bank Notes	8,755,876	584,857	1,949,296	1,388,909	4,832,814
Federal Home Loan Bank Notes	6,456,584	795,760	535,634	1,140,789	3,984,401
Federal National Mortgage Association Notes	1,046,212	0	125,793	920,419	0
	2,627,290	0	1,836,685	790,605	0

(continued)

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Measurement/Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Fair Value - Level Two Inputs (continued)					
Private Export Funding					
Corporation Notes	\$603,180	\$0	\$0	\$0	\$603,180
Tennessee Valley Authority					
Bonds	1,057,925	0	0	0	1,057,925
United States Treasury Bills	9,784,602	1,867,701	631,739	1,322,543	5,962,619
Total Fair Value -					
Level Two Inputs	<u>39,206,577</u>	<u>5,473,953</u>	<u>6,047,931</u>	<u>7,525,549</u>	<u>20,159,144</u>
Amortized Cost					
Commercial Paper	593,472	593,472	0	0	0
Net Value Per Share					
STAR Ohio	24,996,894	24,996,894	0	0	0
Total Investments	<u>\$65,189,222</u>	<u>\$31,456,598</u>	<u>\$6,047,931</u>	<u>\$7,525,549</u>	<u>\$20,159,144</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2023. 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, private export funding corporation securities, and U.S. Treasury securities carry a rating of Aaa and Aaam 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 statistical rating organization, commercial paper must be rated in the highest category at the time of purchase by two nationally recognized statistical rating organization, and STAR Ohio must maintain the highest rating provided by at least one nationally recognized statistical rating organization.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	\$6,420,066	9.85%
Federal Agricultural Mortgage Corporation	2,454,842	3.77
Federal Farm Credit Bank	8,755,876	13.43
Federal Home Loan Bank	6,456,584	9.90
Federal Home Loan Mortgage Corporation	1,046,212	1.60
Federal National Mortgage Association	2,627,290	4.03
Private Export Funding Corporation	603,180	0.93
Tennessee Valley Authority Bonds	1,057,925	1.62
United States Treasury	9,784,602	15.01
Commercial Paper	593,472	0.91

NOTE 7 - RECEIVABLES

Receivables at December 31, 2023, consisted of accounts (billings for user charged services, including unbilled utility services and Opioid settlement monies); accrued interest; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; interfund; property taxes; notes; and special assessments. 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 \$362,541, will not be received within one year. At December 31, 2023, the amount of delinquent special assessments was \$20,911.

Opioid Settlement Monies

During 2021, Ohio reached an agreement with the three largest distributors of opioids. Subsequently, settlements have been reached with other distributors. As contingencies related to timing and measurement are resolved, a receivable will be reported in accompanying financial statements as a part of accounts receivable. As a participating subdivision, the City reported \$151,139 as a receivable related to opioid settlement monies in the OneOhio Opioid special revenue fund in the accompanying financial statements. Collections of these settlement monies are expected to extend through 2038 with \$17,166 expected to be collected in 2024.

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 7 – RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$110,308
Local Government	525,564
Bowling Green City School District	1,372
Bowling Green State University	2,389
Ohio Attorney General	12,906
Wood County Auditor	655
Total General Fund	<u>653,194</u>
Playground and Recreation	
Homestead and Rollback	6,486
Ohio Department of Natural Resources	<u>20,132</u>
Total Playground and Recreation	<u>26,618</u>
Total Major Funds	<u>679,812</u>
Nonmajor Funds	
Street Maintenance and Repair	
Gasoline Tax	463,600
Auto Registration	60,178
Motor Vehicle License Tax	<u>23,073</u>
Total Street Maintenance and Repair	<u>546,851</u>
State Highway	
Gasoline Tax	37,589
Auto Registration	<u>4,965</u>
Total State Highway	<u>42,554</u>
ODOT Transportation	
Ohio Department of Transportation	<u>70,080</u>
Revolving Loan	
Community Development Block Grant	<u>5,951</u>
Police Levy	
Bowling Green State University	1,286
Bowling Green City School District	739
Wood County Auditor	<u>353</u>
Total Police Levy	<u>2,378</u>
Aquatic Facility Capital Improvement	
Homestead and Rollback	<u>11,829</u>
Total Nonmajor Funds	<u>679,643</u>
Governmental Activities	<u>\$1,359,455</u>

(continued)

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 7 - RECEIVABLES (continued)

	<u>Amount</u>
Business Type Activities	
Major Funds	
Electric	
Bowling Green State University	<u>\$367</u>

NOTE 8 - NOTES RECEIVABLE

Notes receivable represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under the Federal Community Development Block Grant and Home Investment Partnership Program. The notes have an annual interest rate of 0 to 4.75 percent and are to be repaid over periods ranging from three to twenty years. A summary of the changes in notes receivable during 2023 follows:

	Balance		Balance		Due Within One Year
	December 31, 2022	New Loans	December 31, 2023	Repayments	
Special Revenue Fund					
CDBG					
Revolving Loan Program	\$634,413	\$135,000	\$236,209	\$533,204	\$170,663
Home Program	24,172	0	9,192	14,980	14,980
Total Notes Receivable	<u>\$658,585</u>	<u>\$135,000</u>	<u>\$245,401</u>	<u>\$548,184</u>	<u>\$185,643</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, 2023

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 2023 represent the collection of 2022 taxes. Real property taxes received in 2023 were levied after October 1, 2022, on the assessed values as of January 1, 2022, 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 2023 represent the collection of 2022 taxes. Public utility real and tangible personal property taxes received in 2023 became a lien on December 31, 2021, were levied after October 1, 2022, 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, 2023, and for which there was an enforceable legal claim. In the government funds, the portion of the receivable not levied to finance 2023 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, 2023, was \$6.20 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2023 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Agricultural/Residential	\$357,485,660
Commercial/Industrial	201,052,350
Public Utility real	28,110
Public Utility Personal	5,730,220
Total	<u>\$564,296,340</u>

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 11 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$4,422,948	\$0	\$0	\$4,422,948
Construction in Progress	3,293,694	5,999,090	(7,041,142)	2,251,642
Total Nondepreciable Capital Assets	<u>7,716,642</u>	<u>5,999,090</u>	<u>(7,041,142)</u>	<u>6,674,590</u>
Depreciable Capital Assets				
Land Improvements	4,625,177	0	0	4,625,177
Buildings	28,946,198	7,259,822	(940,949)	35,265,071
Equipment	3,225,247	0	(331,712)	2,893,535
Vehicles	9,694,558	235,135	(231,312)	9,698,381
Streets	76,425,027	1,238,418	(108,065)	77,555,380
Intangible Right to Use Lease - Vehicles	405,615	299,697	0	705,312
Total Depreciable Capital Assets	<u>123,321,822</u>	<u>9,033,072</u>	<u>(1,612,038)</u>	<u>130,742,856</u>
Less Accumulated Depreciation/Amortization for				
Land Improvements	(2,274,218)	(137,507)	0	(2,411,725)
Buildings	(13,330,662)	(614,527)	872,668	(13,072,521)
Equipment	(2,845,398)	(132,886)	331,712	(2,646,572)
Vehicles	(7,655,555)	(376,202)	231,312	(7,800,445)
Streets	(47,983,135)	(1,573,400)	97,259	(49,459,276)
Intangible Right to Use Lease - Vehicles	(121,900)	(151,487)	0	(273,387)
Total Accumulated Depreciation/Amortization	<u>(74,210,868)</u>	<u>(2,986,009)</u>	<u>1,532,951</u>	<u>(75,663,926)</u>
Total Depreciable Capital Assets, Net	<u>49,110,954</u>	<u>6,047,063</u>	<u>(79,087)</u>	<u>55,078,930</u>
Governmental Activities				
Capital Assets, Net	<u>\$56,827,596</u>	<u>\$12,046,153</u>	<u>(\$7,120,229)</u>	<u>\$61,753,520</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 11 - CAPITAL ASSETS (continued)

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$5,208,208	\$729,427	\$0	\$5,937,635
Construction in Progress	14,749,665	12,720,443	(17,047,658)	10,422,450
Total Nondepreciable Capital Assets	<u>19,957,873</u>	<u>13,449,870</u>	<u>(17,047,658)</u>	<u>16,360,085</u>
Depreciable Capital Assets				
Buildings	113,658,103	13,215,848	(212,146)	126,661,805
Equipment	5,344,931	45,311	0	5,390,242
Vehicles	9,096,886	692,316	(214,347)	9,574,855
Electric, Water, Sewer, and Storm Sewer Lines	122,646,166	5,009,605	0	127,655,771
Intangible Right to Use Lease - Vehicles	114,904	54,357	(23,690)	145,571
Total Depreciable Capital Assets	<u>250,860,990</u>	<u>19,017,437</u>	<u>(450,183)</u>	<u>269,428,244</u>
Less Accumulated Depreciation/Amortization for				
Buildings	(51,393,186)	(1,971,365)	207,604	(53,156,947)
Equipment	(4,157,182)	(478,230)	0	(4,635,412)
Vehicles	(7,501,896)	(581,880)	214,347	(7,869,429)
Electric, Water, Sewer, and Storm Sewer Lines	(67,687,748)	(2,494,640)	0	(70,182,388)
Intangible Right to Use Lease - Vehicles	(10,196)	(29,834)	1,184	(38,846)
Total Accumulated Depreciation/Amortization	<u>(130,750,208)</u>	<u>(5,555,949)</u>	<u>423,135</u>	<u>(135,883,022)</u>
Total Depreciable Capital Assets, Net	<u>120,110,782</u>	<u>13,461,488</u>	<u>(27,048)</u>	<u>133,545,222</u>
Business-Type Activities				
Capital Assets, Net	<u>\$140,068,655</u>	<u>\$26,911,358</u>	<u>(\$17,074,706)</u>	<u>\$149,905,307</u>

The Water and Sewer enterprise funds accepted contributions of capital assets from governmental activities with a fair value of \$2,955,764 and \$5,397,751, respectively.

Depreciation/amortization expense was charged to governmental functions as follows:

	Depreciation	Amortization	Total
Security of Persons and Property - Police	\$25,838	\$99,014	\$124,852
Security of Persons and Property - Fire	227,303	14,176	241,479
Public Health	4,583	0	4,583
Leisure Time Activities	491,212	8,550	499,762
Community Environment	77,492	0	77,492
Basic Utility Services	38,863	0	38,863
Transportation	1,854,642	21,936	1,876,578
General Government - Court	100,146	0	100,146
General Government - Other	14,443	7,811	22,254
Tota Depreciation Expense - Governmental Activities	<u>\$2,834,522</u>	<u>\$151,487</u>	<u>\$2,986,009</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 12 - INTERFUND BALANCES

Interfund balances at December 31, 2023, consisted of the following individual fund receivables and payables:

Due to General Fund from:

Electric	\$183,689
Other Governmental	<u>50,000</u>
Total General Fund	<u><u>\$233,689</u></u>

Due to Sewer and Water Improvement Fund from:

Street Repair	\$2,000,000
Other Governmental	<u>1,000,000</u>
Total Sewer and Water Improvement Fund	<u><u>\$3,000,000</u></u>

Due to Other Governmental Funds from:

Other Governmental	<u><u>\$102,500</u></u>
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Due to Electric Fund from:

Water	\$5,817
Sewer	<u>9,007</u>
Total Electric Fund	<u><u>\$14,824</u></u>

Due to Water Fund from:

Electric	\$298
Sewer	<u>6,463</u>
Total Water Fund	<u><u>\$6,761</u></u>

Due to Sewer Fund from:

Electric	\$277
Water	<u>250</u>
Total Sewer Fund	<u><u>\$527</u></u>

The balances due to the General, Sewer and Water Improvement, Other Governmental, Electric, Water, and Sewer 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 \$1,800,000 in the Street Repair and \$952,500 in Other Governmental funds, are expected to be received within one year.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 2023, the City contracted with the Buckeye Ohio Risk Management Agency (BORMA) for property, liability, and crime insurance. The BORMA program is subject to a \$25,000 deductible for any property or liability loss. Coverage provided by BORMA is as follows:

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

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 13 - RISK MANAGEMENT (continued)

For 2023, the City participated in the Ohio Rural Water Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan. To maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the City pays an enrollment fee to the Plan to cover the costs of administering the program.

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

NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has several outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2023:

Vendor	Contract Amount	Amount Paid as of 12/31/23	Outstanding Balance
Altek Industries	\$200,066	\$0	\$200,066
AMP, Inc.	53,709,300	50,216,981	3,492,319
Best Equipment Co., Inc.	180,126	0	180,126
Brownstone Electric	111,004	9,039	101,965
DGL Consulting Engineers	505,128	112,890	392,238
Energy Land & Infrastrucure LLC	788,143	107,999	680,144
Inliner Solutions LLC	847,966	69,729	778,237
Jones & Henry Engineers	635,000	185,935	449,065
Millers Brothers Construction	2,080,956	1,183,871	897,085
Mosser Construction	385,000	0	385,000
Musco Sports Lighting	528,262	0	528,262
Poggemeyer Design Group, Inc.	698,950	357,636	341,314
Precision Industries, Inc.	880,000	0	880,000
Rush Truck Center	118,130	0	118,130
Scannell Properties, LLC	160,415	0	160,415

(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS (continued)

Vendor	Contract Amount	Amount Paid as of 12/31/23	Outstanding Balance
Tank Industry Consultants	\$353,830	\$28,781	\$325,049
Underground Utilities	1,706,535	1,267,831	438,704
Vernon Nagel, Inc.	817,293	640,467	176,826

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2024 are as follows:

General Fund	\$1,019,324
Playground and Recreation	111,526
American Rescue Plan	880,923
Sewer and Water Capital Improvement	4,431,574
Street Repair	1,070,489
Other Governmental Funds	1,793,361

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable*. The remainder of this note includes the required pension disclosures. See Note 17 for the required OPEB disclosures.

Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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	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	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
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	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	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
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	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	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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

	<u>State and Local</u>		Public Safety	Law Enforcement
	Traditional	Combined		
2023 Statutory Maximum Contribution Rates				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
2023 Actual Contribution Rates				
Employer:				
Pension ****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	2.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

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

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

For 2023, the City's contractually required contribution was \$1,841,819 for the traditional plan, \$104,984 for the combined plan and \$32,297 for the member-directed plan. Of these amounts, \$173,316 is reported as an intergovernmental payable for the traditional plan, \$9,888 for the combined plan, and \$3,039 for the member-directed plan.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Ohio Police & Fire Pension Fund (OP&F)

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

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

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, statutory survivors and annuity beneficiaries. Members participating in the DROP program have separate eligibility requirements related to COLA.

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

	Police	Firefighters
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,868,466 for 2023. Of this amount, \$179,077 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.07980500%	0.18385600%	0.32244690%	
Prior Measurement Date	<u>0.08242800%</u>	<u>0.18585000%</u>	<u>0.30628550%</u>	
Change in Proportionate Share	<u>-0.00262300%</u>	<u>-0.00199400%</u>	<u>0.01616140%</u>	
Proportionate Share of the:				
Net Pension Liability	\$23,574,434	\$0	\$30,629,330	\$54,203,764
Net Pension Asset	0	433,329	0	433,329
Pension Expense	\$3,159,440	\$68,572	\$3,649,605	\$6,877,617

2023 pension expense for the member-directed defined contribution plan was \$12,919. The aggregate pension expense for all pension plans was \$6,890,536 for 2023.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$783,044	\$26,641	\$459,427	\$1,269,112
Changes of assumptions	249,048	28,688	2,762,660	3,040,396
Net difference between projected and actual earnings on pension plan investments	6,719,454	157,924	4,459,254	11,336,632
Changes in proportion and differences between City contributions and proportionate share of contributions	8,270	26,968	1,140,059	1,175,297
City contributions subsequent to the measurement date	<u>1,841,819</u>	<u>104,984</u>	<u>1,868,466</u>	<u>3,815,269</u>
Total Deferred Outflows of Resources	<u>\$9,601,635</u>	<u>\$345,205</u>	<u>\$10,689,866</u>	<u>\$20,636,706</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$0	\$61,917	\$697,826	\$759,743
Changes of assumptions	0	0	597,263	597,263
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>276,964</u>	<u>4,634</u>	<u>692,653</u>	<u>974,251</u>
Total Deferred Inflows of Resources	<u>\$276,964</u>	<u>\$66,551</u>	<u>\$1,987,742</u>	<u>\$2,331,257</u>

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

\$3,815,269 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability or increase to the net pension asset in 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
2024	\$733,038	\$11,051	\$631,627	\$1,375,716
2025	1,480,293	33,692	1,542,119	3,056,104
2026	1,977,863	44,949	1,827,151	3,849,963
2027	3,291,658	72,585	2,741,855	6,106,098
2028	0	1,674	90,906	92,580
Thereafter	0	9,719	0	9,719
Total	\$7,482,852	\$173,670	\$6,833,658	\$14,490,180

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00%</u>	

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate - The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	Current		
	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$35,313,713	\$23,574,434	\$13,809,457
OPERS Combined Plan	(226,143)	(433,329)	(597,532)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2022, are presented below.

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustment	2.2 percent simple per year

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
 Total	 <hr style="border: 0.5px solid black; width: 100%; margin-bottom: 5px;"/> 125.00 %	

Note: Assumptions are geometric.

* levered 2.5x

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate - For 2022, the total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$40,405,996	\$30,629,330	\$22,501,987

NOTE 17 - DEFINED BENEFIT OPEB PLANS

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

Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution was \$28,058 for 2023. Of this amount, \$2,642 is reported as an intergovernmental payable.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$43,509 for 2023. Of this amount, \$4,159 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.08085100%	0.32244690%	
Prior Measurement Date	<u>0.08327100%</u>	<u>0.30628550%</u>	
Change in Proportionate Share	<u>-0.00242000%</u>	<u>0.01616140%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$509,781	\$2,295,728	\$2,805,509
OPEB Expense	(\$972,728)	\$143,506	(\$829,222)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$136,995	\$136,995
Changes of assumptions	497,915	1,144,066	1,641,981
Net difference between projected and actual earnings on OPEB plan investments	1,012,443	196,905	1,209,348
Changes in proportion and differences between City contributions and proportionate share of contributions	0	337,855	337,855
City contributions subsequent to the measurement date	<u>28,058</u>	<u>43,509</u>	<u>71,567</u>
Total Deferred Outflows of Resources	<u>\$1,538,416</u>	<u>\$1,859,330</u>	<u>\$3,397,746</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$127,159	\$452,672	\$579,831
Changes of assumptions	40,971	1,877,719	1,918,690
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>3,785</u>	<u>386,009</u>	<u>389,794</u>
Total Deferred Inflows of Resources	<u>\$171,915</u>	<u>\$2,716,400</u>	<u>\$2,888,315</u>

\$71,567 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2024	\$163,960	(\$75,080)	\$88,880
2025	369,679	(73,291)	296,388
2026	315,713	(104,655)	211,058
2027	489,091	(48,089)	441,002
2028	0	(180,696)	(180,696)
Thereafter	<u>0</u>	<u>(418,768)</u>	<u>(418,768)</u>
Total	<u>\$1,338,443</u>	<u>(\$900,579)</u>	<u>\$437,864</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00%</u>	

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

Discount Rate - A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	(4.22%)	(5.22%)	(6.22%)
City's proportionate share of the net OPEB liability (asset)	\$1,735,062	\$509,781	(\$501,276)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$477,829	\$509,781	\$545,744

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	4.27 percent
Prior measurement date	2.84 percent
Cost of Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2036

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

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, 2021.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

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

Discount Rate - For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

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 4.27 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 (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
	(3.27%)	(4.27%)	(5.27%)
City's proportionate share of the net OPEB liability	\$2,826,974	\$2,295,728	\$1,847,221

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

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 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2023, was as follows:

	Interest Rate	Balance December 31, 2022			Balance December 31, 2023			Due Within One Year		
		Additions	Reductions							
Governmental Activities										
General Obligation Bonds										
2021 Various Purpose Improvement (Original Issue - \$9,140,000)	1.5 - 4%	\$8,615,000	\$0	\$225,000	\$8,390,000	\$0	\$235,000			
General Obligation Bonds from Direct Placements										
2012 Refunding Various Purpose Improvement (Original Issue - \$3,850,000)	.75 - 3	1,565,000	0	440,000	1,125,000	\$0	215,000			
2013 Refunding Various Purpose Improvement (Original Issue - \$7,095,000)	1.5 - 4	1,940,000	0	205,000	1,735,000	\$0	205,000			
2018 Various Purpose Improvement (Original Issue - \$9,815,000)	3 - 4	8,370,000	0	285,000	8,085,000	\$0	295,000			
Total General Obligation Bonds from Direct Placements		11,875,000	0	930,000	10,945,000	\$0	715,000			
Total General Obligation Bonds		20,490,000	0	1,155,000	19,335,000	\$0	950,000			

(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Due Within One Year
<u>Governmental Activities (continued)</u>						
Ohio Water Development Authority Loans from Direct Borrowings						
2008 Intake and Pump Station (Original Issue - \$4,107,626)	3.52%	\$1,771,995	\$0	\$227,428	\$1,544,567	\$235,504
2009 WWTP Tertiary Filtration (Original Issue - \$2,541,205)	4.14	1,062,292	0	145,592	916,700	151,682
2009 Microfiltration/Low Pressure Reverse Osmosis (Original Issue - \$4,319,545)	0.00	1,727,818	0	215,977	1,511,841	215,977
2010 WWTP Ultraviolet Disinfection Project (Original Issue - \$961,095)	3.70	420,375	0	53,654	366,721	55,658
2012 Poe and Mercer Roads Pump Station Upgrades (Original Issue - \$1,228,015)	3.08	676,659	0	62,334	614,325	64,268
2013 Manville Tower Replacement (Original Issue - \$3,227,489)	2.59	2,206,698	0	151,604	2,055,094	155,556
2015 Water Treatment Reservoir Pump Station (Original Issue - \$3,332,996)	0.00	2,416,422	0	166,650	2,249,772	166,650
2017 Grit Removal System Improvements (Original Issue - \$5,225,256)	0.00	4,310,837	0	261,263	4,049,574	261,263
2018 Conneaut Avenue Pump Station & Force Main (Original Issue - \$1,935,893)	1.84	1,559,958	0	87,833	1,472,125	89,457
2018 WTP Rapid Sand Filter (Original Issue - \$2,231,035)	0.00	1,784,828	0	111,552	1,673,276	111,552
2019 Microfiltration Membrane Expansion	0.00	2,200,632	0	133,371	2,067,261	0
2019 Wooster and Main Water Main Replacement (Original Issue - \$1,113,173)	2.35	953,927	0	47,942	905,985	49,076
2019 Aeration and Biosolids Improvements	0.52	4,415,793	220,962	259,323	4,377,432	0
2023 Village Subdivision Waterline Improvements	3.43	0	38,355	0	38,355	0
Total Ohio Water Development Authority Loans		25,508,234	259,317	1,924,523	23,843,028	1,556,643

(continued)

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Due Within One Year
<u>Governmental Activities</u> (continued)						
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employee						
Retirement System		\$3,514,068	\$8,037,402	\$0	\$11,551,470	\$0
Ohio Police and Fire Pension		19,134,947	11,494,383	0	30,629,330	0
Total Net Pension Liability		22,649,015	19,531,785	0	42,180,800	0
Net OPEB Liability						
Ohio Public Employee						
Retirement System		0	249,796	0	249,796	0
Ohio Police and Fire Pension		3,357,152	0	1,061,424	2,295,728	0
Total Net OPEB Liability		3,357,152	249,796	1,061,424	2,545,524	0
Capital Loan from Direct Borrowing		612,536	0	70,040	542,496	71,805
Compensated Absences Payable		2,110,716	311,115	173,725	2,248,106	1,209,258
Financed Purchases Payable						
from Direct Borrowing	7.86	0	87,574	18,724	68,850	16,185
Leases Payable	3.65 - 6	293,057	299,697	146,583	446,171	150,178
Total Other Long-Term Obligations		29,022,476	20,479,967	1,470,496	48,031,947	1,447,426
Total Governmental Activities		<u>\$75,020,710</u>	<u>\$20,739,284</u>	<u>\$4,550,019</u>	<u>\$91,209,975</u>	<u>\$3,954,069</u>
 <u>Business-Type Activities</u>						
General Obligation Bonds from Direct Placements						
2012 Refunding Various Purpose						
Improvement						
(Original Issue - \$2,195,000)	.75 - 3%	\$370,000	\$0	\$370,000	\$0	\$0
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employee						
Retirement System		3,657,501	8,365,463	0	12,022,964	0
Net OPEB Liability						
Ohio Public Employee						
Retirement System		0	259,985	0	259,985	0
Loans Payable from Direct Borrowing						
Real Estate Acquisition	5.00	200,000	0	0	200,000	200,000
Compensated Absences Payable		1,445,674	181,116	147,543	1,479,247	537,614
Financed Purchases Payable						
from Direct Borrowing	5.90	0	172,692	38,718	133,974	30,597
Leases Payable	5.21 - 7.98	105,959	54,357	48,944	111,372	27,584
AMP Ohio Payable		472,189	13,159	42,000	443,348	102,000
Total Other Long-Term Obligations		<u>5,881,323</u>	<u>9,046,772</u>	<u>277,205</u>	<u>14,650,890</u>	<u>897,795</u>
Total Business-Type Activities		<u>\$6,251,323</u>	<u>\$9,046,772</u>	<u>\$647,205</u>	<u>\$14,650,890</u>	<u>\$897,795</u>

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

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

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

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

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

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

At December 31, 2023, 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, 2023

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

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

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

The bonds maturing 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

At December 31, 2023, none of the refunded debt was still outstanding.

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, 2023

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

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

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

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

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

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

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

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

At December 31, 2023, all of the bond proceeds have been spent and \$1,487,228 has not been capitalized.

2021 Various Purpose Improvement General Obligation Bonds - On May 26, 2021, the City issued \$9,140,000 in unvoted general obligation bonds for the construction of a new city hall (\$8,120,000) and to retire notes issued in 2020 for the construction of a park building (\$1,020,000). The bonds were issued for a twenty-nine year period with maturity beginning December 1, 2021. The interest rate of the bonds ranges from 1.5 to 4 percent over the remaining life of the bonds. The bonds will be paid from the Debt Service Fund and Sewer and Water Capital Improvement capital projects fund.

The bonds maturing on December 1, 2031, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2030	\$270,000
2031	\$275,000

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

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, 2023 \$2,129,893 has not been capitalized.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 19 - 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 \$17,359,980 and \$1,090,474, respectively. Principal and interest paid on the OWDA loans in the Sewer and Water Capital Improvement capital projects fund for the current year were \$1,924,523 and \$247,444, respectively. Total revenue for the Sewer and Water Capital Improvement capital projects fund was \$6,221,792.

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

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

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, and the Electric, Water, and Sewer enterprise funds.

Financed Purchases Payable - In 2023, the City entered into financed purchase agreements for equipment in the amount of \$87,574 and \$172,692, to be paid from the Capital Improvement capital projects fund and the Sewer enterprise fund. The agreements have an interest rate of 7.43 and 5.9 percent, respectively.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Leases Payable - The City has outstanding agreement to leases vehicles. The future lease payments were discounted based on the interest rate implicit in the lease or using the City's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. The leases will be paid from the General Capital Improvement capital projects fund and Electric, Water, and Sewer enterprise funds.

A summary of the principal and interest amounts for the remaining leases is as follows:

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$150,178	\$25,577	\$27,584	\$7,601
2025	117,461	17,807	27,064	5,566
2026	80,594	11,120	29,226	2,958
2027	67,702	5,566	25,803	1,130
2028	30,236	865	1,695	16
	<u><u>\$446,171</u></u>	<u><u>\$60,935</u></u>	<u><u>\$111,372</u></u>	<u><u>\$17,271</u></u>

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

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

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

The City's estimated share of the impaired costs at March 31, 2014, was \$3,625,332. The City received a credit of \$949,722 related to the AMPGS costs deemed to have future benefit for the project participants, and had made payments of \$1,679,000 leaving a net impaired cost estimate of \$996,610. The City has since incurred additional costs of \$168,202 (in total) for interest and legal fees and has made payments of \$721,464 (in total), resulting in a net impaired cost estimate at December 31, 2023, of \$443,348. 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 \$39,952,404 at December 31, 2023.

The Microfiltration Membrane Expansion, Aeration and Biosolids Improvements, and Village Subdivision Waterline Improvement 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, 2023, were as follows:

Year	General Obligation Bonds			From Direct Placement	
	Principal	Interest		Principal	Interest
2024	\$235,000	\$172,305		\$715,000	\$343,263
2025	240,000	162,905		695,000	324,938
2026	255,000	153,305		705,000	306,168
2027	260,000	149,480		725,000	286,894
2028	265,000	145,580		745,000	266,044
2029 to 2033	1,365,000	666,912		2,565,000	1,063,769
2034 to 2038	1,495,000	540,113		2,035,000	700,357
2039 to 2043	1,660,000	383,942		2,050,000	324,698
2044 to 2048	1,825,000	206,835		710,000	65,249
2049 to 2050	790,000	26,776		0	0
	<u>\$8,390,000</u>	<u>\$2,608,153</u>		<u>\$10,945,000</u>	<u>\$3,681,380</u>

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Year	Direct Borrowings			
	OWDA Loans		Capital Loan	
	Principal	Interest	Principal	Interest
2024	\$1,556,643	\$199,409	\$71,805	\$13,139
2025	1,582,294	177,186	73,616	11,330
2026	1,608,809	154,232	75,470	9,475
2027	1,636,218	130,521	77,373	7,573
2028	1,664,556	106,028	79,322	5,623
2029 to 2033	5,570,760	266,103	164,910	4,983
2034 to 2038	3,575,437	56,588	0	0
2039	165,263	407	0	0
	<u>\$17,359,980</u>	<u>\$1,090,474</u>	<u>\$542,496</u>	<u>\$52,123</u>

Year	Financed Purchases	
	from Direct Borrowings	
	Principal	Interest
2024	\$16,185	\$2,835
2025	16,852	2,168
2026	17,545	1,475
2027	18,268	752
	<u>\$68,850</u>	<u>\$7,230</u>

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2023, from the enterprise funds were as follows:

Year	Financed Purchases		AMP Ohio
	from Direct Borrowings		Payable
	Principal	Interest	Principal
2024	\$30,597	\$8,121	\$102,000
2025	32,452	6,266	72,000
2026	34,419	4,299	72,000
2027	36,506	2,212	72,000
2028	0	0	125,348
	<u>\$133,974</u>	<u>\$20,898</u>	<u>\$443,348</u>

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 20 - FUND BALANCE

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

Fund Balance	General	Playground and Recreation	American Rescue Plan	Sewer and		Other Governmental Funds
				Water Capital Improvement	Street Repair	
Nonspendable for:						
Prepaid Items	\$113,850	\$0	\$0	\$0	\$0	\$0
Unclaimed Monies	96,898	0	0	0	0	0
Total Nonspendable	210,748	0	0	0	0	0
Restricted for:						
American Rescue Plan	0	0	337,093	0	0	0
Capital Improvements	0	0	0	6,792,769	0	1,451,298
Cemetery Operations and Maintenance	0	0	0	0	0	23,049
Community Development	0	0	0	0	0	950,814
Court Operations	0	0	0	0	0	223,871
Debt Retirement	0	0	0	0	0	43,266
Playground and Recreation	0	1,213,936	0	0	0	16,870
Police and Fire Operations	0	0	0	0	0	2,941,523
Public Transit	0	0	0	0	0	68,452
Street Construction and Maintenance	0	0	0	0	343,746	1,998,485
Total Restricted	0	1,213,936	337,093	6,792,769	343,746	7,717,628

(continued)

City of Bowling Green
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

NOTE 20 - FUND BALANCE (continued)

Fund Balance	General	Playground and Recreation	American Rescue Plan	Sewer and Water Capital Improvement		Other Governmental Funds
				Street Repair	Improvement	
Committed to:						
Equipment Replacement	\$0	\$0	\$0	\$0	\$0	\$131,241
Facility Replacement	0	0	0	0	0	45,000
Greenspace Enhancements	94,714	0	0	0	0	0
Roadway Replacement	0	0	0	0	0	123,945
Total Committed	94,714	0	0	0	0	300,186
Assigned for:						
Debt Retirement	0	0	0	0	0	36,288
Future Severance	90,000	0	0	0	0	0
Projected Budget Shortage	3,559,851	0	0	0	0	0
Unpaid Obligations	885,901	0	0	0	0	0
Total Assigned	4,535,752	0	0	0	0	36,288
Unassigned (Deficit)	6,490,231	0	0	0	0	(988,599)
Total Fund Balance	\$11,331,445	\$1,213,936	\$337,093	\$6,792,769	\$343,746	\$7,065,503

NOTE 21 - INTERNAL BALANCES AND TRANSFERS

During 2023, the General Fund made transfers to the Street Repair capital projects fund, in the amount of \$150,000 for street projects, and other governmental funds, in the amount of \$80,657, for transit operations. The Playground and Recreation special revenue fund made transfers to other governmental funds, in the amount of \$294,804; \$244,804 as debt payments came due and \$50,000 to fund park facility capital maintenance. The Street Repair capital projects fund made transfers to other governmental funds, in the amount of \$254,879 as debt payments came due. Other governmental funds made transfers to the American Rescue Plan special revenue fund, in the amount of \$145,238 for capital projects. Other governmental funds made transfers to other governmental funds, in the amount of \$1,797,766; \$992,866 as debt payments came due, \$39,900 for transit operations, and \$765,000 to fund facility and roadway capital maintenance, and other capital improvements.

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 \$1,688.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 22 - INSURANCE POOLS

A. Buckeye Ohio Risk Management Agency (BORMA)

The Buckeye Ohio Risk Management Agency (BORMA) is a public entity shared risk pool among several cities in Northern Ohio. BORMA was formed as an Ohio not-for-profit corporation and operates a health insurance program and a property, crime, and liability insurance program. Each member appoints one person to represent the city on the Board of Directors for a term of one year for participation in the health insurance program and three years for participation in the property, crime, and liability insurance program. Each member city's control over the budgeting and financing of BORMA is limited to its voting authority and any representation it may have on the Board of Directors.

Participation in BORMA is by written application subject to approval of the Board of Directors and the payment of premiums. Member cities must remain members for cycles of three years. A member may withdraw from a program by giving a forty day notice prior to the beginning of the next cycle. BORMA did not have any outstanding debt obligations as of December 31, 2023. Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., 1111 Superior Avenue, Suite 1601, Cleveland, Ohio 44114.

B. Ohio Rural Water Association Workers' Compensation Group Rating Plan

The City participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Rural Water Association Workers' Compensation Group Rating Plan is an insurance purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating members. Financial information may be obtained from the Ohio Rural Water Association Workers' Compensation Group Rating Plan, 55 White Road, Zanesville, Ohio 43701.

NOTE 23 - JOINT VENTURES

A. Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)

The City is a participant, with thirty-five other subdivisions within the State of Ohio, in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis, the Ohio Municipal Electric Generation Agency Joint Venture (JV2). The City is both a financing participant and an owner participant with percentages of liability and ownership of 18.27 percent and 14.32 percent, respectively. Owner participants own undivided interests, as tenants in common, in JV2 in the amount of their respective project shares. Purchaser participants agree to purchase the output associated with their respective project shares, ownership of which is held in trust for such purchaser participants.

In accordance with the JV2 Agreement (Agreement), the participants jointly undertook (as either financing participants or non-financing participants and as either owner participants or purchaser participants) the acquisition, construction, and equipping of JV2, including such portions of JV2 as have been acquired, constructed, or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the Agreement.

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 23 - JOINT VENTURES (continued)

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 (\$282,071) at December 31, 2023. Complete financial statements for JV2 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.ohioauditor.gov.

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, 2023, 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.

City of Bowling Green
Notes to the Basic Financial Statements
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NOTE 23 - JOINT VENTURES (continued)

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

JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001, AMP-Ohio issued \$153,415,000 and \$13,899,981, respectively, of thirty year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the financing participants of JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds were used to construct the JV5 project. On February 17, 2004, the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates, in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from 2005 through 2024. On February 15, 2014, all of the 2004 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, 2023. Complete financial statements for JV5 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.ohioauditor.gov.

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

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

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

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

City of Bowling Green
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 23 - JOINT VENTURES (continued)

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

The City's net investment and its share of the operating results of JV6 are reported in the City's Electric enterprise fund. The City's net investment in JV6 was \$1,002,899 at December 31, 2023. Complete financial statements for JV6 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.ohioauditor.gov.

NOTE 24 - JOINTLY GOVERNED ORGANIZATION

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

The SID is governed by an eight member board of trustees consisting of the Chief Executive of the City of Bowling Green and seven members representing businesses within the SID. Financial information can be obtained from the Bowling Green Central Business Special Improvement District, Inc., 217 South Church Street, Bowling Green, Ohio 43402.

NOTE 25 - CONTINGENT LIABILITIES

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

For the period January 1, 2023, to December 31, 2023, 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.

Required Supplementary Information

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 Ten Years

	2023	2022	2021	2020
City's Proportion of the Net Pension Liability	0.07980500%	0.08242800%	0.08219500%	0.08427800%
City's Proportionate Share of the Net Pension Liability	\$23,574,434	\$7,171,569	\$12,171,289	\$16,658,119
City's Covered Payroll	\$12,374,171	\$11,960,250	\$11,578,364	\$11,857,814
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	190.51%	59.96%	105.12%	140.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%

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

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
0.08596700%	0.08982300%	0.08548100%	0.08537300%	0.08296200%	0.08296200%
\$23,544,619	\$14,091,487	\$19,411,281	\$14,787,680	\$10,006,145	\$9,780,139
\$11,611,364	\$11,875,777	\$11,044,408	\$10,625,493	\$10,171,425	\$9,551,205
202.77%	118.66%	175.76%	139.17%	98.38%	102.40%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

	2023	2022	2021
City's Proportion of the Net Pension Asset	0.18385600%	0.18585000%	0.18844900%
City's Proportionate Share of the Net Pension Asset	\$433,329	\$732,257	\$543,984
City's Covered Payroll	\$854,436	\$847,286	\$830,493
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	50.72%	86.42%	65.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.14%	169.88%	157.67%

(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

2020	2019	2018
0.18381500%	0.19183900%	0.22387400%
\$383,297	\$214,519	\$304,765
\$818,257	\$820,486	\$916,869
46.84%	26.15%	33.24%
145.28%	126.64%	137.28%

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 Ten Years

	2023	2022	2021	2020
City's Proportion of the Net Pension Liability	0.32244690%	0.30628550%	0.30249110%	0.31840570%
City's Proportionate Share of the Net Pension Liability	\$30,629,330	\$19,134,947	\$20,621,089	\$21,449,510
City's Covered Payroll	\$8,012,886	\$8,522,251	\$6,394,260	\$7,462,630
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	382.25%	224.53%	322.49%	287.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%

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

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
0.32735000%	0.34593100%	0.32490000%	0.32843900%	0.32675040%	0.32675040%
\$26,720,411	\$21,231,346	\$20,578,841	\$21,128,711	\$16,927,033	\$15,913,770
\$7,318,902	\$6,569,201	\$6,885,486	\$7,119,120	\$6,391,680	\$7,493,314
365.09%	323.20%	298.87%	296.79%	264.83%	212.37%
63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

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

	2023	2022	2021	2020
City's Proportion of the Net OPEB Liability (Asset)	0.08085100%	0.08327100%	0.08365700%	0.08549700%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$509,781	(\$2,608,176)	(\$1,490,416)	\$11,809,358
City's Covered Payroll	\$13,460,132	\$12,982,611	\$12,653,382	\$12,916,771
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	3.79%	-20.09%	-11.78%	91.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%

(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

2019	2018	2017
0.08731900%	0.09189000%	0.08756000%
\$11,384,337	\$9,978,577	\$8,843,857
\$12,665,425	\$13,021,671	\$12,094,350
89.89%	76.63%	73.12%
46.33%	54.14%	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 Seven Years (1)

	2023	2022	2021	2020
City's Proportion of the Net OPEB Liability	0.32244690%	0.30628550%	0.30249110%	0.31840570%
City's Proportionate Share of the Net OPEB Liability	\$2,295,728	\$3,357,152	\$3,204,942	\$3,145,126
City's Covered Payroll	\$8,012,886	\$8,522,251	\$6,394,260	\$7,462,630
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	28.65%	39.39%	50.12%	42.15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.90%	45.40%	47.08%

(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

2019	2018	2017
0.32735000%	0.34593100%	0.32900000%
\$2,981,025	\$19,599,966	\$15,616,890
\$7,318,902	\$6,569,201	\$6,885,486
40.73%	298.36%	226.81%
46.57%	14.13%	15.96%

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

	2023	2022	2021	2020
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$1,841,819	\$1,732,384	\$1,674,435	\$1,620,971
Contributions in Relation to the Contractually Required Contribution	<u>(1,841,819)</u>	<u>(1,732,384)</u>	<u>(1,674,435)</u>	<u>(1,620,971)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll	\$13,155,850	\$12,374,171	\$11,960,250	\$11,578,364
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	\$104,984	\$119,621	\$118,620	\$116,269
Contributions in Relation to the Contractually Required Contribution	<u>(104,984)</u>	<u>(119,621)</u>	<u>(118,620)</u>	<u>(116,269)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll	\$874,867	\$854,436	\$847,286	\$830,493
Pension Contributions as a Percentage of Covered Payroll	<u>12.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability/Asset - OPEB Plan (1)				
Contractually Required Contribution	\$10,561	\$9,261	\$7,003	\$9,781
Contributions in Relation to the Contractually Required Contribution	<u>(10,561)</u>	<u>(9,261)</u>	<u>(7,003)</u>	<u>(9,781)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll (2)	\$14,353,683	\$13,460,132	\$12,982,611	\$12,653,382
OPEB Contributions as a Percentage of Covered Payroll	<u>0.04%</u>	<u>0.04%</u>	<u>0.04%</u>	<u>0.04%</u>

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

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

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
\$1,660,094	\$1,625,591	\$1,543,851	\$1,325,329	\$1,275,059	\$1,220,571
<u>(1,660,094)</u>	<u>(1,625,591)</u>	<u>(1,543,851)</u>	<u>(1,325,329)</u>	<u>(1,275,059)</u>	<u>(1,220,571)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$11,857,814	\$11,611,364	\$11,875,777	\$11,044,408	\$10,625,493	\$10,171,425
<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>13.00%</u></u>	<u><u>12.00%</u></u>	<u><u>12.00%</u></u>	<u><u>12.00%</u></u>
 \$114,556	 \$114,868	 \$119,193	 \$105,131	 \$105,612	 \$104,151
<u>(114,556)</u>	<u>(114,868)</u>	<u>(119,193)</u>	<u>(105,131)</u>	<u>(105,612)</u>	<u>(104,151)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$818,257	\$820,486	\$916,869	\$876,092	\$880,100	\$867,925
<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>13.00%</u></u>	<u><u>12.00%</u></u>	<u><u>12.00%</u></u>	<u><u>12.00%</u></u>
 \$9,628	 \$9,343	 \$137,088	 \$245,364		
<u>(9,628)</u>	<u>(9,343)</u>	<u>(137,088)</u>	<u>(245,364)</u>		
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>		
\$12,916,771	\$12,665,425	\$13,021,671	\$12,094,350		
<u><u>0.04%</u></u>	<u><u>0.04%</u></u>	<u><u>1.02%</u></u>	<u><u>2.04%</u></u>		

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

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	\$1,868,466	\$1,715,654	\$1,827,401	\$1,369,607
Contributions in Relation to the Contractually Required Contribution	<u>(1,868,466)</u>	<u>(1,715,654)</u>	<u>(1,827,401)</u>	<u>(1,369,607)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll	\$8,701,783	\$8,012,886	\$8,522,251	\$6,394,260
Contributions as a Percentage of Covered Payroll	21.47%	21.41%	21.44%	21.42%
Net OPEB Liability				
Contractually Required Contribution	\$43,509	\$40,064	\$42,611	\$31,972
Contributions in Relation to the Contractually Required Contribution	<u>(43,509)</u>	<u>(40,064)</u>	<u>(42,611)</u>	<u>(31,972)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll	\$8,701,783	\$8,012,886	\$8,522,251	\$6,394,260
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

2019	2018	2017	2016	2015	2014
\$1,600,173	\$1,567,203	\$1,410,554	\$1,479,130	\$1,528,568	\$1,367,429
(1,600,173)	(1,567,203)	(1,410,554)	(1,479,130)	(1,528,568)	(1,367,429)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,462,630	\$7,318,902	\$6,569,201	\$6,885,486	\$7,119,120	\$6,391,680
21.44%	21.41%	21.47%	21.48%	21.47%	21.39%
\$37,314	\$36,595	\$32,846	\$34,428	\$35,595	\$31,958
(37,314)	(36,595)	(32,846)	(34,428)	(35,595)	(31,958)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,462,630	\$7,318,902	\$6,569,201	\$6,885,486	\$7,119,119	\$6,391,680
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

City of Bowling Green
 Notes to the Required Supplementary Information
 For the Year Ended December 31, 2023

Changes in Assumptions - OPERS Pension - Traditional Plan

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	2022	2019 through 2021	2018 and 2017	2016 and prior
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

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

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

2023	3.0 percent, simple through 2023 then 2.05 percent, simple
2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

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

City of Bowling Green
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

Amounts reported for 2017 through 2021 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are 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 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Changes in Assumptions - OPERS Pension - Combined Plan

	2022	2019 through 2021	2018
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

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

Changes in Assumptions - OP&F Pension

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

City of Bowling Green
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

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

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

Beginning in 2023, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

Prior to 2023, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

Prior to 2023, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

**City of Bowling Green
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023**

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

Changes in Assumptions - OPERS OPEB

Wage Inflation:	
2023 and 2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
2023 and 2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent
Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2023	4.05 percent
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2023	5.22 percent
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent

City of Bowling Green
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

Health Care Cost Trend Rate:

2023	5.5 percent, initial
2022	3.5 percent, ultimate in 2036 5.5 percent, initial
2021	3.5 percent, ultimate in 2034 8.5 percent, initial
2020	3.5 percent, ultimate in 2035 10.5 percent, initial
2019	3.5 percent, ultimate in 2030 10.0 percent, initial
2018	3.25 percent, ultimate in 2029 7.5 percent, initial
	3.25 percent, ultimate in 2028

Changes in Assumptions - OP&F OPEB

Blended Discount Rate:

2023	4.27 percent
2022	2.84 percent
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

For 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and 2023.

Changes in Benefit Terms - OPERS OPEB

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

Changes in Benefit Terms - OP&F OPEB

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

Comparative Enterprise Fund Financial Statements

City of Bowling Green
 Comparative Statement of Fund Net Position
 Enterprise Funds
 December 31, 2023, and 2022

	Electric		Water	
	2023	2022	2023	2022
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$33,512,378	\$35,005,532	\$9,972,342	\$10,452,409
Accounts Receivable	8,327,479	8,246,049	867,618	808,499
Due from Other Governments	367	991	0	521
Other Local Taxes Receivable	107,934	108,838	0	0
Interfund Receivable	14,824	14,463	6,761	6,330
Prepaid Items	37,935	80,687	37,958	67,941
Materials and Supplies Inventory	<u>1,454,765</u>	<u>1,298,216</u>	<u>416,989</u>	<u>545,121</u>
Total Current Assets	<u>43,455,682</u>	<u>44,754,776</u>	<u>11,301,668</u>	<u>11,880,821</u>
<u>Non-Current Assets</u>				
Asset Held for Resale	598,867	598,867	199,622	199,622
Recovered Purchased Power Receivable	443,348	472,189	0	0
Restricted Assets				
Net Pension Asset	99,664	168,419	60,667	102,516
Net OPEB Asset	0	599,880	0	365,145
Nondepreciable Capital Assets	3,111,740	4,015,385	6,681,117	5,678,116
Depreciable Capital Assets, Net	21,751,359	17,706,160	55,210,636	53,195,472
Equity Interest in Joint Venture	<u>1,190,922</u>	<u>1,879,912</u>	<u>0</u>	<u>0</u>
Total Non-Current Assets	<u>27,195,900</u>	<u>25,440,812</u>	<u>62,152,042</u>	<u>59,540,871</u>
Total Assets	<u>70,651,582</u>	<u>70,195,588</u>	<u>73,453,710</u>	<u>71,421,692</u>
<u>Deferred Outflows of Resources</u>				
Deferred Charge on Refunding	0	0	0	4,901
Recovered Purchased Power	0	615,578	0	0
Pension	2,285,608	735,944	1,393,043	450,129
OPEB	<u>353,835</u>	<u>2,130</u>	<u>215,379</u>	<u>1,297</u>
Total Deferred Outflows of Resources	<u>2,639,443</u>	<u>1,353,652</u>	<u>1,608,422</u>	<u>456,327</u>
<u>Current Liabilities</u>				
Accrued Wages Payable	62,597	61,398	41,347	38,775
Accounts Payable	4,374,748	4,580,233	425,105	251,692
Contracts Payable	99,717	556,443	0	0
Due to Other Governments	144,995	107,950	73,898	38,750
Interfund Payable	184,264	185,392	6,067	7,111
Retainage Payable	157,922	129,773	0	0
Accrued Interest Payable	6,000	0	2,000	150
Loan Payable	120,000	0	40,000	0
General Obligation Bonds Payable	0	0	0	80,000
Compensated Absences Payable	239,674	225,394	160,034	133,690
Financed Purchase Payable	0	0	0	0
Leases Payable	6,976	7,576	12,981	7,409
AMP Ohio Payable	<u>102,000</u>	<u>72,000</u>	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>5,498,893</u>	<u>5,926,159</u>	<u>761,432</u>	<u>557,577</u>

Sewer		Totals	
2023	2022	2023	2022
\$4,907,878	\$4,330,274	\$48,392,598	\$49,788,215
743,239	803,285	9,938,336	9,857,833
0	2,969	367	4,481
0	0	107,934	108,838
527	449	22,112	21,242
37,958	70,362	113,851	218,990
0	0	1,871,754	1,843,337
<u>5,689,602</u>	<u>5,207,339</u>	<u>60,446,952</u>	<u>61,842,936</u>
199,622	199,622	998,111	998,111
0	0	443,348	472,189
60,666	102,516	220,997	373,451
0	365,145	0	1,330,170
6,567,228	10,264,372	16,360,085	19,957,873
56,583,227	49,209,150	133,545,222	120,110,782
0	0	1,190,922	1,879,912
<u>63,410,743</u>	<u>60,140,805</u>	<u>152,758,685</u>	<u>145,122,488</u>
<u>69,100,345</u>	<u>65,348,144</u>	<u>213,205,637</u>	<u>206,965,424</u>
0	17,661	0	22,562
0	0	0	615,578
1,393,254	475,996	5,071,905	1,662,069
215,379	20,854	784,593	24,281
<u>1,608,633</u>	<u>514,511</u>	<u>5,856,498</u>	<u>2,324,490</u>
41,765	42,053	145,709	142,226
147,739	179,484	4,947,592	5,011,409
0	0	99,717	556,443
83,896	54,945	302,789	201,645
15,470	16,002	205,801	208,505
0	0	157,922	129,773
4,604	544	12,604	694
40,000	0	200,000	0
0	290,000	0	370,000
137,906	211,085	537,614	570,169
30,597	0	30,597	0
7,627	7,409	27,584	22,394
0	0	102,000	72,000
<u>509,604</u>	<u>801,522</u>	<u>6,769,929</u>	<u>7,285,258</u>

(continued)

City of Bowling Green
 Comparative Statement of Fund Net Position
 Enterprise Funds
 December 31, 2023, and 2022
 (continued)

	Electric		Water	
	2023	2022	2023	2022
<u>Non-Current Liabilities</u>				
Loan Payable	\$0	\$120,000	\$0	\$40,000
Compensated Absences Payable	443,934	412,027	234,620	235,116
Financed Purchase Payable	0	0	0	0
Leases Payable	16,057	23,033	43,939	30,266
AMP Ohio Payable	341,348	400,189	0	0
Net Pension Liability	5,422,120	1,649,461	3,300,422	1,004,020
Net OPEB Liability	117,249	0	71,368	0
 Total Non-Current Liabilities	 6,340,708	 2,604,710	 3,650,349	 1,309,402
 Total Liabilities	 11,839,601	 8,530,869	 4,411,781	 1,866,979
<u>Deferred Inflows of Resources</u>				
Recovered Purchases Power	1,865,764	0	0	0
Pension	79,050	2,076,612	47,895	1,302,846
OPEB	39,540	635,144	24,069	414,599
 Total Deferred Inflows of Resources	 1,984,354	 2,711,756	 71,964	 1,717,445
<u>Net Position</u>				
Net Investment in Capital Assets	24,582,427	21,004,969	61,834,833	58,760,814
Restricted for				
Pension and OPEB Plans	99,664	768,299	60,667	467,661
Unrestricted (Deficit)	34,784,979	38,533,347	8,682,887	9,065,120
 Total Net Position	 \$59,467,070	 \$60,306,615	 \$70,578,387	 \$68,293,595

Sewer		Totals	
2023	2022	2023	2022
\$0	\$40,000	\$0	\$200,000
263,079	228,362	941,633	875,505
103,377	0	103,377	0
23,792	30,266	83,788	83,565
0	0	341,348	400,189
3,300,422	1,004,020	12,022,964	3,657,501
71,368	0	259,985	0
<u>3,762,038</u>	<u>1,302,648</u>	<u>13,753,095</u>	<u>5,216,760</u>
<u>4,271,642</u>	<u>2,104,170</u>	<u>20,523,024</u>	<u>12,502,018</u>
0	0	1,865,764	0
49,924	1,252,639	176,869	4,632,097
24,070	378,179	87,679	1,427,922
73,994	1,630,818	2,130,312	6,060,019
62,985,062	59,163,508	149,402,322	138,929,291
60,666	467,661	220,997	1,703,621
3,317,614	2,496,498	46,785,480	50,094,965
<u>\$66,363,342</u>	<u>\$62,127,667</u>	<u>\$196,408,799</u>	<u>\$190,727,877</u>

City of Bowling Green
 Comparative Statement of Revenues, Expenses, and Change in Fund Net Position
 Enterprise Funds
 For the Years Ended December 31, 2023, and 2022

	Electric		Water	
	2023	2022	2023	2022
<u>Operating Revenues</u>				
Charges for Services	\$59,655,713	\$62,723,652	\$7,640,722	\$6,978,335
Other	677,372	412,339	183,685	185,212
Total Operating Revenues	<u>60,333,085</u>	<u>63,135,991</u>	<u>7,824,407</u>	<u>7,163,547</u>
<u>Operating Expenses</u>				
Purchased Power	49,774,479	52,285,973	0	0
Plant Operation	0	0	3,358,397	2,938,363
Geographical Information Systems	186,500	176,585	87,339	105,514
Distribution Operation	2,042,536	1,490,355	2,330,727	1,142,488
Administrative and General	6,364,319	3,881,622	704,689	576,442
Information and Technology	276,230	218,442	91,125	71,764
Sustainability	85,648	52,072	33,861	16,847
Engineering	0	0	151,946	12,246
Depreciation/Amortization	1,743,289	1,819,049	1,762,376	1,721,515
Total Operating Expenses	<u>60,473,001</u>	<u>59,924,098</u>	<u>8,520,460</u>	<u>6,585,179</u>
Operating Income (Loss)	<u>(139,916)</u>	<u>3,211,893</u>	<u>(696,053)</u>	<u>578,368</u>
<u>Non-Operating Revenues (Expenses)</u>				
Gain on Sale of Capital Assets	0	0	2,324	0
Loss on Disposal of Capital Assets	(2,754)	0	(894)	0
Excise Taxes	1,351,415	1,365,254	0	0
Excise Taxes Expense	(1,351,415)	(1,365,254)	0	0
Interest Expense	(7,885)	(1,103)	(13,849)	(9,084)
Investment in Joint Venture	(688,990)	(769,544)	0	0
Total Non-Operating Revenues (Expenses)	<u>(699,629)</u>	<u>(770,647)</u>	<u>(12,419)</u>	<u>(9,084)</u>
Income (Loss) Before Transfers and Contributions	<u>(839,545)</u>	<u>2,441,246</u>	<u>(708,472)</u>	<u>569,284</u>
Capital Contributions	<u>0</u>	<u>0</u>	<u>2,993,264</u>	<u>2,820,357</u>
Change in Net Position	<u>(839,545)</u>	<u>2,441,246</u>	<u>2,284,792</u>	<u>3,389,641</u>
Net Position Beginning of Year	<u>60,306,615</u>	<u>57,865,369</u>	<u>68,293,595</u>	<u>64,903,954</u>
Net Position End of Year	<u>\$59,467,070</u>	<u>\$60,306,615</u>	<u>\$70,578,387</u>	<u>\$68,293,595</u>

Sewer		Totals	
2023	2022	2023	2022
\$4,910,189	\$4,904,930	\$72,206,624	\$74,606,917
1,009,035	402,021	1,870,092	999,572
<u>5,919,224</u>	<u>5,306,951</u>	<u>74,076,716</u>	<u>75,606,489</u>
0	0	49,774,479	52,285,973
2,366,855	1,788,199	5,725,252	4,726,562
77,240	82,265	351,079	364,364
1,600,873	1,053,037	5,974,136	3,685,880
656,872	561,872	7,725,880	5,019,936
93,094	73,938	460,449	364,144
47,333	26,776	166,842	95,695
158,537	12,246	310,483	24,492
2,050,284	1,899,816	5,555,949	5,440,380
<u>7,051,088</u>	<u>5,498,149</u>	<u>76,044,549</u>	<u>72,007,426</u>
(1,131,864)	(191,198)	(1,967,833)	3,599,063
2,324	3,511	4,648	3,511
(894)	0	(4,542)	0
0	0	1,351,415	1,365,254
0	0	(1,351,415)	(1,365,254)
(31,642)	(29,688)	(53,376)	(39,875)
0	0	(688,990)	(769,544)
<u>(30,212)</u>	<u>(26,177)</u>	<u>(742,260)</u>	<u>(805,908)</u>
(1,162,076)	(217,375)	(2,710,093)	2,793,155
<u>5,397,751</u>	<u>3,468,743</u>	<u>8,391,015</u>	<u>6,289,100</u>
4,235,675	3,251,368	5,680,922	9,082,255
62,127,667	58,876,299	190,727,877	181,645,622
<u>\$66,363,342</u>	<u>\$62,127,667</u>	<u>\$196,408,799</u>	<u>\$190,727,877</u>

City of Bowling Green
 Comparative Statement of Cash Flows
 Enterprise Funds
 For the Years Ended December 31, 2023, and 2022

	Electric		Water	
	2023	2022	2023	2022
<u>Increases (Decreases) in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$61,430,056	\$62,593,817	\$7,581,172	\$6,956,282
Cash Payments for Purchased Power	(49,640,092)	(49,888,176)	0	0
Cash Payments for Plant Operation	0	0	(3,315,189)	(3,295,011)
Cash Payments for Geographical Information Systems	(207,152)	(197,242)	(94,155)	(114,604)
Cash Payments for Distribution Operation	(1,827,979)	(2,547,654)	(2,036,916)	(1,332,483)
Cash Payments for Administrative and General	(6,266,367)	(4,208,080)	(678,030)	(724,240)
Cash Payments for Information and Technology	(267,518)	(261,831)	(89,225)	(87,257)
Cash Payments for Sustainability	(76,342)	(64,830)	(31,204)	(21,817)
Cash Payments for Engineering	0	0	(147,026)	0
Cash Received from Other Revenues	687,626	399,269	184,206	185,105
Net Cash Provided by Operating Activities	<u>3,832,232</u>	<u>5,825,273</u>	<u>1,373,633</u>	<u>1,565,975</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Cash Received from Excise Taxes	1,351,415	1,365,254	0	0
Cash Payments for Excise Tax Distribution	(1,351,415)	(1,365,254)	0	0
Transfers Out	0	0	0	0
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Paid on General Obligation Bonds	0	0	(80,000)	(80,000)
Interest Paid on General Obligation Bonds	0	0	(1,802)	(3,600)
Principal Paid on Leases	(7,576)	(4,377)	(22,754)	(2,284)
Interest Paid on Leases	(1,885)	(1,103)	(5,296)	(734)
Principal Paid on Financed Purchases	0	0	0	0
Grants	0	0	37,500	0
Sale of Capital Assets	0	0	13,577	0
Acquisition of Capital Assets	<u>(5,315,925)</u>	<u>(2,064,043)</u>	<u>(1,794,925)</u>	<u>(731,578)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(5,325,386)</u>	<u>(2,069,523)</u>	<u>(1,853,700)</u>	<u>(818,196)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,493,154)	3,755,750	(480,067)	747,779
Cash and Cash Equivalents Beginningning of Year	<u>35,005,532</u>	<u>31,249,782</u>	<u>10,452,409</u>	<u>9,704,630</u>
Cash and Cash Equivalents End of Year	<u>\$33,512,378</u>	<u>\$35,005,532</u>	<u>\$9,972,342</u>	<u>\$10,452,409</u>

Sewer		Totals	
2023	2022	2023	2022
\$4,972,557	\$4,721,711	\$73,983,785	\$74,271,810
0	0	(49,640,092)	(49,888,176)
(2,407,183)	(2,089,714)	(5,722,372)	(5,384,725)
(78,936)	(92,014)	(380,243)	(403,860)
(1,522,460)	(1,294,280)	(5,387,355)	(5,174,417)
(616,042)	(686,536)	(7,560,439)	(5,618,856)
(89,225)	(87,259)	(445,968)	(436,347)
(43,448)	(30,569)	(150,994)	(117,216)
(147,024)	0	(294,050)	0
1,009,604	401,868	1,881,436	986,242
<hr/>	<hr/>	<hr/>	<hr/>
1,077,843	843,207	6,283,708	8,234,455
<hr/>	<hr/>	<hr/>	<hr/>
0	0	1,351,415	1,365,254
0	0	(1,351,415)	(1,365,254)
0	0	0	0
<hr/>	<hr/>	<hr/>	<hr/>
0	0	0	0
<hr/>	<hr/>	<hr/>	<hr/>
(290,000)	(275,000)	(370,000)	(355,000)
(6,522)	(12,713)	(8,324)	(16,313)
(18,614)	(2,284)	(48,944)	(8,945)
(3,399)	(734)	(10,580)	(2,571)
(38,718)	0	(38,718)	0
0	0	37,500	0
13,577	3,511	27,154	3,511
(156,563)	(606,819)	(7,267,413)	(3,402,440)
<hr/>	<hr/>	<hr/>	<hr/>
(500,239)	(894,039)	(7,679,325)	(3,781,758)
<hr/>	<hr/>	<hr/>	<hr/>
577,604	(50,832)	(1,395,617)	4,452,697
<hr/>	<hr/>	<hr/>	<hr/>
4,330,274	4,381,106	49,788,215	45,335,518
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\$4,907,878	\$4,330,274	\$48,392,598	\$49,788,215

(continued)

City of Bowling Green
 Comparative Statement of Cash Flows
 Enterprise Funds
 For the Years Ended December 31, 2023, and 2022
 (continued)

	Electric		Water	
	2023	2022	2023	2022
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	(\$139,916)	\$3,211,893	(\$696,053)	\$578,368
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation/Amortization	1,743,289	1,819,049	1,762,376	1,721,515
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(81,430)	(140,237)	(59,119)	(18,479)
(Increase) Decrease in Due from Other Governments	624	2,110	521	(107)
(Increase) Decrease in Other Local Taxes Receivable	904	(111)	0	0
Increase in Interfund Receivable	(361)	(4,778)	(431)	(3,574)
(Increase) Decrease in Prepaid Items	42,752	(21,159)	29,983	(18,334)
(Increase) Decrease in Materials and Supplies Inventory	(156,549)	(17,926)	128,132	117,938
Decrease in Recovered Purchased Power Receivable	644,419	1,115,162	0	0
(Increase) Decrease in Net Pension Asset	9,042	(19,226)	5,504	(11,703)
Decrease in Net OPEB Asset	0	8,694	0	5,292
Increase (Decrease) in Accrued Wages Payable	1,199	4,847	2,572	1,220
Increase (Decrease) in Accounts Payable	(205,485)	1,165,503	173,413	57,692
Increase (Decrease) in Contracts Payable	(249)	31	0	0
Increase in Due to Other Governments	37,045	15,355	35,148	319
Increase (Decrease) in Interfund Payable	(1,128)	1,920	(1,044)	471
Increase (Decrease) in Compensated Absences Payable	46,187	(17,469)	25,848	(14,881)
Decrease in AMP-Ohio Payable	(28,841)	(60,589)	0	0
Increase in Recovered Purchased Power Payable	1,865,764	0	0	0
(Increase) Decrease in Net Pension Liability	175,307	(94,766)	106,709	(57,684)
Decrease in Net OPEB Liability	(4,015)	0	(2,444)	0
Decrease in Deferred Outflows - Pension	961,827	555,307	585,819	353,408
Decrease in Deferred Outflows - OPEB	233,343	238,906	142,034	155,402
Decrease in Deferred Inflows - Pension	(851,988)	(1,166,553)	(557,646)	(787,020)
Decrease in Deferred Inflows - OPEB	(459,508)	(770,690)	(307,689)	(513,868)
Net Cash Provided by Operating Activities	<u><u>\$3,832,232</u></u>	<u><u>\$5,825,273</u></u>	<u><u>\$1,373,633</u></u>	<u><u>\$1,565,975</u></u>

Sewer		Totals	
2023	2022	2023	2022
(\$1,131,864)	(\$191,198)	(\$1,967,833)	\$3,599,063
2,050,284	1,899,816	5,555,949	5,440,380
60,046	(180,620)	(80,503)	(339,336)
2,969	(2,490)	4,114	(487)
0	0	904	(111)
(78)	(262)	(870)	(8,614)
32,404	(20,647)	105,139	(60,140)
0	0	(28,417)	100,012
0	0	644,419	1,115,162
5,504	(11,703)	20,050	(42,632)
0	5,291	0	19,277
(288)	5,587	3,483	11,654
(31,745)	2,120	(63,817)	1,225,315
0	0	(249)	31
28,951	6,103	101,144	21,777
(532)	(1,616)	(2,704)	775
(38,462)	6,306	33,573	(26,044)
0	0	(28,841)	(60,589)
0	0	1,865,764	0
106,709	(57,681)	388,725	(210,131)
(2,444)	0	(8,903)	0
611,475	375,320	2,159,121	1,284,035
161,591	167,712	536,968	562,020
(505,409)	(694,100)	(1,915,043)	(2,647,673)
(271,268)	(464,731)	(1,038,465)	(1,749,289)
\$1,077,843	\$843,207	\$6,283,708	\$8,234,455

**CITY OF BOWLING GREEN
WOOD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Direct Program</i>				
CDBG - Entitlement/Special Purpose Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		\$6,275	\$261,692
Total CDBG - Entitlement/Special Purpose Grants Cluster			6,275	261,692
Total U.S. Department of Housing and Urban Development			6,275	261,692
U.S. DEPARTMENT OF TREASURY				
<i>Direct Program</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027			2,248,143
Total U.S. Department of Treasury				2,248,143
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation</i>				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	093-RPTF-21-0100		282,451
Highway Planning and Construction	20.205	101104		48,707
Highway Planning and Construction	20.205	108441		1,220,235
Highway Planning and Construction - Surface Transportation Block Grant	20.205	111537		357,337
Total Highway Planning and Construction				1,626,279
Total U.S. Department of Transportation				1,908,730
Total Expenditures of Federal Awards			\$6,275	\$4,418,565

The accompanying notes are an integral part of this schedule.

**CITY OF BOWLING GREEN
WOOD COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Bowling Green, Wood County, Ohio (the City's) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

NOTE E – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE

The current cash balances in the City's local program income accounts as of December 31, 2023 are \$243,393 and \$160,921, respectively.

NOTE F - MATCHING REQUIREMENTS

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

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

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

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Wood County, Ohio, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 18, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

City of Bowling Green
Wood County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

December 18, 2024



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

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

To the City Council:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Bowling Green, Wood County, Ohio's (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of City of Bowling Green's major federal programs for the year ended December 31, 2023. The City of Bowling Green's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, City of Bowling Green complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

City of Bowling Green
Wood County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 3

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Keith Faber
Auditor of State
Columbus, Ohio

December 18, 2024

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**CITY OF BOWLING GREEN
WOOD COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Coronavirus State and Local Fiscal Recovery Funds – AL #21.027 Highway Planning and Construction – AL #20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF BOWLING GREEN

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/2/2025

65 East State 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