City of Bowling Green, Kentucky

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2026



BOWLING GREEN KENTUCKY FOUNDED 1798

COMMUNITY LED
SERVICE DRIVEN
POWERED BY GROWTH

City of Bowling Green

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2026

COMMUNITYSERVICEGROWTH

Issued by the
Department of Finance

City of Bowling Green, Kentucky

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CITY OF BOWLING GREEN
FINANCE DEPARTMENT

COMMUNITY LED
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ERIN BALLOU, CMA, CPFO
Chief Financial Officer
AIMEE MILLER
Assistant Chief Financial Officer
SEAN WEEKS, CPFO
Assistant Chief Financial Officer
DAVID L. LYNE
Occupational License Manager
MEGHAN VANMETER, NIGP-CPP
Procurement Manager

October 29, 2026

Honorable Mayor Todd Alcott
Members of the Board of Commissioners
Residents of Bowling Green

Dear Mayor, City Commissioners, and Residents of Bowling Green:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Bowling Green, "the City", for the fiscal year ended June 30, 2026. The ACFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The ACFR includes all funds of the City and the component units.

Management of the City is responsible for the accuracy of the data presented as well as the completeness and fairness of the presentation of this information. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived from their use and that such cost-benefit evaluation requires estimates and judgment by management.

To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and fairly presents the financial position and results of the operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in this report.

The independent accounting firm of Cherry Bekaert LLP has audited the City's financial statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the City; and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended June 30, 2026, are fairly presented in all material respects in conformity with GAAP. Their report is the first component in the Financial Section of this report.

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Additionally, Cherry Bekaert LLP has included an audit of federal grants as required by the U.S. Office of Management and Budget's Uniform Administrative Requirements (2 CFR 200.501), Cost Principles, and Audit Requirements for Federal Awards, Uniform Guidance. These standards require the auditor to report not only on the fairness of the representation of the financial statements, but also on the internal controls and compliance with legal requirements of the federal awards. The Single Audit Report will be issued separately.

PROFILE OF THE CITY

Bowling Green, the “Park City” of Kentucky, was established in 1798, and is located in the south-central part of Kentucky. The City occupies a land area of approximately 42.6 square miles, has an estimated population of 79,982 according to the World Population Review, and serves as the retail, educational, medical, commercial, and social hub for south-central Kentucky and northern Tennessee. The broader workforce, which measures employable workers that are 18 years and older, is measured at approximately 658,000 for the area encompassing the ten county Barren River Area Development District plus the three closest Tennessee counties along the border.

The City operates under the City Manager form of government, one of the alternative forms of municipal government established under Kentucky Statutes. Under this form of government, a Mayor, who is elected for a term of four years, and four City Commissioners, who serve two years each, are all voted into office in non-partisan elections. The Mayor and the City Commissioners comprise the Board of Commissioners, “the Board”, in which all legislative and executive authority of the City is vested. As such, the Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and ratifying the hiring of most City staff. The Board appoints a City Manager, who serves as the Chief Administrative Officer of the City and enforces City ordinances and policy as well as carrying out day-to-day operations. As of June 30, 2026, the City's workforce comprised 589 authorized full-time positions, 569 of which were occupied, and dedicated 60.7% of the City’s full-time workforce to public safety.

The City provides a full range of municipal services, including police and fire protection, engineering and inspection services, construction and maintenance of streets and other infrastructure, recreational activities and cultural events, and general administrative services. As required by GAAP, the financial statements of the City also include certain other agencies called component units. A component unit is generally a legally separate entity for which the City is financially accountable. The City is financially accountable for a legally separate organization if City officials appoint a voting majority of the board and it is either able to impose its will on that organization or there is potential for the organization to provide the City specific financial benefits or impose specific financial burdens on the City.

In accordance with GASB Statement No. 61, “*The Financial Reporting Entity”*, and based on the foregoing criteria, the City has presented the Bowling Green Police and Firefighters’ Retirement Fund as a blended component unit within the City’s basic financial statements since the component unit’s governing body is substantially the same as the governing body of the City, and the component unit is dependent upon the City financially and operationally. Bowling Green Municipal Utilities (BGMU) is included as a discretely presented component unit because the City is financially accountable and is able to

impose its will on the organization, or the component unit provides specific financial benefits or imposes specific financial burdens on the City. The Bowling Green/Warren County Regional Airport, Bowling Green Independent School District, Housing Authority of Bowling Green, and other various related organizations providing services within the City do not meet the financial accountability criteria discussed above and, therefore, are excluded.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager submits a proposed budget to the Board in May or no later than June 1 of each year. Under State statute, this budget must be balanced for each fund and total available funds must equal or exceed total anticipated expenditures. The Board then conducts a public meeting on the proposed budget. Prior to July 1, the budget is legally enacted through passage of an ordinance. During the year, the Assistant City Manager and the Chief Financial Officer are authorized to transfer budgeted amounts between departments within any fund; however, the Board must approve revisions that alter the total expenditures of any fund. During this fiscal year, there were four such budget amendments. With respect to procurement, any expense that exceeds $50,000 also requires approval by the Board.

FACTORS AFFECTING FINANCIAL CONDITION

The following is a brief discussion of factors affecting the financial condition of the City. Additional detailed information can be found in the Management's Discussion and Analysis (MD&A), in the Financial Section of this report.

Local Economy

The local economy is comprised of a well-balanced blend of service, manufacturing, retail, and other industries that support the City's main revenue source, employee withholding fees. Bowling Green is the home of Western Kentucky University (WKU), the City's second largest employer with approximately 2,154 employees and a prime catalyst for the local economy. The University's total enrollment for the Fall 2025 semester including undergraduate and graduate students was 16,759, a slight increase from 16,293 students the previous year. WKU houses one of the nation's top-rated high schools, the Gatton Academy for Mathematics and Sciences, which *Niche.com* ranks as the second best public high school in Kentucky. Other major employers include the General Motors Corvette assembly plant and Commonwealth Health Corporation, one of two regional hospitals. In addition, countless local businesses prosper in the community proving that the entrepreneurial spirit is alive and growing in the region.

Aggressive cooperative strategies are in place between the local governments, Chamber of Commerce, Economic Development Authority, and Bowling Green Infrastructure Technology Acreage (BG ITA) that continue to attract businesses and jobs to the community. The City consistently scores high in national rankings of preferred business locations and favorable environments for creating and developing businesses due to its rich economic, social, and cultural environment. The City was recently named a finalist for the National Civic League 2026 All-America City Award in recognition of a commitment of strengthening civic health and building public trust through initiatives such as the BGKY Ambassador Academy and Duncan Hines Days. Additionally, for the third consecutive year, *Site Selection* named Bowling Green among the top three Tier 3 Top Metro by total projects, with a total of 16 economic development projects in 2025.

During the first six months of 2026, twenty-four economic development projects were announced in South Central Kentucky that are estimated to create 740 jobs and generate over $178 million in capital investments. In the last decade, over 12,000 new jobs and $6 billion in capital investment have been created in the Bowling Green-Warren County region due to the City's strategic location within the state and nation and the on-going efforts of the Local Chamber of Commerce.

Bowling Green's average unemployment rate of 4.4% during Fiscal Year 2026 has decreased by 0.4%, compared to Fiscal Year 2025; this has trended lower than the State, but above the National average. Bowling Green began Fiscal Year 2026 with an unemployment rate of 5.5%, versus 5.3% for the State and 4.3% nationally. Through the fiscal twelve months, the City's unemployment rate was 5.7%, compared to 5.6% for the State and 4.2% for the Nation. Kentucky's unemployment rate during Fiscal Year 2026 averaged 4.5% compared to 4.3% across the United States.

Bowling Green revenue collections held steady during Fiscal Year 2026. The payroll tax base posted a slight decrease of approximately $322,000 translating to decreased employee withholdings, but when combined with positive net profit collections, total occupational fees increased by $617,500, or 0.7%, over Fiscal Year 2025. Total withholding and net profit receipts during FY2026 totaled almost $84.6 million. The City's second most important revenue source, property taxes, outperformed FY2025 actual collections by $1.7 million or 8.3%, contributing to a total collection of just over $22.1 million.

The City utilizes various abatement programs consisting of annexation incentives, payments-in-lieu-of-taxes (PILOT), historical moratoriums related to property taxes, a small business tornado relief program, and the Job Development Incentive Program (JDIP) related to employee withholdings. An additional abatement program is available for business located within the WKU Gateway to Downtown Bowling Green Tax Increment Financing (TIF) District; this program offers incentives for property taxes, employee withholdings, and net profits. A long-term benefit and goal of the City's annexation-related abatement programs is the expansion of the tax base, with an emphasis on commercial and industrial areas. The same is true for programs within the JDIP and the TIF District, these programs focus on job creation and economic development. Each abatement program has been designed with cyclical components to attract businesses and ultimately contribute to population growth, which should accelerate infrastructure development and amenities furthering the appeal of the City.

Management believes the local economy remains stable as the City continues to realize growth from new and expanding business announcements. The City is committed to aggressively competing for jobs and building a skilled workforce by offering incentives to new businesses locating in the area and encouraging the expansion of existing businesses to grow the job base. Additional efforts have been initiated to partner with other organizations to more effectively address workforce development and recruitment efforts. Western Kentucky University continues to be a stabilizing force for the local economy along with the health care and manufacturing sectors.

Long-term Financial Planning
The City's budget team, which is composed of the City Manager, Assistant City Manager, Chief Financial Officer, Human Resources Director, and two Assistant Chief Financial Officers, is primarily responsible for the long-term financial planning for the City. Long-term fiscal sustainability is a top focus of the budget team. The CFO prepares the revenue forecast for the budget each year and budgeted expenditures are matched to revenue projections. Great emphasis is placed on the current year operating revenues equaling or exceeding current operating expenditures. Conservatism is used when preparing the annual revenue projection in order to avert budget shortfalls and to help encourage fiscal responsibility on the expenditure side. The use of fund balance is reserved for one-time capital expenditures. The City continues to make progress in reducing and eliminating debt.

Relevant Financial Policies
The City maintains an adopted Financial Policies and Procedures that addresses various areas of operations such as revenue collection, banking services, investments, debt management, budget management, and fund balance reserves. The Fund Balance policy is included in the Financial Policies and prescribes a 25% minimum reserve balance in the General Fund. Segregation of duties and internal controls are also a common theme to achieve sound financial operations in the sections covering accounting, accounts payable, revenue collections, payroll, cash management, investments, fixed assets, and procurement card guidelines.

Major Initiatives
The City continues to emphasize delivery of focused public services in a manner that provides maximum efficiency, effectiveness, and value to the residents of Bowling Green. The City's major initiatives initiated and completed during FY2026 are discussed below.

The Public Works Department is committed to improving the City's street, sidewalk, and stormwater infrastructure through several on-going programs. The street overlay program was allocated a budget of $2.0 million in FY2026 to resurface approximately 11.0 miles of roadway. The sidewalk improvement and reconstruction programs, which have resulted in over 23 miles of new sidewalk construction since inception, were allocated $1.0 million. The stormwater mitigation and rehabilitation programs work to address flooding impacts and to rehabilitate the City's storm infrastructure system and received funding totaling $1.9 million in FY2026.

The Public Works Department also oversees many new and on-going projects. Current projects include the design of a new municipal services building and improvements to the existing City Hall building, design of multiple storm shelters throughout the City, extension of Greenhill Street, and the construction of an addition to the existing Fire Station #2.

The Parks and Recreation Department continued and completed several projects during Fiscal Year 2026, including playground surfacing and equipment upgrades at Lover's Lane, Covington Woods, and Roland Blank parks; upgrades to Pedigo and Lampkin parks; and improvements to tees at Hobson Grove Golf Course. Projects underway or slated to begin during FY2027 include the continued development of the riverfront park area; reconstruction of Paul Walker Pro-Shop and cart barn; playground upgrades at Ogden Park; addition of pickleball courts at Roland Bland Park; and adding synthetic turf fields at Preston Miller Park.

Several pieces of large equipment were acquired and placed into service during FY2026 for the Public Works, Parks, NCS, Police, and Fire departments. The more significant purchases include 24 new and replacement police vehicles, one fire truck, leaf collector, street sweeper, and dump truck were placed into service for a total cost of over $3.1 million.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bowling Green for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The GFOA has also awarded the City of Bowling Green the Award for Outstanding Achievement in Financial Reporting for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2025. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

A Certificate of Achievement for Excellence in Financial Reporting and an Award for Outstanding Achievement in Popular Annual Financial Reporting are valid for a period of one year only. We believe our current reports continue to conform to the reporting requirements and we will be submitting both reports to the GFOA this year.

Acknowledgements

The preparation of this report could not have been accomplished without the dedicated services of the entire staff in the Department of Finance. We wish to express our sincere appreciation to all members of the department for their assistance, with special recognition to Sean Weeks Assistant Chief Financial Officer, and Aimee Miller, Assistant Chief Financial Officer, and to the staff of Cherry Bekaert Advisory LLC.

Respectfully submitted,



Erin Ballou, CMA, CPFO
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bowling Green
Kentucky

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025

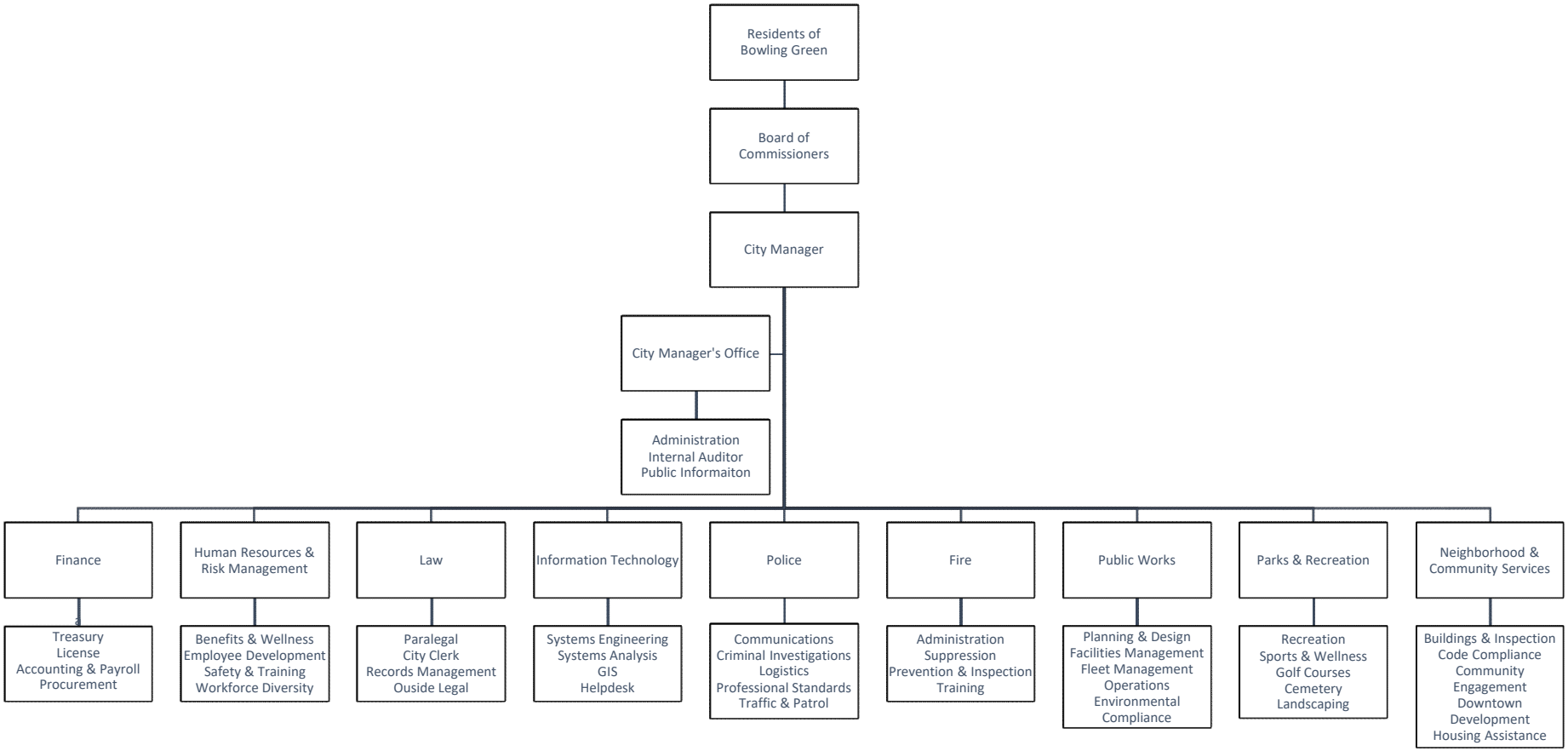


and issued to the public 142 days after the fiscal year end

Christopher P. Morrill

Executive Director/CEO

CITY OF BOWLING GREEN



City of Bowling Green, Kentucky
Directory – Principal Officials
As of June 30, 2026

Mayor and Commissioners

Todd Alcott	Mayor
Carlos Bailey	Commissioner
Dana Beasley-Brown	Commissioner / Mayor Pro Tem
Melinda Hill	Commissioner
Sue Parrigin	Commissioner

Jeff Meisel, CPA – City Manager

Administration:

Katie Schaller-Ward	Assistant City Manager
Ashley Jackson, MMC, KMMC	City Clerk
Deborah Jenkins, CIA, CFE, CGAP	City Internal Auditor

Finance:

Erin Ballou, CMA, CPFO	Chief Financial Officer
Aimee Miller	Assistant Chief Financial Officer
Sean Weeks, CPFO	Assistant Chief Financial Officer
Meghan VanMeter, NIGP-CPP	Procurement Manager

Human Resources and Risk Management:

Erin Hulsey	Director

Law:

Hillary Hightower	City Attorney

Information Technology:

Donnita Weeks	Director

Public Safety:

Michael Delaney	Police Chief
Justin Brooks	Fire Chief

Public Works:

Andy Souza	Director

Parks and Recreation:

Brent Belcher	Director

Neighborhood and Community Services:

Brent Childers	Director

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Honorable Mayor Todd Alcott and Members of the Board of Commissioners
City of Bowling Green, Kentucky
Bowling Green, Kentucky

Report on Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City Bowling Green, Kentucky, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the City of Bowling Green, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Kentucky, as of June 30, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Police and Firefighters' Retirement Fund, which represent 91%, 100%, and 3% of the assets, net position, and revenues of the fiduciary funds as of June 30, 2026. We also did not audit the financial statements of Bowling Green Municipal Utilities, which represent 100% of the assets, net position, and revenues of the discretely presented component units as of June 30, 2026. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for Police and Firefighters' Retirement Fund and Bowling Green Municipal Utilities, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 of Bowling Green, Kentucky, 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 of Bowling Green, Kentucky'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 generally accepted auditing standards 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 generally accepted auditing standards 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 of Bowling Green, Kentucky'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 of Bowling Green, Kentucky'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, budgetary comparison information, pension and OPEB schedules and the Modified Approach for City Streets Infrastructure Capital Assets 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 and other auditors 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 and other auditors 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 of Bowling Green, Kentucky's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2026 on our consideration of the City of Bowling Green, Kentucky's internal control over financial reporting and on 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 of Bowling Green, Kentucky'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 of Bowling Green, Kentucky's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Lexington, Kentucky
October 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) offers readers of the financial statements an overview and analysis of the financial position and activities of the City of Bowling Green (“the City”) for the fiscal year ended June 30, 2026. The information presented here should be read in conjunction with the Letter of Transmittal and the financial statements immediately following this analysis.

Overview of the Financial Statements

This report was published under the standards for governmental financial reporting prescribed by the Governmental Accounting Standards Board in Statement No. 34 (GASB 34). This reporting format consists of financial statements that provide an overview of all services provided by or supported by the City (the government-wide statements) and provides more detailed information about major programs of the City (the fund statements).

The GASB 34 reporting model was designed to provide improved information to the reader. The statements present a financial picture of the City as a whole through the use of a consolidated statement of all funds, eliminating interfund transfers. In addition, the values of fixed assets of governmental-type operations are presented. Under prior reporting standards, the infrastructure assets for governmental-type funds were not reported or depreciated.

Government-Wide Financial Statements

Government-wide financial statements include the Statement of Net Position and the Statement of Activities. The statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. In accrual accounting, revenues earned and expenses incurred in the fiscal year are taken into account in the financial statements regardless of when cash is actually received or paid.

The Statement of Net Position presents information on all the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2026. Net position is the difference between assets and deferred outflows and liabilities and deferred inflows. Over time, increases or decreases in net position are one indicator of whether financial health is improving or deteriorating. Information on other factors, such as changes in the revenue structure and the condition of the City’s assets, is also needed to assess the overall financial situation of the City.

The Statement of Activities presents the City's annual revenues and expenses, as well as other transactions that increase or reduce net position. Program revenues are offset by program expenses in order to provide better information as to the net program costs that are financed by general government revenues.

The government-wide statements divide the various City functions into three kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including police, fire, public works, parks, golf, aquatics, community development and general administration. Occupational license fees, property taxes and service charges finance most activities.
- Business-type activities - Activities are primarily funded from the charges and fees to cover the cost of services. This solely includes the operations of the Sloan Convention Center.
- Component units - The City includes one separate legal entity as a component unit: Bowling Green Municipal Utilities. Although legally separate, component units are important because the City is held financially accountable.

Fund Financial Statements

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Some funds are required to be established by state and local law or by bond covenants. However, many other funds are established to help control and manage money for a particular purpose. Two types of funds are presented in the fund financial statements: governmental funds and proprietary funds.

- Governmental funds - Most of the City's basic services are reported in governmental funds. The statements provide a short-term view of general government operations and show how services are financed as well as the balances left at year end that are available for future spending. Funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The relationship between the governmental activities (reported in the Statement of Net Position and Statement of Activities) and the governmental funds is described in a reconciliation, which is presented immediately following the fund financial statements. Under accounting guidelines, the City considers the General Fund, Municipal Aid Fund, Riverfront Park Development, and ITA Bond Fund to be major governmental funds.
- Proprietary funds - When the City charges fees for services that are intended to cover the majority of the cost of providing the services, whether to outside customers or to other units of the City, the services are generally reported in proprietary funds. The subcategories of the funds include enterprise funds, which are business-type activities, and internal service funds that report services provided to internal units of government. The proprietary funds are reported in the same way that all activities are reported in the government-wide statements, but the fund statements provide more detail. The City considers the Convention Center Fund to be a major proprietary fund.

The City as Trustee

The City is trustee, or fiduciary, for the closed Police and Firefighters' Retirement Fund. The City is also responsible for other assets that, due to a trust arrangement, can be used only for trust beneficiaries. All the City's fiduciary activities are reported separately after the Proprietary Fund Statements. The activities are excluded from the other government-wide and fund statements since the City cannot use these assets to finance operations.

Financial Summary

Net Position

The following table summarizes the City’s financial position as of June 30, 2026. The City reported total primary government assets greater than liabilities by $446.2 million, an increase of $40.9 million over last year. The increase in net position is largely due to the completed construction, acquisition, and donation of infrastructure assets in addition to increased property tax collections from rising property assessments. Business-type activities increased slightly due to increased interest earnings and the completion of capital projects in the prior year. A $46.0 million increase in both assets and deferred outflows of resources from the prior year is related to the growth in infrastructured mention above alongside increased OPEB deferred outflows from a higher assumed discount rate and the plan's actual performance outpacing projected expectations.

Of the $446.2 million in net position, $416.0 million, or 93.2%, was the net investment in capital assets and unrestricted net position which equaled a deficit balance of $34.6 million, or -7.8%. The net position of governmental activity funds totaled $430.2 million, which was comprised of the net investment in capital assets totaling $409.9 million, or 95.3%, and a deficit balance of $44.6 million, or -10.4%, as unrestricted. The unrestricted net position of governmental funds included fund balances of the General Fund and various special revenue funds.

Summary of Net Position
June 30, 2026
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2026	2025	2026	2025	2026	2025
Current and other assets	$ 206.9	$ 207.8	$ 10.0	$ 9.1	$ 216.9	$ 216.9
Capital assets	426.4	382.9	6.0	6.4	432.4	389.3
Total assets	633.3	590.7	16.0	15.5	649.3	606.2
Deferred outflows of resources	35.9	33.0	-	-	35.9	33.0
Non-current liabilities	192.9	179.6	-	-	192.9	179.6
Other liabilities	11.8	15.4	-	-	11.8	15.4
Total liabilities	204.7	195.0	-	-	204.7	195.0
Deferred inflows of resources	34.4	39.0	-	-	34.4	39.0
Net position:						
Net investment in capital assets	409.9	367.7	6.0	6.4	416.0	374.1
Restricted for:						
Debt service	8.2	7.5	-	-	8.2	7.5
Capital projects	51.1	59.4	-	-	51.1	59.4
Community development	4.0	5.9	-	-	4.0	5.9
Perpetual care	1.5	1.5	-	-	1.5	1.5
Unrestricted	(44.6)	(52.3)	10.0	9.1	(34.6)	(43.2)
Total net position	$ 430.2	$ 389.7	$ 16.0	$ 15.5	$ 446.2	$ 405.3

**Numbers may not total due to rounding*

The net position of the City's business-type activities totaled $16.0 million. Of the net position total, $6.0 million (38%) was net investment in capital assets and $10.0 million (63%) was unrestricted.

Analysis of City Operations

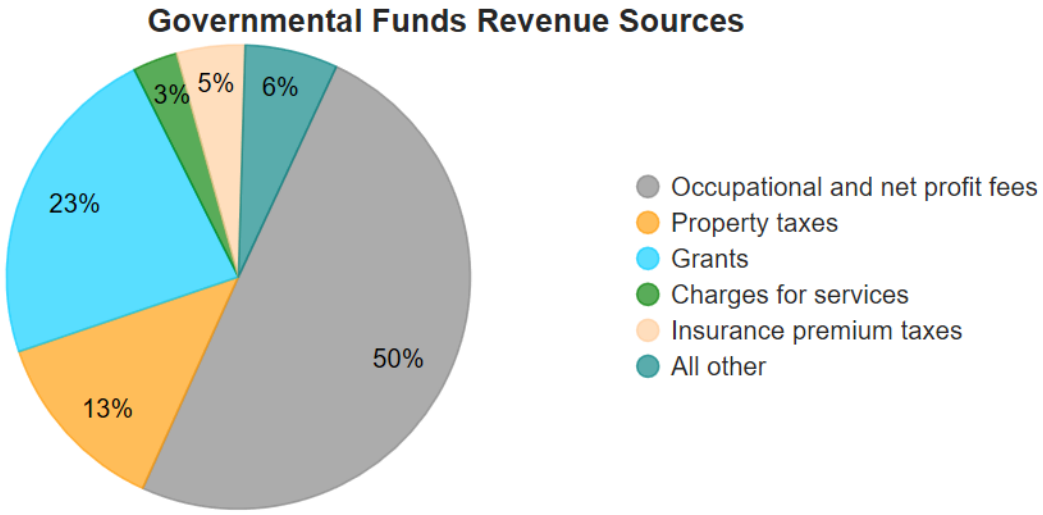
The following table summarizes City operations for the fiscal year ended June 30, 2026. Governmental activities increased the City of Bowling Green’s net position by $40.5 million, accounting for over 99% of the total increase. The increase in net position is a attributable to additions from new construction and infrastructure assets donated ot the City, which is reflected as capital grants and contributions. The growth in property taxes resulted from increased property assessment values and new properties added to the tax roll, this is shown under general revenues. Business-type activities increased the City’s net position by less than $0.5 million. The increase in Business-type net position is due to the reduction in expenses resulting from decreased operating costs and increased interest earnings.

Statement of Activities
June 30, 2026
(in millions)

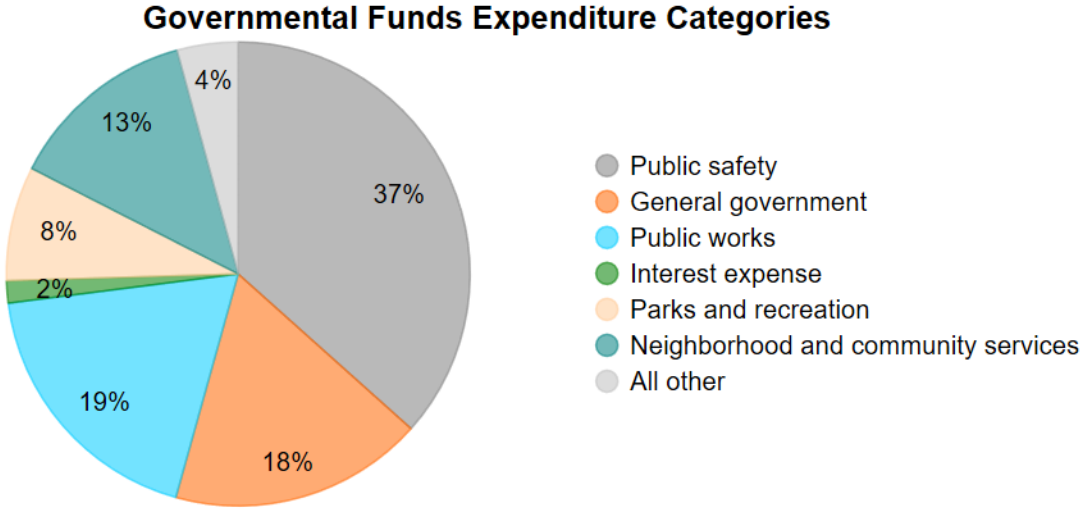
	Governmental Activities		Business-type Activities		Total Primary Government	
	2026	2025	2026	2025	2026	2025
Revenues						
Program revenues:						
Charges for services	$ 5.3	$ 5.5	$ 0.2	$ 0.2	$ 5.5	$ 5.7
Operating grants and contributions	12.6	12.6	-	-	12.6	12.6
Capital grants and contributions	26.1	44.4	-	-	26.1	44.4
General revenues						
Property taxes	22.1	20.4	-	-	22.1	20.4
Insurance premium taxes	8.1	7.6	-	-	8.1	7.6
Transient room taxes	-	-	0.7	0.8	0.7	0.8
Occupational and net profit fees	84.6	83.9	-	-	84.6	83.9
Other general revenues	11.0	11.2	0.3	0.2	11.3	11.4
Total revenues	169.8	185.6	1.2	1.2	171.0	186.8
Program Expenses						
General government	22.9	18.2	-	-	22.9	18.2
Public safety	47.3	45.2	-	-	47.3	45.2
Public works	24.1	22.0	-	-	24.1	22.0
Parks and recreation	10.3	10.7	-	-	10.3	10.7
Neighborhood and community services	17.1	11.0	-	-	17.1	11.0
Agency services	5.5	4.8	-	-	5.5	4.8
Interest expense	2.0	1.8	-	-	2.0	1.8
Convention Center	-	-	0.8	0.9	0.8	0.9
Total program expenses	129.2	113.7	0.8	0.9	130.0	114.6
Increase/decrease in net position before transfers	40.6	72.1	0.4	0.3	41.0	72.2
Transfers	(0.1)	(0.1)	0.1	0.1	-	-
Change in net position	40.5	72.0	0.5	0.4	41.0	72.3
Net position, beginning of year	389.7	323.3	15.5	15.1	405.3	338.4
Change in accounting principle GASB 101	-	(5.4)	-	-	-	(5.4)
Net position, beginning of year restated	389.7	317.9	15.5	15.1	405.3	333.0
Net position, end of year	$ 430.2	$ 389.7	$ 16.0	$ 15.5	$ 446.2	$ 405.3

**Numbers may not total due to rounding*

Revenues for the City's governmental activities totaled $169.8 million at June 30, 2026, compared to $185.6 million in the prior year. The decrease is due to flat collections in occupational fees resulting from slower wage growth. Higher construction costs alongside global economic considitions have reduced the trajectory this revenue source previously displayed. Additionally, reduced capital contributions from street and sidewalk infrastructure donated to the City from private developers were realized in FY2026 due to higher construction costs. The City's largest source of revenue, occupational and net profit fees, totaled $84.6 million, or 49.8%, of governmental revenue during FY2026. The second largest category of revenues, operating and capital grants, accounted for $38.7 million, or 22.8%, of total revenue. Other revenue sources included property taxes ($22.1 million), charges for services ($5.3 million) and insurance premium taxes ($8.1 million).

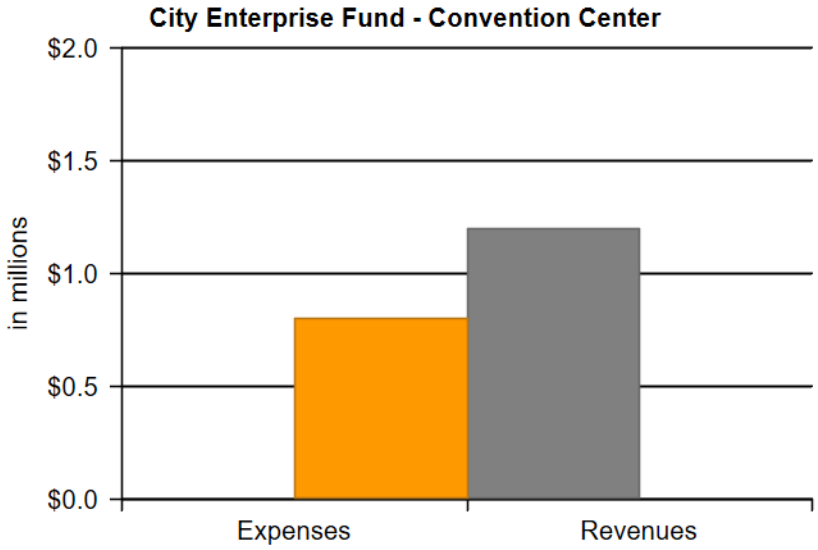


Current year expenses of the City's governmental activities totaled $129.2 million, compared to $113.7 million in the prior year. The primary cause for the increase in expenses is due to increased spending from rising personnel costs and increased staffing, accelerated spending of ARPA funding in advance of December 2026 deadline, and grant funded affordable housing initiatives. The City's largest category of expenses in the current year was Public Safety, with a total of $47.3 million, or about 36.6%, of total expenses. The City's second largest expense category, Public Works, ended the fiscal year with expenses totaling $24.1 million, or 18.7%, of total expenses during FY2026. Other expense categories include Parks and Recreation ($10.3 million), Neighborhood and Community Services ($17.1 million), General Government ($22.9 million), and interest expense ($2.0 million).



Business-type Activities

Revenues for business-type activities totaled $1.2 million during Fiscal Year 2026, compared to $1.2 million last year. Of the $1.2 million of revenues, $0.2 million, or 16.7%, was collected as charges for services fees. The Convention Center revenue was unchanged compared to the prior year. Expenses for business-type activities totaled $0.8 million during FY2026, which is a decrease of $0.1 million from last year due decreases in operating expenses for the Convention Center.



Detailed Analyses

The City's governmental funds for the year ended June 30, 2026, reflected a combined ending total fund balance of $181.3 million, a decrease of $7.1 million from the prior year. The decrease in fund balance is a result of the spending of on large-scale capital projects during FY2026 and increased personnel costs stemming from a growing headcount and rising COLAs. Total expenses grew by $19.2 million compared to last year, while total revenues only increased by $4.0 million. Of the $181.3 million total fund balance, $9.2 million is unassigned in the General Fund and available for spending at the City's discretion. The remaining balance is comprised of non-spendable, assigned, committed, and restricted amounts; indicating that the funds are not available for spending, or that spending is otherwise restricted by State statute or by City ordinance, has been dedicated to pay outstanding contracts or purchase orders, or to fund future debt service payments, or intended to be used for specific purposes.

The total fund balance in the General Fund at June 30, 2026, is $46.0 million, which represents an increase of $2.7 million from the prior year. The increase in fund balance is due to decreased transfer out contributions from the General Fund to other funds to prefund future capital projects. Of the $46.0 million total fund balance, unassigned fund balance is $9.2 million and reflects 8.0% of General Fund revenues, representing residual net resources that have not been restricted, committed, or assigned to specific purposes. Committed fund balance is $29.2 million and is the General Fund’s minimum reserve balance equal to 25% of budgeted revenues. Assigned fund balance totals $6.3 million, or 5.5%, of General Fund revenues, and non-spendable fund balance is $1.2 million. The fund balances for these categories represents prepaid items, inventories, loan receivable, spending restricted to specific purposes, and funds reserved to pay contracts and purchase orders outstanding as of June 30, 2026.

The Municipal Aid Fund is used to account for revenues and expenditures of Kentucky public safety, public works, and economic development grants, liquid fuel tax, mineral and coal severance tax receipts, public transit, and law enforcement special pay programs. The increase of $226,777 to fund balance in FY2026 is a result of new and increased grant awards, including continued opioid settlement funding and increased federal funding for the transit program.

The Riverfront Park Development Fund is used to account for revenues and expenditures associated with the design and construction of the park near downtown Bowling Green. The project has been funded by the City contributions and federal and state grant awards. The increase of $1,109,135 to fund balance in FY2026 is due to continued contributions from the General Fund to pre-fund future phases of construction; in FY2026 a total of $4.0 million was transferred in from the General Fund for this purpose.

The Inter-Modal Transportation Authority, Inc. (ITA) Bond Fund, is used to account for the revenues and expenditures related to the ITA bond issues that funded the acquisition, construction, and expansion of the Kentucky Transpark. Total fund balance of the ITA Bond Fund is $45.0 million as of June 30, 2026, which is an decrease of $3,376,773 and is due to the drawdown of a prior year General Obligation bond issuance. Of the $45.0 million total fund balance, $2.5 million is assigned fund balance, $252,000 is restricted fund balance, and $42.3 million is nonspendable fund balance. The restricted fund balance represents the remaining unspent bond proceeds dedicated to the 2021 expansion of the Kentucky Transpark and nonspendable fund balance represents a long term note receivable from the ITA related to the 2021 bond proceeds.

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Total net position in the proprietary fund, which consists solely of the Convention Center, equaled $16.0 million as of June 30, 2026, compared to $15.5 million last year. The gain in the Convention Center Fund net position is due to the decrease in current year operating expenses and increased interest earnings. Of the total net position, $6.0 million represented the net investment in capital assets and $10.0 million was unrestricted.

Significant Capital Asset and Long-Term Financing Activity

The City's investment in capital and right to use assets totaled $432.4 million as of June 30, 2026, which was an increase of $43.5 million over the prior year. This investment includes land, buildings, infrastructure, improvements, vehicles, equipment, intangible, and right-to-use assets. For governmental activities, investments totaled $426.4 million. Comparably, FY2025 had a capital asset investment total of $382.5 million.

This year's major capital additions and deletions are shown below:

Additions:	
Street infrastructure improvements/additions	$ 20,270,726
Public Safety Training Center construction	14,188,867
Fire Station #5 reconstruction	4,001,988
Acquisition of downtown properties	3,788,476
Stormwater infrastructure improvements/additions	3,521,190
Acquisition of Police Department East Precinct building	3,170,085
Sidewalk infrastructure improvements/additions	3,146,368
Public Safety apparatus and vehicle purchases	2,959,709
Parks & Recreation vehicle and equipment purchases	770,988
Public Works vehicle and heavy equipment purchases	568,303
Deletions:	
Retired public safety vehicles	642,015
Non-public safety vehicles sold via public auction	745,480
Vehicles & equipment transferred to non-profit agencies	69,545
Equipment traded-in for new purchases	60,100

The table below summarizes the changes in net capital and right to use assets:

(Net of Depreciation/Amortization, stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2026	2025	2026	2025	2026	2025
Land	$ 22.1	$ 18.5	$ 2.3	$ 2.3	$ 24.4	$ 20.8
Infrastructure	274.6	248.1	-	-	274.6	248.1
Building	57.3	35.8	3.4	3.7	60.7	39.5
Improvements other than buildings	33.0	31.9	0.1	0.1	33.1	32.0
Vehicles, equipment and furniture	21.4	17.7	0.3	0.2	21.7	17.9
Construction in progress	12.5	25.6	-	-	12.5	25.6
Intangibles	5.3	4.8	-	-	5.3	4.8
Property held under financed purchase	0.1	0.1	-	-	0.1	0.1
Total *	$ 426.4	$ 382.5	$ 6.1	$ 6.4	$ 432.4	$ 388.9

**Numbers may not total due to rounding*

The City has elected to apply the Modified Approach to account for street and sidewalk infrastructure systems as set forth in GASB 34. With this approach, the City uses an overall condition index (OCI) to assess the surface condition of individual pavement segments. The City's policy is to consider streets and sidewalks in need when the OCI rating falls below minimum functional classification values. Street minimum OCI values include: local 67.0, collector 69.0, arterial 72.0, and alley 25.0; while sidewalk OCI is an overall 76.0. The City's most recent assessment in 2026 found that 79% of streets and 89% of sidewalks met or exceeded this goal. The estimated amount needed to maintain City streets and sidewalks at the specified levels for FY2027 was $2,000,000 and $400,000, respectively, which was included in the FY2027 budget. Additional information on capital assets activity can be found in Note 3C.

Debt Administration

Bowling Green was the first city in the Commonwealth to issue general obligation (GO) bonds in Fiscal Year 1999 due to changes in State law that had previously precluded this type of financing. Since GO bonds are backed by the full faith and credit of the City, the bonds carry a higher credit rating than other forms of debt and have lower interest rates. Consequently, the majority of any future issuance of bonded debt will be GO debt.

Prior to the issuance of GO bonds, mortgage revenue bonds were issued through various public corporations in order to finance public projects. For mortgage revenue bonds, the City entered into automatically annually renewable lease agreements with the corporations whereby lease payments from the City, combined with revenues generated by the operation of the facilities, were sufficient to meet debt service obligations. The underlying security for the bonds was the annually renewable lease agreements and the underlying mortgages on the property. Revenue bonds, where only the revenues from the operation of the facilities are pledged as security for the bonds, are now issued primarily to finance improvements to the sanitary water and sewer system. For additional detail on the City's debt transactions, please refer to Note 3F of this report.

During the current year, new debt was issued in the amount of $3.1 million for the acquisiton of the Bowling Green Police Department's East Precinct facility. This facility will serve as a substation in a heavily trafficked area and houses an in-door firing range to be used by department personnel. Additionally, new leases were issued for sixteen vehicles and new subscriptions for six software services.

At the end of the fiscal year, the City had $84.2 million in long-term liabilities outstanding, net of discounts and premiums. The table on the following page is a summary of the changes in the City's outstanding long-term obligations, which are further explained in Note 3F.

Outstanding Debt at Year End
June 30, 2026
(in millions)

	Governmental Activities	
	2026	2025
General obligation & revenue bonds	$ 62.8	$ 65.1
Notes & financed purchase agreements	6.5	4.2
Compensated absences	9.5	9.0
Landfill post-closure costs	1.4	1.7
Lease and SBITA liabilities	3.9	3.3
Bond premiums, discounts, refunding loss	0.1	0.1
Total	$ 84.2	$ 83.4

**Numbers may not total due to rounding*

The City maintains bond ratings of “Aa1” from Moody's and “AA” from Standard & Poor's, unchanged from prior years. Despite the provisions for the issuance of GO debt already discussed, legal limits remain on the total amount of GO indebtedness that may be incurred. The Kentucky Constitution provides that the total principal amount of city net indebtedness, which excludes self-supporting obligations, revenue bonds, special assessment debt, and non-tax supported debt (net debt applicable to limit), cannot exceed 10% of the value of taxable property in the city ($941,905,080). Therefore, the current debt margin of the City is $872.5 million (See Statistical Schedule 17).

Currently Known Facts, Decisions, or Conditions

During the budget planning for FY2027, revenue budgets contracted by 4.2% across all funds and by 5.7% for the General Fund only compared to the FY2026 adopted budget. The reduction in revenues stems from lower than expected collections of occupational withholding fees during FY2026, which underperformed budgetary estimates by $6.3 million; this is the City's largest source of revenue and comprises 70% of the total General Fund revenue budget. The FY2027 adopted General Fund budget was balanced without utilization of fund balance by reducing General Fund transfer out funding to capital project funds. The FY2027 adopted All Funds budget did result in a reduction to fund balance of $8.5 million, primarily within Capital Project funds from accumulated balances previously dedicated to on-going, large-scale capital projects, such as Riverfront Park development.

The FY2027 adopted expenditure budget for all funds decreased by 0.4% from the FY2026 original budget and includes a 2.7% cost of living adjustment (COLA) and a merit increase for employees. The Capital Improvement Project (CIP) budget is $31.9 million, which includes debt service, and is unchanged from the $31.9 million FY2026 CIP budget. The FY2027 budget continues funding the committed fund balance at 25% of the adopted General Fund revenue budget at $27.5 million. The committed fund balance acts as the City’s ‘rainy day’ account and can be accessed by a majority vote of the Board of Commissioners.

Major projects included in the FY2027 adopted budget include continued improvements in community livability, traffic and roads, parks facilities, and technology enhancements. Improving traffic and pedestrian flow are top priorities and are addressed in the budget as various projects, including the extension of Greenhill Street ($550,000), Sidewalk improvements and reconstruction ($600,000), and street overlay ($2.0 million). During FY2026, the Board of Commissioners enacted legislation to create a new stormwater utility tax that is to anticipated to go-live during FY2027. This new tax will fund large-scale stormwater infrastructure improvement projects.

The City also dedicated budget totaling $2.8 million for the design and initital construction costs related to a new Municipal Building that will house general government functions. An intent to finance this project and the construction of a new fire station in a total amount not to exceed $42.5 million was approved by the Board of Commissioners through a municipal order on August 2, 2026. The financing of this project is anticipated to be completed in late spring of 2027.

Multi-year parks and recreation capital projects are also on-going in FY2027 and include: Riverfront Park Development ($4.0 million), Preston Miller Park improvements ($3.3 million), and Roland Bland Park pickleball court construction ($550,000).

Other initiatives in the FY2027 budget include funding to enhance public safety for the procurement of three fire apparatuses ($5.1 million), replacement of public safety equipment and vehicles ($1.0 million), and the construction of seven storm shelters ($1.5 million). The FY2027 budget furthers the City's efforts to meet the demands of a growing community.

Request for Information

This financial report was designed to provide a general overview of the City of Bowling Green's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Erin Ballou, Chief Financial Officer, PO Box 430, Bowling Green, Kentucky, 42102-0430 or can be e-mailed to accounting@bgky.org. Questions regarding and/or requests for the City's component unit financial statements should be directed to the Chief Financial Officer at Bowling Green Municipal Uilities, 801 Center Street, PO Box 10300, Bowling Green, Kentucky, 42102-7300.

City of Bowling Green, Kentucky
Statement of Net Position
June 30, 2026

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Pooled cash and cash equivalents	$ 16,805,824	$ -	$ 16,805,824	$ -
Non-pooled cash and cash equivalents	81,397,118	2,014,593	83,411,711	49,913,131
Investments	56,390,686	5,443,507	61,834,193	-
Receivables (net):				
Accounts	2,822,749	16,973	2,839,722	14,291,548
Leases	1,203,149	-	1,203,149	305,012
Other	-	-	-	749,564
Accrued interest	3,860	-	3,860	-
Due from other governmental units	2,805,289	-	2,805,289	1,174,849
Notes receivable	43,215,995	2,500,000	45,715,995	-
Prepaid items	1,046,987	-	1,046,987	632,151
Inventories	409,074	-	409,074	3,552,164
Other assets	-	-	-	10,353,236
Restricted assets:				
Non-pooled cash and cash equivalents	252,111	-	252,111	-
Investments	-	-	-	32,883,567
Net pension asset	522,934	-	522,934	-
Net OPEB asset	-	-	-	184,209
Capital assets, net of accumulated depreciation:				
Non-depreciable	285,657,095	2,290,764	287,947,859	26,448,160
Depreciable	140,782,419	3,766,537	144,548,956	256,076,064
Total assets	633,315,290	16,032,374	649,347,664	396,563,655
DEFERRED OUTFLOWS OF RESOURCES				
Outflows for pensions	25,911,340	-	25,911,340	4,133,779
Outflows for OPEB	9,708,947	-	9,708,947	1,941,889
Deferred amounts from refunding debt	320,442	-	320,442	238,325
Total deferred outflows of resources	35,940,729	-	35,940,729	6,313,993
LIABILITIES				
Vouchers and accounts payable	3,329,471	-	3,329,471	12,181,948
Accrued payroll	3,402,664	745	3,403,409	-
Accrued interest payable	457,884	-	457,884	1,698,971
Insurance claims payable	981,698	-	981,698	-
Other current liabilities	-	-	-	3,020,141
Unearned revenue	3,276,160	-	3,276,160	-
Deposits	270,610	-	270,610	8,328,366
Due to other governmental units	32,071	-	32,071	-
Non-current liabilities				
Due within one year				
Compensated absences	3,655,715	-	3,655,715	1,290,054
Leases & SBITAs payable	1,240,797	-	1,240,797	-
Arbitrage rebate tax payable	230,775	-	230,775	-
Bonds payable	3,105,000	-	3,105,000	6,706,132
Notes and financed purchase obligations	1,152,866	-	1,152,866	64,348
Landfill closure and post closure costs	51,115	-	51,115	-
Due in more than one year				
Compensated absences	5,889,339	-	5,889,339	401,718
Leases & SBITAs payable	2,605,141	-	2,605,141	-
Bonds payable, net	59,757,758	-	59,757,758	111,304,850
Notes and financed purchase obligations	5,366,982	-	5,366,982	55,293
Landfill closure and post closure costs	1,374,997	-	1,374,997	-
Net pension liability	99,626,788	-	99,626,788	27,950,765
Net OPEB liability	8,813,839	-	8,813,839	666,915
Total liabilities	204,621,670	745	204,622,415	173,669,501

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Net Position
June 30, 2026

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Continued from previous page				
DEFERRED INFLOWS OF RESOURCES				
Inflows for pensions	12,675,781	-	12,675,781	3,601,550
Inflows for OPEB	20,582,517	-	20,582,517	5,848,722
Inflows for leases	1,187,385	-	1,187,385	1,464,174
Total deferred inflows of resources	34,445,683	-	34,445,683	10,914,446
NET POSITION				
Net investment in capital assets	409,931,412	6,057,301	415,988,713	185,941,843
Restricted for				
Debt service	8,193,234	-	8,193,234	16,650,498
Capital projects	51,138,174	-	51,138,174	-
Community development	3,986,390	-	3,986,390	-
Perpetual care - nonexpendable	1,291,666	-	1,291,666	-
Perpetual care - expendable	263,964	-	263,964	-
Unrestricted	(44,616,182)	9,974,328	(34,641,854)	15,701,360
Total net position	$ 430,188,658	$ 16,031,629	$ 446,220,287	$ 218,293,701

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Activities
For the Year Ended June 30, 2026

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Changes in Net Position: Primary Government: Governmental Activities	Changes in Net Position: Primary Government: Business-type Activities	Changes in Net Position: Primary Government: Total	Changes in Net Position: Component Unit
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES:								
General government	$ 22,907,263	$ 1,429,312	$ 941,100	$ 19,427,921	$ (1,108,930)	$ -	$ (1,108,930)	$ -
Public safety	47,327,272	319,834	3,143,939	657,410	(43,206,089)	-	(43,206,089)	-
Public works	24,053,502	251,131	2,130,668	1,568,542	(20,103,161)	-	(20,103,161)	-
Parks and recreation	10,269,514	3,300,692	-	750,000	(6,218,822)	-	(6,218,822)	-
Neighborhood and community services	17,126,960	-	6,375,928	3,733,867	(7,017,165)	-	(7,017,165)	-
Agency services	5,520,176	-	-	-	(5,520,176)	-	(5,520,176)	-
Interest expense	1,991,376	-	-	-	(1,991,376)	-	(1,991,376)	-
Total governmental activities	129,196,063	5,300,969	12,591,635	26,137,740	(85,165,719)	-	(85,165,719)	-
Business-type activities:								
Convention Center	774,190	180,656	-	-	-	(593,534)	(593,534)	-
Total business-type activities	774,190	180,656	-	-	-	(593,534)	(593,534)	-
Total primary government	$ 129,970,253	$ 5,481,625	$ 12,591,635	$ 26,137,740	$ (85,165,719)	$ (593,534)	$ (85,759,253)	$ -
COMPONENT UNIT								
Bowling Green Municipal Utilities	138,742,245	148,239,800	-	2,196,904	-	-	-	11,694,459
Total component unit	$ 138,742,245	$ 148,239,800	$ -	$ 2,196,904	$ -	$ -	$ -	$ 11,694,459
	GENERAL REVENUES:							
	Property taxes				22,115,704	-	22,115,704	-
	Insurance premium taxes				8,120,895	-	8,120,895	-
	Transient room taxes				-	758,085	758,085	-
	Occupational fees and net profits				84,552,181	-	84,552,181	-
	Investment gains				5,412,020	276,382	5,688,402	1,783,406
	Gain (loss) on disposal of capital assets				194,127	-	194,127	(318,747)
	Merchandising revenues				-	-	-	174,572
	Miscellaneous				5,377,934	10,000	5,387,934	-
	Total general revenues				125,772,861	1,044,467	126,817,328	1,639,231
	Transfers				(100,000)	100,000	-	-
					125,672,861	1,144,467	126,817,328	1,639,231
	Change in net position				40,507,142	550,933	41,058,075	13,333,690
	Net position, beginning of year				389,681,516	15,480,696	405,162,212	204,960,011
	Net position, end of year				$ 430,188,658	$ 16,031,629	$ 446,220,287	$ 218,293,701

See accompanying notes.

City of Bowling Green, Kentucky
Balance Sheet - Governmental Funds
June 30, 2026

	General Fund	Municipal Aid	Riverfront Park Development	ITA Bond
ASSETS				
Pooled cash and cash equivalents	$ 4,808,775	$ 2,129,072	$ 869,466	$ 376,752
Non-pooled cash and cash equivalents	24,735,148	5,245,816	4,389,046	1,910,816
Restricted cash and investments	-	-	-	252,111
Investments	17,458,062	1,863,650	7,576,032	194,468
Receivables (net of allowance for uncollectibles):				
Accounts receivable	579,226	1,748,850	-	-
Lease receivable	76,221	-	-	-
Due from other governmental units	1,340,718	223,454	360,570	-
Notes receivable	915,995	-	-	42,300,000
Prepaid items	276,938	-	-	-
Inventories	46,818	-	-	-
Advances to other funds	-	200,000	-	-
Total assets	$ 50,237,901	$ 11,410,842	$ 13,195,114	$ 45,034,147
LIABILITIES				
Vouchers and accounts payable	640,785	404,943	929,727	-
Accrued payroll	3,265,699	22,664	-	-
Advances from other funds	-	-	-	-
Due to other governments	32,071	-	-	-
Unearned revenue	31	-	3,276,000	-
Security deposits	270,610	-	-	-
Total liabilities	4,209,196	427,607	4,205,727	-
DEFERRED INFLOWS OF RESOURCES				
Inflows for leases	73,495	-	-	-
Unavailable revenue	-	1,742,250	-	-
Total deferred inflows of resources	73,495	1,742,250	-	-
FUND BALANCES				
Non-spendable	1,239,751	-	-	42,300,000
Restricted	-	4,893,302	-	252,111
Committed	29,219,375	163,589	-	-
Assigned	6,263,283	4,184,094	8,989,387	2,482,036
Unassigned	9,232,801	-	-	-
Total fund balances	45,955,210	9,240,985	8,989,387	45,034,147
Total liabilities, deferred inflows of resources, and fund balance	$ 50,237,901	$ 11,410,842	$ 13,195,114	$ 45,034,147

See accompanying notes.

City of Bowling Green, Kentucky
Balance Sheet - Governmental Funds
June 30, 2026

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Pooled cash and cash equivalents	$ 7,259,542	$ 15,443,607
Non-pooled cash and cash equivalents	38,239,845	74,520,671
Restricted cash and investments	-	252,111
Investments	26,102,609	53,194,821
Receivables (net of allowance for uncollectibles):		
Accounts receivable	494,673	2,822,749
Lease receivable	-	76,221
Due from other governmental units	880,547	2,805,289
Notes receivable	-	43,215,995
Prepaid items	440,278	717,216
Inventories	-	46,818
Advances to other funds	-	200,000
Total assets	$ 73,417,494	$ 193,295,498
LIABILITIES		
Vouchers and accounts payable	1,114,077	3,089,532
Accrued payroll	32,467	3,320,830
Advances from other funds	200,000	200,000
Due to other governments	-	32,071
Unearned revenue	129	3,276,160
Security deposits	-	270,610
Total liabilities	1,346,673	10,189,203
DEFERRED INFLOWS OF RESOURCES		
Inflows for leases	-	73,495
Unavailable revenue	-	1,742,250
Total deferred inflows of resources	-	1,815,745
FUND BALANCES		
Non-spendable	-	43,539,751
Restricted	3,299,976	8,445,389
Committed	20,952,981	50,335,945
Assigned	47,817,864	69,736,664
Unassigned	-	9,232,801
Total fund balances	72,070,821	181,290,550
Total liabilities, deferred inflows of resources, and fund balance	$ 73,417,494	$ 193,295,498

See accompanying notes.

City of Bowling Green, Kentucky
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2026

Fund balances - total governmental funds		$ 181,290,550
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	514,389,446	
Less accumulated depreciation	(92,754,628)	421,634,818
Right to use lease and SBITA assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental right to use lease and SBITA assets	3,816,371	
Less accumulated amortization	(1,944,319)	1,872,052
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet maintenance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		11,435,646
Unavailable revenue is recorded in governmental funds for opioid settlement revenue that has been earned, but is not available, whereas revenue is recognized when earned in the statement of net position.		1,742,250
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability	(99,103,854)	
Net OPEB liability	(8,813,839)	
Net deferred inflows and outflows associated with pension	13,235,559	
Net deferred inflows and outflows associated with OPEB	(10,873,570)	
General obligation bonds	(62,760,000)	
Premiums, deferred charges and discounts on bond obligations	217,684	
Notes and financed purchase agreements	(6,519,848)	
Leases & SBITAs payable	(1,759,346)	
Accrued interest payable	(445,127)	
Accrued compensated absences	(9,307,422)	
Landfill postclosure care	(1,426,112)	
Arbitrage tax rebate payable	(230,775)	(187,786,650)
Net position of governmental activities		$ 430,188,666

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2026

	General Fund	Community Development	Municipal Aid	Bluegrass Farms Blvd
REVENUES				
Property taxes	$ 20,807,574	$ -	$ 200,000	$ -
Insurance premium taxes	3,526,150	-	-	-
Occupational fees and net profits	78,557,831	-	-	-
License and permits	1,284,164	-	-	-
Intergovernmental	1,780,622	-	6,718,368	-
Investment income	3,565,635	-	116,102	-
Charges for services	874,449	-	124,330	-
Parks and recreation	3,211,145	-	-	-
Rent income	-	-	-	-
Miscellaneous	862,678	-	211,085	-
Total revenues	114,470,248	-	7,369,885	-
EXPENDITURES				
Current:				
General government	10,296,532	-	29,770	-
Public safety	50,096,242	-	3,068,938	-
Public works	9,656,452	-	4,241,589	-
Parks and recreation	13,092,608	-	-	-
Neighborhood and community services	3,559,970	-	-	-
Agency services	4,477,011	-	-	-
Capital outlay	2,005,617	-	2,846,472	-
Debt service**:**				
Principal	833,034	-	-	-
Interest expense	45,502	-	-	-
Total expenditures	94,062,968	-	10,186,769	-
Excess (deficiency) of revenues over (under) expenditures	20,407,280	-	(2,816,884)	-
Other financing sources (uses):				
Transfers in	1,291,345	-	3,043,661	-
Transfers out	(20,088,388)	-	-	-
Issuance of debt	-	-	-	-
Lease and SBITA liabilities issued	944,841	-	-	-
Proceeds from sale of capital assets	122,675	-	-	-
Total other financing sources (uses)	(17,729,527)	-	3,043,661	-
Net change in fund balances	2,677,753	-	226,777	-
Fund balances, beginning, as previously reported	43,277,457	1,766,628	9,014,208	2,071,223
Change within financial reporting entity (Note 11)	-	(1,766,628)	-	(2,071,223)
Fund balances, beginning, as restated	43,277,457	-	9,014,208	-
Fund balances, ending	$ 45,955,210	$ -	$ 9,240,985	$ -

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2026

	Riverfront Park Development	ITA Bond	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ -	$ -	$ 1,108,130	$ 22,115,704
Insurance premium taxes	-	-	4,594,745	8,120,895
Occupational fees and net profits	-	-	5,994,350	84,552,181
License and permits	-	-	-	1,284,164
Intergovernmental	750,000	-	10,067,097	19,316,087
Investment income	152,036	77,056	1,244,798	5,155,627
Charges for services	-	-	231,174	1,229,953
Parks and recreation	-	-	-	3,211,145
Rent income	-	-	1,800	1,800
Miscellaneous	-	-	2,736,812	3,810,575
Total revenues	902,036	77,056	25,978,906	148,798,131
EXPENDITURES				
Current:				
General government	-	2,702,804	1,718,534	14,747,640
Public safety	-	-	1,966,139	55,131,319
Public works	427	-	1,110,087	15,008,555
Parks and recreation	601,817	-	1,317,157	15,011,582
Neighborhood and community services	-	-	11,907,310	15,467,280
Agency services	-	-	366,239	4,843,250
Capital outlay	3,190,657	-	22,048,913	30,091,659
Debt service**:**				
Principal	-	305,000	2,866,765	4,004,799
Interest expense	-	889,000	845,138	1,779,640
Total expenditures	3,792,901	3,896,804	44,146,282	156,085,724
Excess (deficiency) of revenues over (under) expenditures	(2,890,865)	(3,819,748)	(18,167,376)	(7,287,593)
Other financing sources (uses):				
Transfers in	4,000,000	442,975	13,307,227	22,085,208
Transfers out	-	-	(6,121,224)	(26,209,612)
Issuance of debt	-	-	3,100,000	3,100,000
Lease and SBITA liabilities issued	-	-	-	944,841
Proceeds from sale of capital assets	-	-	151,645	274,320
Total other financing sources (uses)	4,000,000	442,975	10,437,648	194,757
Net change in fund balances	1,109,135	(3,376,773)	(7,729,728)	(7,092,836)
Fund balances, beginning, as previously reported	-	48,410,920	83,842,950	188,383,386
Change within financial reporting entity (Note 11)	7,880,252	-	(4,042,401)	-
Fund balances, beginning, as restated	7,880,252	48,410,920	79,800,549	188,383,386
Fund balances, ending	$ 8,989,387	$ 45,034,147	$ 72,070,821	$ 181,290,550

See accompanying notes.

City of Bowling Green, Kentucky
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities
Year Ended June 30, 2026

Net change in fund balances - total governmental funds		$ (7,092,836)
Amounts reported for governmental activities in the statement of activities are different due to:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Governmental funds also report only the proceeds from sales of fixed assets while the net gain or loss is reported in the statement of activities. In addition, infrastructure assets donated to the City are not recorded on the governmental funds but are donated capital on the statement of activities:		
Capital asset additions	51,128,587	
Governmental depreciation expense	(7,708,109)	
Net sales and disposals of capital assets	(81,489)	43,338,989
Right to use lease and SBITA asset additions	944,841	
Governmental amortization expense	(795,012)	
Net sales and disposals of right to use assets	-	149,829
Certain long-term receivables, such as for opioid settlements, are not available for the payment of current expenditures and therefore are not reported in the governmental funds. Payments are recorded as revenue in the governmental funds and reduction of the receivable in the statement of net position.		(163,620)
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal long-term debt consumes the current financial resources of government funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the differences in the treatment of long-term and related items.		(48,821)
Accrued interest expense on long-term debt is reported in the statement of activities, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. Additionally, the accrual of an arbitrage rebate liability was incurred which will not be recognized in the governmental funds until the liability is due and payable.		(124,155)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:		
Compensated absences payable		(571,703)
Landfill postclosure care		128,443
The net pension and OPEB liabilities are actuarial calculations, do not require the use of current financial resources, and are excluded as expenditures in governmental funds. Additionally, since the current year contributions to the pension and OPEB plans will be included in the subsequent year's pension and OPEB expense calculations, those contributions should not be considered in the government-wide statements.		4,158,421
The internal service funds used by management to charge the costs of insurance and fleet maintenance to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal fund revenues are eliminated.		732,603
Net change in net position - governmental activities		$ 40,507,150

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Net Position - Proprietary Funds
June 30, 2026

	Business-Type Activities Enterprise Fund	Governmental Activities
	Convention Center	Internal Service Funds
ASSETS		
Current assets		
Pooled cash and cash equivalents	$ -	$ 1,362,217
Non-pooled cash and cash equivalents	2,014,593	6,876,447
Investments	5,443,507	3,195,865
Accounts receivable	16,973	-
Lease receivable, current	-	141,977
Interest receivable	-	3,860
Notes receivable	2,500,000	-
Prepaid items	-	329,771
Inventories	-	362,256
Total current assets	9,975,073	12,272,393
Noncurrent assets		
Lease receivable	-	984,951
Capital and right to use assets		
Land	2,290,764	-
Buildings	11,892,516	797,539
Machinery and equipment	1,378,370	795,560
Improvements other than buildings	238,663	89,776
Right to use subscription and lease equipment	-	2,964,174
	15,800,313	4,647,049
Less: accumulated depreciation and amortization	(9,743,012)	(1,714,405)
Land, net	6,057,301	2,932,644
Total noncurrent assets	6,057,301	3,917,595
Total assets	$ 16,032,374	$ 16,189,988
LIABILITIES		
Current liabilities		
Vouchers and accounts payable	-	239,939
Accrued payroll	745	81,834
Accrued interest payable	-	12,757
Insurance claims payable	-	981,698
Current portion of compensated absences	-	97,147
Current portion of leases payable	-	575,721
Total current liabilities	745	1,989,096
Noncurrent liabilities		
Noncurrent portion of compensated absences	-	140,485
Noncurrent portion of leases payable	-	1,510,871
Total noncurrent liabilities	-	1,651,356
Total liabilities	745	3,640,452
DEFERRED INFLOWS OF RESOURCES		
Inflows for leases	-	1,113,890
NET POSITION		
Net invested in capital assets	6,057,301	846,052
Unrestricted	9,974,328	10,589,594
Total net position	$ 16,031,629	$ 11,435,646

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
Year Ended June 30, 2026

	Business-Type Activities Enterprise Fund	Governmental Activities
	Convention Center	Internal Service Funds
OPERATING REVENUES		
Transient room taxes	$ 758,085	$ -
Charges for services	180,656	3,116,906
Insurance premium taxes	-	12,558,326
Judgements and settlements	-	276,350
Contributions and donations	10,000	12,388
Miscellaneous	-	522
Total operating revenues	948,741	15,964,492
OPERATING EXPENSES		
Personnel services	15,022	1,754,806
Contractual services	175,594	1,498,424
Supplies	-	1,819,918
Utilities	133	602,521
Repairs and maintenance	158,838	1,237,662
Insurance premiums and claims	25,864	11,935,045
Depreciation	398,675	574,611
Miscellaneous	64	27,111
Total operating expenses	774,190	19,450,098
Operating gain (loss)	174,551	(3,485,606)
NONCAPITAL SUBSIDIES		
Transfers in	100,000	4,061,130
Transfers out	-	(36,726)
Total noncapital subsidies	100,000	4,024,404
Operating gain (loss) and noncapital subsidies	274,551	538,798
OTHER NONOPERATING REVENUES (EXPENSES)		
Investment income	-	239,495
Interest income	276,382	-
Proceeds from sale of capital assets	-	1,303
Rent income	-	81,850
Interest expense	-	(145,741)
Lease interest income	-	16,898
Total nonoperating expense	276,382	193,805
Increase in net position	550,933	732,603
Net position, beginning	15,480,696	10,703,043
Net position, end of year	$ 16,031,629	$ 11,435,646

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2026

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Convention Center	Internal Service Funds
CASH FROM OPERATING ACTIVITIES		
Cash received from customers	$ 199,676	$ 15,964,957
Other cash receipts	758,085	-
Payments to employees	(14,879)	(1,734,466)
Cash payments to suppliers	(360,944)	(5,313,825)
Claims paid	-	(11,818,374)
Net cash used in operating activities	581,938	(2,901,708)
CASH FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	100,000	4,061,130
Transfers out	-	(36,726)
Net cash provided by noncapital financing activities	100,000	4,024,404
CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(79,225)	(60,350)
Purchase of lease assets	-	(486,758)
Interest paid on lease assets	-	(145,741)
Interest payable for lease assets	-	2,030
Proceeds from retirement of assets	-	1,303
Net cash used in capital and related financing activities	(79,225)	(689,516)
CASH FROM INVESTING ACTIVITIES		
Interest income	276,382	236,380
Purchase of investments	(270,706)	(222,468)
Cash received from lease property	-	81,850
Lease interest income	-	16,898
Net cash provided by investing activities	5,676	112,660
Net increase in cash and cash equivalents	608,389	545,840
Cash and cash equivalents at beginning of period	1,406,204	7,692,824
Cash and cash equivalents at end of period	$ 2,014,593	$ 8,238,664
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	$ 174,551	$ (3,485,606)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	398,675	574,611
Lease interest income	-	(16,897)
Changes in assets and liabilities:		
Inventories	-	(66,633)
Accounts receivable	9,020	465
Accounts payable	(451)	45,087
Prepaid items	-	(89,746)
Compensated absences	-	1,037
Accrued payroll	143	19,303
Insurance claims payable	-	116,671
Net cash used by operating activities:	$ 581,938	$ (2,901,708)

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2026

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Convention Center	Internal Service Funds
NONCASH INVESTING AND FINANCING ACTIVITIES		
Leases issued	-	710,540
Subscriptions issued	-	230,656
Inception of lease receivable and deferred inflow of resources from building lease agreement	-	1,198,955
Total supplemental data:	$ -	$ 2,140,151

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Fiduciary Net Position
June 30, 2026

	Pension Trust-Police & Firefighters' Retirement	Custodial Funds
ASSETS		
Pooled cash and cash equivalents	$ -	$ 68,036
Non-pooled cash and cash equivalents	21,068	474,322
Accrued interest receivable	10,714	-
Investments		
Corporate securities	1,430,113	-
Mutual funds	3,865,451	-
United States government securities	199,067	-
Kentucky local municipal bonds	233,016	-
Total investments	5,727,647	-
Total assets	$ 5,759,429	$ 542,358
LIABILITIES		
Due to other governmental units	-	527,850
Other liabilities	-	3,920
Due to other taxing units - School Board	-	10,588
Total liabilities	-	542,358
NET POSITION		
Restricted for pensions	5,759,429	-
Total net position	$ 5,759,429	$ -

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2026

	Pension Trust-Police & Firefighters' Retirement	Custodial Funds
ADDITIONS		
Investment income	$ 762,226	$ 3,532
Property tax collections for other governments	-	19,092,324
Tourism tax collections for other organizations	-	2,274,384
TIF tax collections for other governments	-	34,999
Miscellaneous	-	33,244
Total additions	762,226	21,438,483
DEDUCTIONS		
Benefit payments	686,279	-
Payments of property tax to other governments	-	19,092,324
Payments on behalf of other governments	-	71,775
Payments of tourism tax to other organizations	-	2,274,384
Total deductions	686,279	21,438,483
Change in net position	75,947	-
Net position, beginning of year	5,683,482	-
Net position, end of year, restricted for pensions	$ 5,759,429	$ -

See accompanying notes.

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Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bowling Green (the City) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for government accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

A. Reporting Entity

The accompanying financial statements present the City and its component units (traditionally separate reporting entities), for which the City is considered to be financially accountable. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and: (1) is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the City is required to consider other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units.

1. Blended Component Units

The agencies and organizations listed below are, in substance, the same as the City, despite being legally separate from the City. Therefore, they are reported as part of the primary government. They have a governing body that is substantially the same as the governing body of the City; provide services entirely, or almost entirely, to the City; or otherwise exclusively, or almost exclusively, benefit the City even though they do not provide services directly to the City. The agencies and organizations listed below are also financially dependent upon the City and the City does have operational responsibility.

Governmental Fund Type

A Better BGKY, Inc. A Better BGKY, Inc. is a 501(c)3 nonprofit dedicated to promote and stimulate area economic development in Bowling Green, Kentucky; receive, administer, and distribute funds; and advance the interest of the businesses, residents, visitors, and stakeholders of the downtown area. The nonprofit is governed by a board of five directors, three of which are City employees. The nonprofit's financial activity is recorded in a separate special revenue fund.

Fiduciary Fund Type

City of Bowling Green Police and Firefighters' Retirement Fund. Retired or disabled City public safety employees participate in the Police and Firefighters' Retirement Fund. The Fund functions for the benefit of these employees and surviving spouses and is administered by a Board of Trustees consisting of the Mayor, City Chief Financial Officer and retiree representative of the fire department, or active member if no retiree is able to serve.

The City contributes amounts to fund current service costs and interest on unfunded past service costs based upon actuarial valuations. Plan benefit levels are determined by Kentucky Revised Statues.

Proprietary Fund Type

The Convention Center Fund. The Convention Center fund is used to account for the daily operations of a municipal convention center and trade show facility. The Convention Center is reported as an enterprise fund and does not issue its own separate financial statements.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

2. Discretely Presented Component Units

The agency described below is included in the City's reporting entity because the City appoints the governing body and the agency is fiscally dependent on the City. The agency is reported as discretely presented component unit because the primary government is financially accountable and is able to impose its will on the organization or the component unit provides specific financial benefits or imposes specific financial burdens on the primary government. The component unit issues its own separate financial statements. Questions regarding and/or requests for the City's component unit financial statements should be directed to the Chief Financial Officer at Bowling Green Municipal Uilities, 801 Center Street, PO Box 10300, Bowling Green, Kentucky, 42102-7300.

Proprietary Fund Type

Bowling Green Municipal Utilities (BGMU). Board member appointments are made by the City's Board of Commissioners. The Electric Division is a distributor of electrical power under the authority of the Federal Energy Regulatory Commission and the Tennessee Valley Authority and provides service to customers primarily in the City. The Electric Division has erected various street lighting systems for the City for which monthly rental amounts are paid to the utility by the City based on a percentage of total unamortized investment.

The Water-Sewer Division operates the water treatment and the waste-water treatment facilities serving customers primarily in the City. The rates for user charges and bond issuance authorization are approved by the Board of Commissioners.

The General Services Division operates the fiber optic network in the City.

B. Related Organization

City officials are also responsible for appointing the members to boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments.

C. Joint Venture

The Inter-Modal Transportation Authority, Inc. (ITA) is a non-profit corporation organized for the purpose of acquiring and financing public projects and public facilities as an agent for the City and the County of Warren, Kentucky, jointly. In the year ended June 30, 2008, the City approved the issuance of General Obligation bonds (Series 2007 B&C) in the amount of $27,415,000 to refinance the ITA's mortgage-backed bonds that were outstanding. The City entered into a ground lease with the Warren County Downtown Economic Development Authority (Authority), providing for the City’s acquisition of a leasehold estate in the project. The City, Warren County, and the Authority entered into a Contract, Lease & Option agreement in which the Authority and Warren County shall lease back the project from the City in consideration of rental payments to be utilized by the City in support of the payment of principal and interest on the general obligation bonds. The City and Warren County have each pledged to evenly share any shortfalls towards payment of debt service on the outstanding bonds. In 2013, there was a significant land sale to the State for right-of-way use on the I-65 connector road. It generated approximately $2.3 million that was used for a partial early redemption call on the 2007C bonds through 2018. Subsequently, during FY2016 the outstanding debt of the 2007B and 2007C bonds were partially refunded by General Obligation Refunding Bonds, Series 2016A&B in the total amount of $15,300,000. In FY2021, the City issued an additional $43,835,000 in General Obligation Bonds, Series 2021A & 2021B, for an expansion to the existing Kentucky Transpark. The City will be responsible for 100% of the principal and interest payments for the first five years and afterward will share the cost evenly with Warren County.

During FY2026, the City made scheduled debt service contributions in the amount of $1,194,000 on the Series 2021A&B bonds. The separately audited financial statements of the ITA can be obtained from the City Clerk's office.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Joint Venture

In FY2022, the City entered into a local agreement with Warren County and the ITA where the City and the County would share in the cost to acquire additional real property for the expansion of the Kentucky Transpark. The ITA would then reimburse both the City and County equally as funds become available. In October of 2022, the City transferred funds in the total amount of $5,879,869 to the ITA. As of June 30, 2026, the remaining amount to be reimbursed is shown as a note receivable in the General Fund ($915,995) and the Convention Center Fund ($2,500,000).

D. Basic Financial Statements

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The reporting model focus is either on the City as a whole or on major individual funds. The government-wide financial statements report information on all of the non-fiduciary activities of the City and its component units. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Governmental activities normally are supported by taxes and intergovernmental revenues. Business-type activities rely to a significant extent on fees and charges for support. In the Government-wide Statement of Net Position, both the governmental and business-type activities are presented on a consolidated basis by column.

The Government-wide Statement of Activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses (including depreciation) are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function and include charges for services and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants are capital-specific. Occupational license fees applied to gross wages and net profits, other license fees and permits, taxes, interest income and other revenues not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Non-major funds (by category) are summarized into a single column.

Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. With this measurement focus, all assets and all liabilities, including long-term assets, as well as long-term debt and obligations, are included in the Statement of Net Position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the City, available means expected to be received within sixty days of year end. Major revenue sources not susceptible to accrual include charges for services, penalties and fines, and miscellaneous revenues. Such revenues are recorded as revenues when received because they are generally not measurable or available until actually received. Intergovernmental revenues received for specific purposes or projects are recognized when the applicable eligibility requirements are met. Revenues received before the eligibility requirements are met are reported as unearned revenue. Expenditures are recorded when the liability is incurred except: (1) principal and interest on long-term debt is recorded when due, and (2) compensated absences are accounted for as expenditures in the period used.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basic Financial Statements

Basis of Accounting and Financial Statement Presentation

Since the Governmental fund statements are presented on a different measurement focus and basis of accounting than the Government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the Government-wide presentation.

Internal service funds provide services primarily to other funds of the City and are presented in summary form as part of the proprietary fund statements. Since the principal users of the internal services are the City's governmental activities, the internal service funds' financial statements are consolidated into the Governmental column in the Government-wide statements. Governmental funds reimburse the Employee Health Care Fund, Workers' Compensation Fund, Fleet Maintenance Fund, Property and Casualty Fund, and Facilities Maintenance Fund for employer insurance, property and casualty insurance, facility maintenance, and fleet maintenance expenses; these revenues and expenses are eliminated upon consolidation. Direct expenses of the internal service funds are not eliminated.

The City's fiduciary funds are presented in the fund financial statements by type (pension and custodial). Since these assets are being held for the benefit of a third party (private parties, pension participants, etc.) and cannot be used for activities or obligations of the City, these funds are not incorporated into the Government-wide statements.

E. Basis of Presentation

The financial statements of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses, as appropriate. The various funds are reported by generic classification within the financial statements.

In accordance with GASB Statement No. 34, major funds are determined by the percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined. Any other governmental or enterprise funds that the City believes are particularly important to financial statement users may also be reported as major. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The focus of governmental fund measurement (in the fund financial statements) is on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. The balance sheets generally contain only current assets and liabilities. The reported fund balance (net current assets) is a measure of "available spendable resources". The City reports the following major governmental funds:

The **General Fund** is the primary operating unit of the City and accounts for revenues and expenditures not specifically provided for in other funds. Most of the essential governmental services such as police and fire protection, community services, parks and recreation, and general administration are reported in this fund.

The **Municipal Aid Fund** is used to account for revenues and expenditures of Kentucky public safety, public works, and economic development grants, liquid fuel tax, mineral and coal severance tax receipts, public transit, and law enforcement special pay programs.

The **Riverfront Park Development Capital Project Fund** is used to account for revenues and expenditures associated with the development of Riverfront Park. The project is funded by the General Fund and by various local and federal grant awards.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Basis of Presentation

The **ITA Bond Debt Service Fund** is used to account for revenues received from payments made by the ITA and Warren County and expenditures related to bond issues that were used for refinancing the Kentucky Transpark debt in 2016 and expansion of the Kentucky Transpark in 2021.

The focus of proprietary fund measurement is upon the determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. All assets and all liabilities associated with the operation of these funds are included on the balance sheet. The City reports the following major proprietary fund:

The **Convention Center Fund** is used to account for the operations of the City's Sloan Convention Center.

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a user charge basis. Internal Service Funds include the Fleet Maintenance Fund, Employee Health Care Fund, Workers' Compensation Fund, Property and Casualty Fund, and Facilities Maintenance Fund.

Fiduciary Funds are used to account for assets held on behalf of outside parties. Trust funds account for assets held by the City under the terms of a formal trust agreement. Fiduciary funds are as follows:

The City of Bowling Green Police and Firefighters' Retirement Fund, a closed pension trust fund, is used to account for the accumulation of resources to be used for retirement annuity payments for retired or disabled public safety employees.

Custodial funds generally are used to account for assets that the City holds on behalf of others as their agent and are custodial in nature. The funds could report financial position.

Tourist and Convention Fund is used to account for the collection of 4% transient room tax and payment to the Bowling Green Area Convention and Visitors Bureau and the Convention Center fund.

Tax Distribution Fund is used to account for property tax collections and disbursements to the General Fund and Bowling Green Independent School System for property taxes billed and collected by the City on its behalf.

Evidence Storage Fund is used to account for cash collected as police evidence.

Bowling Green/Warren County Adjusted TIF Increment Fund is used to account for TIF revenues based on an agreement with Warren County. The associated investment account is jointly shared with Warren County with available cash pledged to the County to cover debt shortfalls on the County’s 2016 Industrial Revenue Bonds.

F. Assets, Liabilities and Fund Balance

Deposits and Investments - The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Some of the cash resources of the individual funds are combined to form a pool of cash for cash management purposes. Interest income earned as a result of pooling is distributed to the appropriate funds based on the ending monthly balance of pooled cash in each fund.

Investments for the government, as well as its component units, are reported at fair value.

Receivables - Receivables are amounts due representing revenues earned or accrued in the current period.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, Liabilities and Fund Balance

Property taxes attach as an enforceable lien on property as of January 1 each year. Property values are assessed on January 1 of each year, taxes are levied annually by ordinance, and are payable on December 31. The City bills and collects its own property taxes and also collects for the Bowling Green Independent School District. Collections of the City school taxes and remittance to the District are accounted for in the Tax Distribution Fund. City property tax revenues are recognized when levied to the extent that they are both measurable and available.

A receivable is reported for uncollected property taxes. Since these taxes are all at least six months delinquent at June 30 an allowance for uncollectible accounts has been established for the entire amount.

A note receivable in the amount of $915,995 in the governmental funds and $2,500,000 in the proprietary fund is recorded to account for an interest free loan made to the Inter-Modal Transportation Authority (ITA). An additional note receivable is also recorded in the governmental funds in the amount of $42,300,000 to account for a separate agreement with the ITA related to the 2021 General Obligation Bonds.

Lease Receivable - The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Interfund Receivables - In its course of operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2026, balances of interfund amounts receivable or payable are recorded as “due to/from other funds”. Balances outstanding between the governmental activities and business-type activities are reported in the Government-wide financial statements as “internal balances.”

Inventories - Inventories are valued at cost, which approximate market, using the first-in/first-out (FIFO) method. The costs of inventory items are recognized as expenditures or expenses when used.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both Government-wide and fund financial statements.

Restricted Assets - Certain proceeds of bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet since their use is limited by applicable bond indentures. Construction fund accounts are used to report proceeds of general obligation and revenue bonds and notes that are restricted for use in construction and capital acquisitions. Depreciation and Maintenance accounts are the resources set aside to provide reasonable reserves for renewals, replacements, improvements, extensions, extraordinary major repairs and contingencies related to bond obligation projects. Sinking Fund accounts are the resources accumulated for debt service payments.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. Land, building, and improvements expenditures for items having a useful life greater than two years and having a cost greater than $40,000 are capitalized. Machinery and equipment expenditures for items having a useful life greater than two years and having a cost greater than $10,000 are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value and recorded as donations at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, Liabilities and Fund Balance

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-type Activities Estimated Lives
Buildings and improvements	40 years	30 - 50 years
Improvements other than buildings	10 - 40 years	10 - 35 years
Infrastructure - drainage	30 - 100 years	N/A
Machinery and equipment	3 - 7 years	3 - 10 years
Vehicles	5 - 7 years	5 - 7 years
Intangible assets	10 - 40 years	N/A

The City's infrastructure consists of the street and storm sewers systems. The street system consists of streets, rights-of-way, sidewalks, and curbs. The storm sewers system consists of gutters and storm sewers. The City elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its street system. Using this approach, the City capitalizes the costs of its street system but does not report depreciation expense for those assets. Instead, the City reports all street system maintenance as expenditures in the period incurred unless those expenditures improve on those streets original condition or add to its capacity. These additions or improvements are not expensed but added to the historical cost of the assets. The City uses an asset management system to provide an up-to-date inventory of its streets, perform condition assessments on the street pavement at least once every three years, and estimate an annual amount needed to maintain the streets at a specified condition level. The asset management system is discussed in more detail in Required Supplemental Information, immediately following these notes.

Right to Use Assets - The City has recorded right to use lease assets as a result of implementing GASB 87 and 96. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any lease or subscription payments made prior to the term, less incentives, and plus any ancillary charges necessary to place the lease or subscription into service. The right to use assets are amortized on a straight-line basis over the life of the related lease or subscription.

Deferred Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Ouflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has three items that meet this criterion: pension deferrals, OPEB deferrals, and deferred amounts from refunding debt.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The City has three items that meet the criterion for this category: pension deferrals, OPEB deferrals, and leases.

Compensated Absences - It is the City's policy to permit employees to accumulate earned but unused vacation, sick, personal, and compensatory pay benefits. Vacation, sick, and personal leave is earned based on working days for each month of credited service. For most classified employees, earning rates increase at 5, 10, 15 and 20 years of credited service. Accumulated vacation time shall not exceed the amount of time which an employee may earn in two years. Personal leave may only be used in the calendar year in which it is earned.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, Liabilities and Fund Balance

Sick leave for most classified employees is earned on the basis of one working day or eight hours per month of service. Sick leave for Fire Department personnel working 24 hours on/48 hours off is earned on the basis of 12 hours per month of service. Earned sick leave may be accumulated up to a maximum of 180 days; thereafter, employees are compensated monthly for days accumulated in excess of 180 days in an amount equal to one-half of the base rate straight-time value. For retiring employees who are participating members of CERS, the City will purchase service credit for up to six months (120 days) of unused sick leave at the time of retirement. Employees who retire with more than 120 accrued sick days may receive cash payment for the number of days over 120 in the amount of $40/day.

Compensatory leave is earned in lieu of overtime with written approval of the respective department head. The maximum amount of compensatory leave an employee may accrue shall not exceed 160 hours or 240 hours for Fire Department personnel.

Compensated absences are defined as leave for which employees may receive cash payments when leave is used for time off and other cash payments such as termination payouts or noncash settlements. A liability for compensated absences is recognized when the employee has rendered services to earn the leave, the leave is accumulated and can be carried over into future reporting periods, and when the leave is more likely than not to be used as time off, paid in cash, or settled through noncash means.

Retirement - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the City's participation in the County Employees' Retirement System (CERS) of the Kentucky Public Pension Authority (KPPA) have been determined on the same basis as reported by the KPPA. Investments are reported at fair value and benefits including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms of the CERS plan. The pension liability was measured at June 30, 2025.

Postemployment Benefits Other Than Pensions (OPEB) - For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS' Insurance Fund and additions to/deductions from the Insurance Fund's fiduciary net position have been determined on the same basis as reported by the Insurance Fund. The Insurance Fund reports investments at fair value and recognizes benefit payments when due and payable in accordance with benefit terms. The OPEB liability was measured at June 30, 2025.

Long-Term Obligations - In the government-wide, proprietary and fiduciary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund, or fiduciary fund Statement of Net Position. The discounts and premiums related to bonds and notes issued are deferred and amortized over the life of the bond using the straight-line method. Bonds and notes payable are reported net of the applicable bond premium or discount. Issuance costs are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred losses and/or gains on refunding debt is the difference between the re-acquisition price and the net carrying value of the old debt on refunded debt, These gains/losses are amortized as a component of interest expense over the life of the old or new bonds, whichever is shorter, using the straight-line method. The deferred amount is presented as a deferred inflow of resources.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, Liabilities and Fund Balance

Long-term liabilities include the following:

- Principal outstanding on general obligation bonds, notes and financed purchase obligations.
- Arbitrage rebate tax payable is the cumulative estimated liability due to the Internal Revenue Service.
- Landfill closure and postclosure care liability is the established total current cost to place a final cover on the City's landfill sites and to perform certain maintenance and monitoring functions after closure.
- Compensated absences liability is recorded for accumulated unpaid employee leave.
- Lease liability is recorded for certain improvements to land and is based on the present value of the lease payments expected to be paid during the lease term.
- Subscription liability is recorded for Subscription-Based Information Technology Arrangements (SBITA) and is based on the present value of the subscription payments expected to be paid during the subscription term.

Unearned Revenues - The City defers revenue recognition in connection with resources that have been received, but not yet earned.

Fund Balance - The following classifications describe constraints placed on the purposes resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. The City reports nonspendable fund balance in the General Fund for prepaid items ($276,938), inventories ($46,818), and long term note receivables ($915,995). The ITA bond fund also reports a long term note receivable in the amount of $42,300,000.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or enabling legislation. Restricted fund balances reported as of June 30, 2026, follows below:

Restricted for:	Municipal Aid Fund	ITA Bond Fund	Other Nonmajor Governmental Fund	Total
Cemetery perpetual	$ -	$ -	$ 1,291,666	$ 1,291,666
Community development	2,300,162	-	1,826,922	4,127,084
Debt service	-	252,111	-	252,111
Lampkin park	-	-	74,172	74,172
Public safety grants	2,404,052	-	107,216	2,511,268
Streets and sidewalks	189,088	-	-	189,088
Restricted fund balance	$ 4,893,302	$ 252,111	$ 3,299,976	$ 8,445,389

Committed fund balance - amounts constrained to specific purposes by the City itself, by Ordinance approved by the Board of Commissioners; amounts cannot be used for other purpose unless the City takes action to remove or change the constraint. Stabilization funds in the General Fund are assessed each fiscal year as 25% of the adopted revenue budget and approved by the Board of Commissioners through an Ordinance. Stabilization funds can only be appropriated by the Board through an Ordinance; if stabilization funds are utilized, a plan to replenish the balance to the established funding level must be approved by Ordinance. The following page presents committed fund balances as of June 30, 2026.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, Liabilities and Fund Balance

Committed to:	General Fund	Municipal Aid Fund	Other Nonmajor Governmental Fund	Total
Economic stabilization	$ 29,219,375	$ -	$ -	$ 29,219,375
Economic development	-	-	15,251,765	15,251,765
Police and fire improvements	-	163,589	4,636,541	4,800,130
Landfill	-	-	1,064,675	1,064,675
Committed fund balance	$ 29,219,375	$ 163,589	$ 20,952,981	$ 50,335,945

Assigned fund balance - amounts the City intends to use for a specific purpose (such as encumbrances); intent can be expressed by the City or the City Manager, Assistant City Manager/Chief Financial Officer, or body to which the City delegates authority as established by the City's Fund Balance Policy included in the City's Financial Policies and Procedures approved by the Board of Commissioners. Assigned fund balance values are presented below:

Assigned to:	General Fund	Municipal Aid Fund	Riverfront Park Development	ITA Bond Fund	Other Nonmajor Governmental Fund	Total
Debt service	$ -	$ -	$ -	$ 2,482,036	$ 4,116,603	$ 6,598,639
General government services	384,324	-	-	-	1,052,568	1,436,892
Police and fire services	494,618	-	-	-	6,927,871	7,422,489
Parks and recreation	1,025,415	-	8,989,387	-	11,668,951	21,683,753
Neighborhood and community services	336,674	-	-	-	3,388,403	3,725,077
Other purposes	3,272,968	-	-	-	263,964	3,536,932
Public works services	749,284	4,184,094	-	-	20,399,504	25,332,882
Assigned fund balance	$ 6,263,283	$ 4,184,094	$ 8,989,387	$ 2,482,036	$ 47,817,864	$69,736,664

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

When both restricted and unrestricted funds are available for expenditure, restricted funds are spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed funds are spent first, assigned funds second, and unassigned funds last.

G. Revenues, Expenditures and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, non-capital financing or investing activities.

Interfund transactions that would be treated as revenues or expenditures/expenses if they involved organizations external to the City are similarly treated when involving funds of the City. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the reimbursed fund. Transfers from funds receiving revenues to funds through which the resources are to be expended and operating subsidies are classified as interfund transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the Government-wide presentation.

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compliance with Finance Related Legal and Contractual Provisions

The City believes it has no material violations of finance related legal and contractual provisions.

Note 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

Primary Government

The City's bank balances at June 30, 2026, are entirely insured or collateralized with securities held by the City's agent in the City's name. In accordance with Kentucky Revised Statutes (KRS) 66.480 and the government's investment policy, the government is allowed to invest in obligations of the U.S. Treasury and U.S. agencies and instruments, repurchase agreements, bankers' acceptances, commercial paper, obligations of the Commonwealth of Kentucky and its agencies and instrumentalities, shares of mutual funds, or interest bearing deposits of insured national or state banks. In addition, the Fiduciary Funds are allowed to invest in equity securities, corporate bonds, and international stocks listed as American Depository Receipts (ADR). Investments of the City as of June 30, 2026, are summarized and categorized in the table below:

Primary Government (except Fiduciary Funds)

Investment Type	Fair Value	Weighted Average Maturity in Years
Certificate of deposit	$ 677,224	0.310
Cash equivalents	5,993,882	N/A
Tax free mutual funds	13,650,953	N/A
U.S. agencies CMO	14,007	0.094
U.S. equity fund	3,525,973	N/A
Taxable bond funds	4,202,902	N/A
U.S. agencies bonds	32,310,156	0.667
Municipal bonds	1,349,741	1.378
Foreign equity	109,355	N/A
	$ 61,834,193	

Interest Rate Risk - The City has adopted an investment policy that recommends controlling interest rate risk through maturity diversification. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - The City has no policy related to credit risk.

Concentration of Credit Risk - To limit concentration of credit risk, the City has adopted an investment policy to limit investments held at one financial institution to no more than 25% of total investments, excluding money market mutual funds, unless they are fully insured or fully collateralized, or they are authorized investment pools.

Recurring Fair Value Measurement - The City categorizes fair value measurements of its investments 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; and Level 3 inputs are significant unobservable inputs.

Note 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

Primary Government

The City has the following recurring fair value measurements of its investments as of June 30, 2026:

- Cash equivalents, tax free mutual funds, U.S. equity, and foreign equity total $23,280,163 and are valued using quoted market prices (Level 1 inputs).
- Certificate of deposits, U.S. agency treasury bills, U.S. agencies collaterialized mortgage obligation (CMO), U.S. agencies bonds, municipal bonds, and taxable bond funds total $38,554,030 using quoted prices for similar assets in active markets (Level 2 inputs).

Component Units

Bowling Green Municipal Utilities

The Bowling Green Municipal Utilities may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. Agencies and instrumentalities, Kentucky bonds and certificates of indebtedness, highly-rated securities issued by a state or local government in the United States, and certain other investments more fully described in the Kentucky Revised Statutes. Investments of each division of the Utility as of June 30, 2026, are summarized and categorized in the tables below and on the following page.

Bowling Green Municipal Utilities Water-Sewer Division

Investment Type	Fair Value	Maturities in Years Less than 1	1-5
Fixed income funds	$ 928,841	$ 163,322	$ 765,519
U.S. treasury obligations	1,249,829	222,223	1,027,606
Money market account	31,528,412	31,528,412	-
Foreign fixed income funds	99,477	17,491	81,986
	$ 33,806,559	$ 31,931,448	$ 1,875,111

The carrying value of deposits and investments shown above are included in the Combining Statement of Net Position - Component Units - Bowling Green Municipal Utilities for the Water-Sewer Division as follows:

Carrying value	
Deposits	$ 10,397,043
Investments	33,806,559
	$ 44,203,602

Included in the following captions:

Cash and cash equivalents	$ 12,768,734
Noncurrent cash and investments	30,188,025
Other short-term investments	1,246,843
	$ 44,203,602

Note 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

Component Units

Bowling Green Municipal Utilities Electric Division		
		Maturities in Years
Investment Type	Fair Value	Less than 1
Money market account	$ 1,347,213	$ 1,347,213

The carrying value of deposits and investments are included in the Combining Statement of Net Position - Component Units - Bowling Green Municipal Utilities for the Electric Division as follows:

Carrying value	
Deposits	$30,692,028
Investments	1,347,213
	$32,039,241

Included in the following captions:

Cash and cash equivalents	$30,590,542
Noncurrent cash and investments	1,448,699
	$32,039,241

The Bowling Green Municipal Utilities General Services Division reports carrying amounts of deposits totaling $6,553,855 and bank balances of $6,567,656 as of June 30, 2026, which are covered by federal deposit insurance or by collateral held by the bank's agent in the Division's name.

Interest Rate Risk - Investment rate risk is the risk that changes in market interest rates will adversely affect the value of an investment. Bowling Green Municipal Utilities (BGMU) does not have a formal investment policy that limits its interest rate risk.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, Bowling Green Municipal Utilities will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of June 30, 2026, Bowling Green Municipal Utilities was not exposed to custodial credit risk.

Concentration of Credit Risk - Bowling Green Municipal Utilities places no limit on the amount that may be invested in any one issuer.

Recurring Fair Value Measurements - Bowling Green Municipal Utilities categorizes 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; and Level 3 inputs are significant unobservable inputs.

Note 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

Component Units

The Water/Sewer Division had the following assets measured at fair value on a as of June 30, 2026:

		Fair Value Measurements Using	
Investments by Fair Value Level	June 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. treasury obligations	$ 1,249,829	$ -	$ 1,249,829
Fixed income funds	928,841	928,841	-
Foreign fixed income funds	99,477	99,477	-
Money market accounts	31,528,412	31,528,412	-
Total investment by fair value	$ 33,806,559	$ 32,556,730	$ 1,249,829

Police and Firefighters' Retirement Fund

Plan investments are presented at fair value, which is the amount that financial instruments could be exchanged in a current transaction between willing parties. Short-term investments are carried at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Other investments not having an established market are recorded at estimated fair value. All fair values are determined by external consultants. The City of Bowling Green Police and Firefighters' Retirement Fund investments are measured and reported at fair value and are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets.
Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk and are reported below:

		Fair Value Measurements Using	
Investments by Fair Value Level	June 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Corporate securities	$ 1,430,113	$ -	$ 1,430,113
Mutual funds	3,865,451	3,865,451	-
Kentucky local municipal bonds	233,016	-	233,016
United States government securities	199,067	-	199,067
Total investments by fair value	$ 5,727,647	$ 3,865,451	$ 1,862,196

Approximately 25% of the net assets held in trust for pension benefits are invested in corporate securities and 68% are invested in mutual funds. The fund has the following investments whose market value exceeds 5% of the plan's fiduciary net position: American Fundamental Investors Class A FD#10 (18.56%), American Growth Fund of America Class A FD#05 (14.05%), The Investment Company of America Class A FD#4 (18.69%), and American Funds Washington Mutual Investors Class A (16.20%).

Note 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

Component Units

The Retirement Fund adopted an Investment Policy Statement on August 19, 2020, and is in compliance with the Kentucky Revised Statutes. The policy includes statement of purpose, investment goals and objectives, investment guidelines for the fund, performance index, designated officers and City officials authorized to direct the investment and oversight of fund assets, and additional guidelines. Any changes to the investment plan would need to be approved by the Board of Trustees and be in compliance with Kentucky Revised Statutes.

The Retirement Fund's investments are all categorized as either insured or registered. The securities are held by the Retirement Fund, or by its agent, in the name of City of Bowling Green Police and Firefighters' Retirement Fund and are:

		Investment Maturities (In Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. government securities	$ 199,067	$ 100,059	$ 99,008	$ -	$ -
Corporate securities	1,430,113	1,055,050	182,296	145,326	47,441
Kentucky municipal bonds	233,016	-	147,413	85,603	-
Mutual funds	3,865,451	3,865,451	-	-	-
Total	$ 5,727,647	$ 5,020,560	$ 428,717	$ 230,929	$ 47,441

Rate of Return - For the year ended June 30, 2026, the annual money-weighted rate of return on pension plan investments calculated as the internal rate of return on pension plan investments, net of pension plan investment expense was 14.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the financial institution, the fund will not be able to recover the value of its cash equivalents. At June 30, 2026, the Fund’s carrying amounts for cash investments were insured by FDIC and held in the name of the Fund by the investment company. The Fund has SIPC coverage and the investment company has an insurance policy to insure investments. The City of Bowling Green has approved to insure the fund in the event of a shortage or loss. The Fund has an investment plan strategy in place that provides guidelines for Fund investments and any changes to the investment plan must be approved by the Board.

B. Unrestricted Assets

Unrestricted Assets - represent unrestricted liquid assets. While Government management may have categorized and segmented portions for various purposes, the Board of Commissioners has the unrestricted authority to revisit or alter these management decisions.

C. Capital and Right to Use Assets

Capital and right to use asset activity for the year ended June 30, 2026, follows on the next page. The right to use lease and subscription assets are discussed in the Leases and Subscription-Based Information Technology Arrangements (SBITA) sections of this note. The right to use assets are amortized on a straight-line basis over the terms of the related leases and subscriptions.

Note 3. DETAIL NOTES ON ALL FUNDS

C. Capital and Right to Use Assets

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 18,487,377	$ 3,642,433	$ -	$ 22,129,810
Infrastructure	227,614,753	23,417,094	(51,900)	250,979,947
Construction in progress	25,593,799	15,767,925	(28,814,386)	12,547,338
Total capital assets, not being depreciated	271,695,929	42,827,452	(28,866,286)	285,657,095
Capital assets, being depreciated:				
Stormwater infrastructure	24,415,794	3,521,190	(7,481)	27,929,503
Buildings	64,339,916	23,228,268	-	87,568,184
Improvements other than buildings	60,895,006	2,871,812	-	63,766,818
Intangibles	4,048,780	264,000	-	4,312,780
Lease assets:				
Equipment	2,054,732	710,541	(31,755)	2,733,518
Improvements	91,768	-	-	91,768
Subscription assets	2,968,779	1,175,497	(268,439)	3,875,837
Vehicles, equipment and furniture	40,809,982	7,347,936	(1,626,606)	46,531,312
Property held under financed purchase	306,633	-	-	306,633
Total capital assets, being depreciated/amortized	199,931,390	39,119,244	(1,934,281)	237,116,353
Less accumulated depreciation/amortization:				
Stormwater infrastructure	(3,957,238)	(388,252)	2,046	(4,343,444)
Buildings	(28,419,056)	(1,801,758)	-	(30,220,814)
Improvements other than buildings	(28,980,139)	(1,741,008)	-	(30,721,147)
Intangibles	(2,578,517)	(305,600)	-	(2,884,117)
Lease assets:				
Equipment	(455,065)	(483,931)	2,117	(936,879)
Improvements	(75,405)	(5,454)	-	(80,859)
Subscription assets	(1,262,919)	(801,279)	268,439	(1,795,759)
Vehicles, equipment and furniture	(23,104,417)	(3,539,702)	1,545,111	(25,099,008)
Property held under financed purchase	(246,091)	(5,816)	-	(251,907)
Total accumulated depreciation/amortization	(89,078,847)	(9,072,800)	1,817,713	(96,333,934)
Total capital assets, being depreciated/amortized, net	110,852,543	30,046,444	(116,568)	140,782,419
Governmental activities, capital assets, net	$ 382,548,472	$ 72,873,896	$ (28,982,854)	$ 426,439,514

Note 3. DETAIL NOTES ON ALL FUNDS

C. Capital and Right to Use Assets

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 2,290,764	$ -	$ -	$ 2,290,764
Capital assets, being depreciated:				
Buildings	11,892,516	79,225	-	11,971,741
Improvements other than buildings	238,663	-	-	238,663
Vehicles, equipment and furniture	1,299,145	-	-	1,299,145
Total capital assets, being depreciated	13,430,324	79,225	-	13,509,549
Less accumulated depreciation:				
Buildings	(8,193,182)	(347,092)	-	(8,540,274)
Improvements	(90,370)	(6,551)	-	(96,921)
Vehicles, equipment and furniture	(1,060,786)	(45,031)	-	(1,105,817)
Total accumulated depreciation	(9,344,338)	(398,674)	-	(9,743,012)
Total capital assets, being depreciated, net	4,085,986	(319,449)	-	3,766,537
Business-type activities, capital assets, net	$ 6,376,750	$ (319,449)	$ -	$ 6,057,301

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	$ 1,319,050
Public safety	3,241,190
Public works	1,868,849
Parks and recreation	2,017,105
Neighborhood and community services	626,606
Total depreciation/amortization expense - governmental activities	$ 9,072,800
Business-type activities	
Convention Center	$ 398,674

Note 3. DETAIL NOTES ON ALL FUNDS

C. Capital and Right to Use Assets

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026
Bowling Green Municipal Utilities				
Capital assets, not being depreciated:				
Land	$ 2,027,153	$ 78,500	$ -	$ 2,105,653
Construction in progress	18,318,077	18,862,938	(12,838,508)	24,342,507
Total capital assets, not being depreciated	20,345,230	18,941,438	(12,838,508)	26,448,160
Capital assets, being depreciated:				
Transmission plant	3,461,652	225,575	(13,633)	3,673,594
Distribution plant	107,871,517	2,851,431	(1,114,573)	109,608,375
Structures and improvements, nodes	651,020	122,236	-	773,256
General plant	17,131,982	734,127	(43,692)	17,822,417
Water plant	168,672,507	10,929,300	(1,203,185)	178,398,622
Sewer plant	139,797,510	1,968,853	-	141,766,363
Equipment	11,276,657	505,964	(11,891)	11,770,730
Overhead conductors and devices	7,652,677	202,251	(16,551)	7,838,377
Trucks and autos	5,252,540	1,171,075	(412,696)	6,010,919
Office equipment	2,263,031	246,754	(103,444)	2,406,341
Total capital assets, being depreciated	464,031,093	18,957,566	(2,919,665)	480,068,994
Less accumulated depreciation	(211,727,153)	(15,611,566)	3,345,789	(223,992,930)
Total capital assets, being depreciated, net	252,303,940	3,346,000	426,124	256,076,064
Bowling Green Municipal Utilities, capital assets, net	$ 272,649,170	$ 22,287,438	$ (12,412,384)	$ 282,524,224

D. Interfund Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statutes or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The following schedule briefly summarizes the City's transfer activity:

	Transfers Out			
	General	Nonmajor Governmental	Internal Service	Total
General Fund	$ 28,845	$ 1,262,500	$ -	$ 1,291,345
ITA Bond	-	442,975	-	442,975
Municipal Aid Fund	2,586,174	457,487	-	3,043,661
Riverfront Park Development Fund	4,000,000	-	-	4,000,000
Convention Center	-	100,000	-	100,000
Internal Service Funds	3,666,875	394,255	-	4,061,130
Nonmajor Governmental Funds	9,806,494	3,464,007	36,726	13,307,227
Totals	$ 20,088,388	$ 6,121,224	$ 36,726	$ 26,246,338

Note 3. DETAIL NOTES ON ALL FUNDS

E. Leases and Subscription-Based Information Technology Arrangements (SBITAs)

Lease Receivable

As of June 30, 2026, the City has four lease receivables in which it is a Lessor. The lease receivables are valued at the present value of the lease payments using individual discount rates. The City's capitalization threshold is $25,000 for the term of the lease.

The City's leases have receipts that range from $6,300 to $91,910 and interest rates that range from 1.95% to 4.11%. As of June 30, 2026, the total combined value of the lease receivable is $1,203,149, the total combined value of the short-term lease receivable is $182,852, and the combined value of the deferred inflow of resources is $1,187,385.

Future minimum lease payments and net present value of the lease receivable as of June 30, 2026, are:

Fiscal Year Ending	Principal	Interest	Total
2027	$ 182,852	$ 45,007	$ 227,859
2028	157,318	38,353	195,671
2029	167,640	31,818	199,458
2030	178,471	24,851	203,322
2031	189,829	17,433	207,262
2032-2036	327,039	11,297	338,336
	$ 1,203,149	$ 168,759	$ 1,371,908

Lease Liability

The City, as a lessee, has entered into two agreements to lease certain improvements to land and equipment and recognizes a lease liability and right to use asset for said leases. The lease liabilities are based on the present value of the lease payments expected to be paid during the lease term. The right to use assets are valued at the lease liability in addition to accumulated amortization expense recognized throughout the life of the leases. The City's capitalization threshold is $25,000 for the term of the lease.

The first agreement was originally executed in 1988 to lease a portion of the CrossWinds Golf Course property from the Bowling Green - Warren County Airport. The lease had a twenty year term and was renewed in July 2008 for an additional twenty year term set to expire in 2028. The lease liability is based on an annual lease payment of $6,100, which is adjusted every five years based on the Consumer Price Index (CPI) Report for the prior five year period. At the inception of the current lease term in 2008, the CPI rate was 2.88% and is the discount rate used to measure the lease liability. A right to use asset with a net book value of $10,909 has been recorded.

The second agreement was executed in September 2023 to lease vehicles from Enterprise Fleet Management. A total of 67 vehicles, each with 60 month terms have been leased as of June 30, 2026. The total lease liability of all vehicles is the sum of each vehicle's monthly lease payment, with no variable payment components, and discount rates ranging from 7.55% to 8.40%. Right to use assets with a net book value of $1,796,639 have been recorded.

The future minimum lease obligations and net present value of the lease payments are below:

Fiscal Year Ending	Principal	Interest	Total
2027	$ 538,992	$ 126,251	$ 665,243
2028	581,733	83,513	665,246
2029	468,991	40,532	509,523
2030	243,439	13,907	257,346
2031	84,395	1,899	86,294
	$ 1,917,550	$ 266,102	$ 2,183,652

Note 3. DETAIL NOTES ON ALL FUNDS

E. Leases and Subscription-Based Information Technology Arrangements (SBITAs)

Subscription Liability

The City has entered into various subscription based information technology arrangement (SBITA) agreements and ten qualify under GASB Statement No. 96, which was adopted for the period ending June 30, 2023, and the City's $25,000 capitalization threshold. The subscription liabilities are based on the present value of the subscription payments expected to be paid during the subscription term. The right to use assets are valued at the subscription liability in addition to accumulated amortization expense recognized throughout the life of the subscriptions.

The agreements have terms from three to ten years with payments made on an annual basis. The agreements have assumed interest rates that range from 2.1843% to 4.11%. As of June 30, 2026, the value of the subscription assets was $3,875,837 and had accumulated amortization of $1,795,759. The right to use asset activity is reflected in the Capital Asset section of this note.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2026, are shown below:

Fiscal Year Ending	Principal	Interest	Total
2027	$ 701,805	$ 65,625	$ 767,430
2028	616,785	42,408	659,193
2029	208,058	21,791	229,849
2030	219,746	14,260	234,006
2031	181,994	6,318	188,312
	$ 1,928,388	$ 150,402	$ 2,078,790

F. Long-term Debt

Revenue bonds and other directly related long-term liabilities, which are intended to be paid from proprietary funds, are included in the accounts of such funds. All other long-term indebtedness is accounted for in the Governmental column of the Government-wide Statement of Net Position. The table below reports all City long-term debt as of June 30, 2026:

Primary Government:

	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
Governmental Activities					
General obligation and revenue bonds					
General Obligation Bond, Series 2015A	Refinance portion of GO Series 2007A	$ 9,245,000	2.25%-3.0%	December 1, 2032	$ 5,490,000
General Obligation Bond, Series 2016C	Refinance portion of Series 2008A & 2008B	24,545,000	3.0%-4.0%	June 1, 2038	14,970,000
General Obligation Bond, Series 2021A	Kentucky Transpark expansion, construction of infrastructure	38,060,000	1.5%-5.0%	September 1, 2046	38,060,000
General Obligation Bond, Series 2021B	Kentucky Transpark expansion, property acquisition	5,775,000	1.375%-2.0%	September 1, 2029	4,240,000
					62,760,000
Premiums, deferred charges and discounts on bond obligations					102,758
Total general obligation bonds					$ 62,862,758

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
Notes and financed purchases from direct borrowings and placements					
FirstBank	2018 Fire Trucks	$ 3,531,163	2.99%	March 29, 2028	$ 793,074
JP Morgan Chase	2019 Fire Trucks	1,531,518	1.95%	December 4, 2029	648,302
JP Morgan Chase	2022 Fire Trucks	2,091,238	1.96%	February 28, 2032	1,301,984
Cogent Bank	2023 Fire Trucks	925,105	3.09%	September 15, 2032	676,488
Pinnacle Financial Partners	Acquisition of 940 Bryant Way, BGPD East Precinct	3,100,000	4.11	April 22, 2036	3,100,000
Total notes and financed purchases from direct borrowings and placements					6,519,848
Other Long-Term Liabilities					
Compensated absences					9,545,054
Landfill postclosure care					1,426,112
Subscription liabilities					1,928,388
Lease liabilities					1,917,550
					14,817,104
Total long-term governmental liabilities					$ 84,199,710

Changes in Long-term Liabilities

Long-term liability activity for the primary government for the year ended June 30, 2026, was as follows:

	Restated Balance June 30, 2025	Increases	Decreases	Balance June 30, 2026	Amounts Due in One Year
Governmental Activities:					
General obligation and revenue bonds	$ 65,110,000	$ -	$ (2,350,000)	$ 62,760,000	$ 3,105,000
Notes and financed purchases from direct borrowings and placements	4,241,584	3,100,000	(821,736)	6,519,848	1,152,866
Adjustments for deferred amounts:					
Discount on bonds payable	(42,407)	5,300	-	(37,107)	-
Premium on bonds payable	159,845	-	(19,980)	139,865	-
Total bonds, notes, leases payable	69,469,022	3,105,300	(3,191,716)	69,382,606	4,257,866
Subscription liabilities	1,652,589	1,175,767	(899,968)	1,928,388	701,805
Lease liabilities	1,681,204	710,540	(474,194)	1,917,550	538,992
Compensated absences	8,972,314	572,740	-	9,545,054	3,655,715
Landfill postclosure care	1,554,555	-	(128,443)	1,426,112	51,115
Total governmental activities	$ 83,329,684	$ 5,564,347	$ (4,694,321)	$ 84,199,710	$ 9,205,493

The City's outstanding note from direct borrowings and placements totaling $6,519,848 contains a default provision where the financing agreement would be terminated and all related indebtedness would be due and payable. Collateral for this note includes: one 2018 Pierce Rescue Engine with equipment and machinery, one 2018 Pierce 95' Mid-Mount Aerial Platform Engine with machinery and equipment, and four 2018 Pierce Engines with equipment and machinery.

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

Component Unit

Long-term liability activity for the component unit for the year ended June 30, 2026, was as follows:

	Balance June 30, 2025	Increases	Decreases	Balance June 30, 2026	Amounts Due in One Year
Component Unit:					
General obligation and revenue bonds					
Water-Sewer Division					
Revenue bonds payable	$ 93,909,272	$ 22,594,291	$ (5,957,211)	$ 110,546,352	$ 6,111,132
Electric Division					
Revenue bonds payable	6,290,000	-	(575,000)	5,715,000	595,000
Less: unamortized bond discount	(17,535)	2,147	-	(15,388)	-
Plus: unamortized bond premium	2,358,709	(399,923)	193,768	1,765,018	-
	$ 102,540,446	$ 22,996,361	$ (6,725,979)	$ 118,010,982	$ 6,706,132

Debt service requirements (principal and interest) to maturity for the Primary Government's bonds and notes are as follows:

	Governmental Activities			
	General Obligation and Revenue Bonds		Notes and Financed Purchase Agreements	
Fiscal Year	Principal	Interest	Principal	Interest
2027	$ 3,105,000	$ 1,546,601	$ 1,152,866	$ 210,592
2028	3,230,000	1,452,313	1,174,526	176,191
2029	2,885,000	1,357,828	782,161	141,142
2030	2,980,000	1,284,069	792,463	118,098
2031	3,505,000	1,174,418	632,949	94,818
2032-2036	16,935,000	4,404,290	1,984,883	205,590
2037-2041	13,835,000	2,370,629	-	-
2042-2046	13,320,000	1,016,418	-	-
2047-2051	2,965,000	31,503	-	-
	$ 62,760,000	$ 14,638,069	$ 6,519,848	$ 946,431

Principal and interest requirements for component unit debt is as follows:

	Bowling Green Municipal Utilities Water-Sewer Division		Bowling Green Municipal Utilities Electric Division	
Fiscal Year	Principal	Interest	Principal	Interest
2027	$ 6,111,132	$ 3,150,380	$ 595,000	$ 195,810
2028	6,275,302	2,918,210	615,000	176,130
2029	26,189,126	2,450,093	635,000	155,318
2030	6,362,049	1,972,295	655,000	133,668
2031	6,523,835	1,806,961	680,000	110,278
2032-2036	24,437,969	6,811,262	2,535,000	212,123
2037-2041	15,964,700	3,758,856	-	-
2042-2046	8,711,590	2,039,949	-	-
2047-2051	9,970,649	487,412	-	-
	$ 110,546,352	$ 25,395,418	$ 5,715,000	$ 983,327

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

General Description of the City's General Obligation and Revenue Bonds

General Obligation and Revenue Bonds - The City routinely issues general obligation and revenue bonds to provide funds for the acquisition and construction of capital assets. The general obligation bonds are secured by an irrevocable pledge of the full faith, credit and taxing power of the City. The City has issued the general obligation and revenue bonds on the following page.

1. $9,245,000 General Obligation Bonds, Series 2015A, issued for the purpose of refinancing a portion of Series 2007A General Obligation Bonds
2. $24,545,000 General Obligation Bonds, Series 2016C, issued to refinance a portion of Series 2008A & 2008B General Obligation Bonds. The refunding was completed in FY2016 and resulted in a net present value savings or benefit of $3,072,159 or about 12.72%. The aggregate difference between the refunding debt and the refunded debt was $395,000; with $24,150,000 as the refunded principal.
3. $38,060,000 General Obligation Bonds, Series 2021A, issued to fund infrastructure costs to complete an expansion at the Kentucky Transpark.
4. $5,775,000 General Obligation Bonds, Series 2021B, issued to fund property acquisition for the expansion of the Kentucky Transpark.

TIF District

In August 2007, the City approved the establishment of a downtown development area Tax Incremental Financing (TIF) District, which was later amended and expanded in October 2008. With the establishment of the District, the City pledged 80% of new incremental growth in property tax, withholding fee, and net profit fee revenues produced within the boundaries of the District to the Warren County Downtown Economic Development Authority (the Authority), a Chapter 58 agency designated to administer and oversee the project. These incremental revenues are dedicated for debt service payments on various projects within the TIF District. The State also pledged 80% of incremental revenues within the District under the condition that the project reach $200 million in eligible projects, which was later amended to $150 million by the State General Assembly in June 2009.

During 2009, the City issued $25 million in general obligation bonds to fund the construction of a ballpark for a Single A baseball team in Bowling Green located inside the TIF District. The bond proceeds included funding for infrastructure and capitalized interest and were placed into a construction fund account. The construction of the ballpark, including the bidding of the project and all construction oversight, was performed by the Authority. Draws totaling $23 million for construction were requested through the City from the bond construction account and distributed to the contractor monthly. The other $2 million was set aside for capitalized interest and cost of issuance.

Title to the ballpark, along with all assets, liabilities, and equity of the Single Purpose Entity (SPE) was transferred to the Authority on June 30, 2017. This transfer occurred after dissolution of the aforementioned SPE, which was initially created to provide and hold new market tax credits in return for additional borrowings to fund other TIF construction. With the achievement of reaching the $150 million capital investment threshold, the State began distributing 80% of State withholdings, individual, corporate, sales and property taxes generated from within the TIF boundaries to the Authority for further distribution to various block developments for debt service.

Prior Year Defeasance of Debt

In a prior year, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2026, $20,205,000 of bonds outstanding is considered defeased.

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

Landfill Closure and Postclosure Care Cost

Landfill closure and post-closure costs are accounted for in the Landfill Closure Special Revenue Fund. As of June 30, 2026, the cash, investments and funds receivable from other governments available totaled $1,077,116.

In Fiscal Year 2005, the Kentucky Energy and Environment Cabinet (EEC) announced a program under which the Commonwealth might assume responsibility for many aspects of landfill closure currently funded by local jurisdictions. However, under the provisions of the enabling legislation (HB 174 Kentucky Pride Fund, KRS 224.43-505) it appears that jurisdictions may well retain the bulk of costs to maintain landfill sites (e.g. sampling, pumping, transportation and disposal of leachate, erosion control, mowing, etc.). Under current assumptions and projections, the Landfill Closure Special Revenue Fund is sufficiently capitalized through 2041, beyond which the City will need an alternate source of funds to maintain landfill sites.

The estimate of present value of remaining closure and post-closure care liabilities for all landfill sites as of June 30, 2026, is $1,426,112. The actual cost may differ due to inflation, changes in technology or applicable laws and regulations, the extent of any damage to landfill caps caused by weather and erosion, the magnitude of site improvements or corrections required by state inspectors to achieve closure, or other unforeseeable circumstances (e.g. acts of nature).

Glen Lily Road Landfill

The City's Glen Lily Road landfill was closed in 1981. On March 30, 1990, the City and Commonwealth of Kentucky Natural Resources and Environmental Protection Cabinet (the Cabinet) entered into an agreed order stipulating remedial measures to be taken by the City. To finance the Glen Lily Road landfill closure and post-closure costs, the City issued $2,950,000 Bowling Green Municipal Project Corporation Lease Revenue Bonds, Series 1991, dated April 1, 1991. To date, landfill closure cap construction is complete and the City performs annual monitoring, testing and reporting. In 2010, the City entered into a Memorandum of Agreement with the Kentucky Division of Waste Management (KYDWM) and HB174 funds were used for 6.1 acres of improvements at the landfill to decrease the production of leachate. Further, the groundwater monitoring program was deemed compliant and complete.

The City has submitted a closure application for Glen Lily which has not been approved to date, owing to the EEC backlog of active landfill oversight responsibilities. The City continues to monitor and care for the landfill, submit required reports, and assume the City will incur landfill maintenance costs at least through 2058. A two-year post-closure care period will follow the date upon which the City receives acceptance of any closure application, if the application is processed in accordance with precedent. A thirty-year closure period will commence once the two year post-closure period has been approved. Glen Lily is further categorized as a superfund site.

Butler County Landfill

The City submitted a closure plan for its Butler County landfill in May 1991. The site ceased receiving solid waste in June 1992. The closure plan was approved by the State in 1996. The facility met closure standards for a residential landfill rather than a contained landfill. Drawing upon funds from the Landfill Closure Special Revenue Fund, established from proceeds of the 1991 bond issue, the City added a leachate collection system and a passive methane gas venting system. Construction of the landfill cap was completed in Fiscal Year 1995 and the City received a permit for closure construction in 1996. A quality assurance/quality control report was submitted on November 15, 1996. The original closure permit expired in July 1997, and a new permit extending to 2002 was issued. The City submitted quarterly and annual inspections and reports to the Cabinet. In 2004, consultants Kamp, Dresser and McKee were engaged to assist in development of a plan to effect final closure of the landfill. In 2005, the City completed the third year of a three-year closure care period. However, the State has not granted final closure to date.

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

From 2012-2016, the KYDWM used HB174 funds to design and construct a leachate consolidation system as well as improve the cap to decrease leachate production rates. Beginning in 2017, the City worked with the HB174 program to design and implement a Phase II of landfill improvements to further decrease leachate production as well as provide for permanent low-cost leachate disposal options. In 2019, Phase II of the landfill improvements were separated into smaller components for construction again. Following numerous incidents of damage to the geomembrane cap installed in 2017, the KYDWM has initiated a multi-year project to re-cap the entirety of the Bulter County landfill. Preliminary geotechnical investigations were completed in the third quarter of the FY2026 and design and project planning is expected to span five years. The City continues to monitor and care for the landfill, submit required reports, and dispose of the leachate generated. It is assumed that the City will incur landfill maintenance costs at least through 2065, given the site's current status and the ongoing re-capping project.

Old Louisville Road

The Old Louisville Road Landfill is a closed construction demolition and debris landfill previously operated by the Kentucky Transportation Cabinet. The site covers approximately 12 acres and is bounded by the Barren River to the southwest, Old Louisville Road on the northwest, and River Street on the southeast. Landfill closure cap construction is complete and the City performs annual monitoring, testing and reporting.

Responding to Cabinet directives, in September 2000, the City awarded a project to install a leachate collection system at the Old Louisville Road landfill. The project cost was $521,955 and was completed in December 2001. The City anticipated a decision from the Cabinet on the closure application in July 2002. However, the Cabinet has not acted on the application. In 2010, the Cabinet, through HB174, deemed the groundwater monitoring program at the landfill compliant and complete and removed the groundwater monitoring wells at the site. In 2019, the Kentucky Transportation Cabinet formally transferred the property to the City.

In 2026, construction of a new Riverfront Park began at the site of the Old Louisville Road landfill. This project will rework the surface of the landfill to serve as a multi-use outdoor recreational space, while also improving drainage and mitigating scouring risks. Prior to approval of construction, full geotechnical investigations were performed for the site to confirm its suitability.

The City continues to monitor and care for the landfill, submit required reports, and assume that maintenance costs will be incurred at least through 2058. A two-year post-closure and thirty-year closure period will follow the date upon which the State should grant closure if the application is processed in accordance with precedent.

Hobson Grove

Hobson Grove is an inactive landfill operated as a municipal solid waste disposal beginning in 1960 and operated through 1974, serving residential and commercial solid waste haulers from Warren County incorporated and unincorporated areas. The site covers approximately 150 acres and is primarily bound by the Barren River to the north, Jennings Creek to the west, the Hobson Golf Course to the south, and Church Avenue to the east. The western portion of the property is owned by the City. The east/southeastern portion of the property, owned by Bowling Green Municipal Utilities (BMGU), has been redeveloped with a wastewater treatment facility on top of the historical disposal area. The landfill was an area fill type with only two feet of final cover applied.

When the landfill responsibilities wer etransferred to the City of Bowling Green Environmental Compliance Division, there were no paper records associated with the site. Oral records indicated that the site was a pre-regulatory town dump and was not associated with any permits. A Stage 1 Study was conducted in 2018 by Neel Schaffer Engineering for the KYDWM. That report determined that the site was permitted and is a closed pre-RCRA subtitle D site. The requirements for closure mirror those of the Butler County site. It is unknown at this time what the City’s ongoing liabilities for this site are, if any; however, it should be assumed to continue through 2058.

Note 3. DETAIL NOTES ON ALL FUNDS

G. Net Position

The Government-wide and business type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets (net of related debt), restricted and unrestricted.

The Net Investment in Capital Assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the unspent proceeds and any associated unamortized cost.

Note 4. 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 Fiscal Year 1995, the City established the Employee Health Care Fund (EHCF) (an internal service fund) to account for and finance employee medical costs relating to the City's employee self-insured medical benefit plan. The EHCF provides coverage for up to $350,000 for each claimant. The City purchases commercial insurance for claims in excess of coverage provided.

In July 1996, the City established the Workers' Compensation Fund (WCF) (an internal service fund) to account for and finance its participation in the Kentucky League of Cities Workers' Compensation Trust (The "Trust"), a public entity risk pool currently operating as a common risk management and insurance program for Kentucky cities, municipal boards, agencies and authorities. The City pays an annual premium to the Trust for its workers' compensation, general liability and auto insurance coverages. The Trust Participation Agreement provides that the Trust will be self-sustaining through member premiums. The Trust reinsures through commercial companies at various limits, depending on the type of coverage. The WCF provides coverage of up to $10,000 for each worker's compensation occurrence.

Beginning Fiscal Year 2012, the City established the Property & Casualty (P&C) Fund to account for and finance participation in the Kentucky League of Cities Insurance Services (KLCIS) General Insurance Trust. The P&C Fund provides payment for premiums for all insurance coverage types except workers' compensation. The P&C fund also makes payment on any claim that falls within a City selected per occurrence deductible. KLCIS provides coverage for losses exceeding the chosen deductible level and reinsures through commercial companies at various higher limits. The City's current deductibles are: $50,000 for General Liability, $0 for Law Enforcement Liability, for Buildings and Contents Coverage, and $0 for Public Officials Liability and Auto Liability. Additionally, the City has chosen to self-insure a portion of its fleet for collision coverage.

All funds of the City participate in the program and make payments to the EHCF and WCF based on historical cost information of the amounts needed to pay prior and current year claims. WCF claim liabilities are determined based on conservative claim estimates and EHCF liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The P&C Fund primarily receives funding from the General Fund annually, but has been subsidized from the WCF in the past.

Changes in the balances of claims liabilities during Fiscal Years 2026 and 2025 follows:

	Health Care	Workers' Compensation	Property and Casualty
Liability at June 30, 2024	$ 1,022,740	$ 26,245	$ 98,749
Claims and changes in estimates FY2025	8,435,558	202,156	499,981
Claims paid FY2025	(8,770,805)	(153,095)	(496,502)
Liability at June 30, 2025	687,493	75,306	102,228
Claims and changes in estimates FY2026	9,010,563	(9,781)	276,081
Claims paid FY2026	(8,806,039)	(37,213)	(316,940)
Liability at June 30, 2026	$ 892,017	$ 28,312	$ 61,369

Note 5. COMMITMENTS AND CONTINGENCIES

A. Litigation

The City of Bowling Green is party to numerous legal proceedings, many of which normally occur in government operations and will not involve any potential liability to the City.

B. Bowling Green Municipal Utilities

Bowling Green Municipal Utilities has erected various street lighting systems for the City, which represents a total unamortized investment at June 30, 2026, of $5,771,306. For rental and maintenance of these systems, the City has agreed to pay Bowling Green Municipal Utilities eleven percent per annum on the total street light investments. The City must pay $634,844 per year on a recurring basis. One-twelfth of the annual charge is billed to the City monthly along with the charge for electric service. Similar arrangements have been in effect in prior years.

C. Construction and Other Significant Commitments

The City has active construction projects as of June 30, 2026. At year end, the City had the following commitments on construction contracts:

Project	Remaining Commitment
Park construction projects	$ 7,127,248
Capital equipment purchases	5,474,356
Affordable housing projects	3,594,000
Stormwater improvement projects	1,204,318
Sidewalk and greenway construction projects	1,051,548
Road construction projects	984,985
Municipal building project	805,189
Street resurfacing construction project	320,452
Fire station construction projects	233,213

D. Contingencies

The City participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the City complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2026, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

On August 1, 2012, the City entered into a sublease agreement to provide a backstop revenue pledge for a mixed-use development. The pledge was designed to cover debt service shortfalls on $20,500,000 in variable rate taxable industrial building revenue bonds (IRBs) (Series 2012) issued by Warren County for the benefit of a local sub-developer. The project supported by the pledged revenue is located in downtown Bowling Green and consists of over 100,000 square feet of mixed-use development that connects to a parking structure, on College Street and 8th Avenue, adjacent to the Bowling Green Ballpark. In August of 2013, the Board of Commissioners approved an amendment to the City's parking sublease to cover an additional borrowing of $5,000,000 in variable rate debt in order to complete construction of the development.

Note 5. COMMITMENTS AND CONTINGENCIES

D. Contingencies

The City agreed to sublease parking facilities in the structure connected to the above-referenced project from the sub-developer, who in-turn subleases the parking garage from Warren County. In May 2012, an Agreement on Sharing of Revenues was executed between the City, County, and the Warren County Downtown Economic Development Authority that outlined the revenue streams from the TIF District pledged to cover the IRB debt. The City's parking sublease agreement is the final line of revenue pledged, following: (1) lease revenues from the building, (2) 80% of State TIF revenues from Blocks 4A, 5, 8, and 10 in the TIF District, (3) 80% of TIF revenues generated by the key tenant of the building, and (4) any debt service reserve funds available from the permanent financing issue scheduled each December. Due to the performance related aspect of the sublease, this agreement does not qualify as a reportable lease under GASB 87.

In March 2015, the City agreed to assign all State TIF revenues to the County and to adjust City base revenues in specific blocks within the TIF District. In exchange for the adjusted base revenues, the County will provide an annual, renewable lease to fund City debt service shortfalls. The City also agreed to convert the annual, renewable parking sublease to a General Obligation (G.O.) sublease as part of the permanent bond issue that closed in January 2016. The City considers the previous risk of funding debt shortfalls eliminated with the reassignment of the City's share of State TIF revenues to the County, and the County's pledge to reimburse the City for any shortfalls on debt service of the IRB financing. Furthermore, an agreement between the City, Warren County, and the Warren County Downtown Development Authority is in place where the County will convey Weldon Peete Park to the Authority, the Authority will lease the Park to the City, and the City will sublease the Park to the County with the lease payments equal to any lease payments made by the City for its sublease of the Block 6 parking garage. At the end of the bond term (30 years), the County will receive title to the ballpark.

E. Liens and Encumbrances

While the City does have satisfactory title to all owned assets, there may be some liens and encumbrances on such assets for matters other than related to bond issues. Only a complete accurate title search of all properties would disclose such liens and encumbrances.

F. Conduit Debt

The City has also issued special assessment bonds to finance various residential improvement projects. The bonds are repaid from amounts levied against the property owners benefited by the improvements. Neither the faith and credit nor the general taxing power of the City has been pledged to the payment of the bonds and the City has no obligation for the payment of the bonds in the case of default. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. No commitments beyond the collateral, the payments from the private sector entity, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the City.

As of June 30, 2026, there were five series of special assessment bonds outstanding with an aggregate principal balance of $390,000.

Note 6. THE SINGLE AUDIT ACT

The U.S. Office of Management and Budget's Uniform Administrative Requirements (2 CFR 200.501), Cost Principles, and Audit Requirements for Federal Awards requires non-federal entities that expend $1,000,000 or more a year in federal awards to have an audit performed in accordance with the provisions of the guidance. The Single Audit report will be issued separately.

Note 7. DEFINED BENEFIT PENSION PLANS

A. The Police and Firefighters' Retirement Fund (PFRF)

Plan description. The PFRF is a single-employer defined benefit pension plan administered by a Board of Trustees consisting of the Mayor, Assistant City Manager/CFO, and one retiree or active member if no retirees are available to serve from the Fire Department. PFRF was established to provide retirement and disability benefits for retiring, disabled, or deceased personnel and their surviving spouse. Benefits are determined by Kentucky Revised Statutes Sections 95.851 to 95.884. On August 1, 1988, the plan was closed to new entrants and current active duty police and firemen of the City were given the choice of remaining in this plan or transferring into the County Employees Retirement System (CERS). The PFRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the City Clerk's Office, Bowling Green, Kentucky.

Plan membership. As of June 30, 2026, the plan consisted of the following:

Active employees	0
Retirees and disabled participants	5
Widow participants	16
Terminated vested employees	0

Benefits provided. The fund was established to provide retirement and disability benefits for retiring, disabled, or deceased personnel and their surviving spouses. Benefits are determined by Kentucky Revised Statutes Sections 95.851 to 95.884. Members were eligible to retire after age fifty, provided that at least twenty years of service had been completed, and compulsory retirement was required at age fifty-seven. There are no longer any active employees. Retirement income is figured at two and one-half percent of the highest average salary for any three consecutive years of service times the years of service, up to and including thirty years. The maximum benefit is seventy-five percent of the participant's average salary. Rights in a retirement annuity are vested upon completion of twenty years of service. Upon termination prior to vesting, a member was eligible to receive a refund of accumulated contributions without interest.

At the time of active employee participation, two types of disability coverage were provided. If a member became disabled due to occupation-related causes, they commenced receipt of an annuity equal to seventy percent of the final rate of pay. A member rendered disabled through other than occupation-related causes became entitled to an annuity based on their average salary and years of service, subject to a maximum payment of fifty percent of their average salary.

Widows of members retired under occupational disability are entitled to income equal to fifty percent of the member's last rate of pay regardless of the length of service, and an additional twenty-five percent for each minor child, with a combined maximum of seventy-five percent of the member's final salary. If no widow survives or if they remarry the following percentages of a member's final average salary will be paid: one minor child- fifty percent; two minor children- sixty-five percent; and three or more minor children- seventy-five percent. A minor child is a child under the age of eighteen or twenty-three if a full-time student.

Widows of retired members not under occupational disability are entitled to payments of one and one-half percent of the member's average salary times the member's years of service, with a maximum of fifty percent and subject to the following provisions: the widow and the member had been married for at least one year prior to retirement; payments are deferred until the widow reaches the age of forty-five unless they become disabled or have minor children in their care; the payments cease if the widow remarries; and the payments are increased by fifty percent for the first minor child and twenty-five percent for each additional child, with a maximum of seventy-five percent of the member's average salary.

There are five retiree participants receiving annuities and sixteen participants receiving widows' annuities.

Note 7. DEFINED BENEFIT PENSION PLANS

A. The Police and Firefighters' Retirement Fund (PFRF)

Contributions. The Retirement Fund's funding policy provided for employee contributions of eight percent of their annual salary. A member reserve was established for member contributions and earnings allocations. As there are no longer any active members, members made no contribution for the year ended June 30, 2026.

The City of Bowling Green (City) only contributes amounts required to fund current service costs and interest on unfunded past service costs as determined by actuarial valuations in compliance with Kentucky Revised Statutes. The City is not required to make an annual contribution. For Fiscal Year 2026, the City made no contribution and the Board of Trustees approved a cost-of-living adjustment (COLA) of 5.0%. The City's General Fund covers the administrative costs of the Plan, approximately $20,000 during Fiscal Year 2026. There are no assets legally reserved for purposes other than the payment of Plan member benefits.

In future years, cost of living increases will be considered based on the Plan's Funding Policy. The Policy states that when the funded ratio is maintained at 95% or above, as measured by the 0% cost of living actuarial calculation, the Board of Trustees will consider a cost of living adjustment.

Net Pension Liability

The City's net pension liability (asset) was measured as of July 1, 2026, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. The components of net pension liability (asset) at June 30, 2026, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at 7/1/2025	$ 5,303,811	$ 5,683,477	$ (379,666)
Changes for the Year			
Interest	295,925	-	295,925
Benefit changes	47,596	-	47,596
Liability losses	(11,059)	-	(11,059)
Changes of assumptions	286,501	-	286,501
Contributions - employee	-	-	-
Contributions - members	-	-	-
Net investment income	-	762,231	(762,231)
Benefits paid	(686,279)	(686,279)	-
Net change	(67,316)	75,952	(143,268)
Balances at 6/30/2026	$ 5,236,495	$ 5,759,429	$ (522,934)

Note 7. DEFINED BENEFIT PENSION PLANS

A. The Police and Firefighters' Retirement Fund (PFRF)

Net Pension Liability

Actuarial assumptions. The total pension liability as of July 1, 2026, actuarial valuation was determined using the following actuarial assumptions and applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Asset valuation method	Market value adjusted for accruals
Inflation	None
COLAs	Average of the cost-of-living adjustments made over the prior five years, rounded to the nearest 1.0%. For July 1, 2026 valuation, this result is 5.0% per annum.
Investment rate of return	6.0% per annum
Low-Default-Risk Obligation Method	4.32% per annum, S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2026
Mortality	Non-Disabled Lives: 2026 IRS generational mortality tables (Post Commencement Rates only) with mortality improvements after year 2006 under Project Scale MP-2021 (male and female scales). Disabled Lives: Rates published in IRS Revenue Ruling 96-7 (Disablement prior to 1/1/1995).

The long-term expected rate of return on plan assets was determined using a method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Inflation (CPI)	2.37%
US equity	4.06%
Non-US equity	5.75%
Fixed income	2.64%
Cash	1.38%

Discount rate. The discount rate used to measure the total pension liability was 6.0 percent.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the City calculated using the discount rate of 6.0 percent as well as the net pension liability (asset) if calculated using a discount rate that is 1-percentage-point lower (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current rate:

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
City of Bowling Green's net pension liability (asset)	$ (185,509)	$ (522,934)	$ (823,622)

Note 7. DEFINED BENEFIT PENSION PLANS

A. The Police and Firefighters' Retirement Fund (PFRF)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2026, the City recognized pension expense of $158,453 for the Police and Firefighter's Retirement Plan. The City also recognized a pension expense of $9,637,418 for the County Employees Retirement Systems (CERS), for total net pension expense of $9,899,228.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2026, the City reported deferred outflows of resources and deferred inflows of resources related to the Police and Firefighter's Retirement Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ (884,896)
Total	$ -	$ (884,896)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30th:	
2027	$ (344,099)
2028	(279,291)
2029	(172,800)
2030	(88,706)
	$ (884,896)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

B. The County Employees Retirement System (CERS)

General Information about the Pension Plan

Plan description. Employees of the City of Bowling Green are provided a defined benefit pension plan through the County Employees Retirement System (CERS), a cost-sharing multiple-employer defined pension plan administered by the Kentucky Public Pensions Authority (KPPA). The CERS pension plan has two categories: Non-Hazardous for general employees and Hazardous for sworn police and fire employees. The KPPA is the successor to Kentucky Retirement Systems and was created by State statute under Kentucky Revised Statute Section 61.645 as amended by House Bill 484 and House Bill 9 of the 2020 and 2021 regular sessions, respectively, of the Kentucky General Assembly. These amendments transferred goverance of the CERS to a separate nine member board of trustees. The CERS Board of Trustees is responsible for the proper operation and adminstration of the CERS. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pensions Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502)564-4646.

Note 7. DEFINED BENEFIT PENSION PLANS

B. The County Employees Retirement System (CERS)

General Information about the Pension Plan

Benefits provided. Kentucky Revised Statute Section 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute, there are currently three benefit tiers. Tier 1 members are those participating in the plan before 9/1/2008, Tier 2 are those that began participation 9/1/2008 through 12/31/2013, and Tier 3 are those members that began participation on or after 1/1/2014.

Benefits provided – Non-Hazardous. Tier 1 Non-Hazardous members are eligible to retire with an unreduced benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must contain at least 48 months. Reduced benefits for early retirement are available at age 55 and vested or 25 years of service credit. Members vest with five years of service credit. Service related disability benefits are provided after five years of service. Tier 2 Non-Hazardous members are eligible to retire based on the rule of 87: the member must be at least age 57 and age plus earned service must equal 87 years at retirement or at age 65 with five years of service credit. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must be 60 months. Reduced benefits for early retirement are available at age 60 with 10 years of service. Tier 3 Non-Hazardous members are also eligible to retire based on the rule of 87. Benefits are determined by a life annuity calculated in accordance with actuarial assumptions and methods adopted by the KPPA Board based on a members' accumulated account balance. Tier 3 members are not eligible for reduced retirement benefits.

Benefits provided – Hazardous. Tier 1 Hazardous members are eligible to retire with an unreduced benefit at age 55 with five years of service credit or after 20 years of service credit regardless of age. Benefits are determined by a formula using the member's highest three consecutive year average compensation, which must have at least 24 months. Reduced benefits for early retirement are available at age 50 with 15 years of service credit. Tier 2 Hazardous members are eligible to retire at any age with 25 years of service or at age 60 with 5 years of service credit. Benefits are determined by a formula using the member's highest three consecutive year average compensation, which must be 36 months. Reduced benefits for early retirement are available at age 50 with 15 years of service. Tier 3 Hazardous members are also eligible to retire at any age with 25 years of service or at age 60 with 5 years of service. Tier 3 members are not eligible for reduced retirement benefits.

Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, the COLAs were limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. No COLA has been granted since July 1, 2011.

Contributions. Contributions for employees are established in the statutes governing the KPPA and may only be changed by the Kentucky General Assembly. Non-Hazardous employees contribute 5% and Hazardous employees contribute 8% of salary if they were plan members prior to September 1, 2008. Non-Hazardous and Hazardous employees that entered the plan after September 1, 2008, are required to contribute 6% and 9%, respectively, of their annual creditable compensation. The additional 1% is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2026, total employer contributions for the City were $12,710,093 based on a rate of 18.62% for Non-Hazardous and 35.73% for Hazardous members through covered payroll. The contribution rate of 18.62% for Non-Hazardous is comprised of amounts for pension and insurance benefits, 18.62% or $3,644,106 was dedicated to pensions and 0% was allocated to insurance. The total contribution rate of 35.73% for Hazardous consists of 34.00% or $8,627,024 toward pension benefits and 1.73% or $438,963 for insurance benefits. The total City contribution in FY2026 for the pension benefits portion only was $12,271,130.

Note 7. DEFINED BENEFIT PENSION PLANS

B. The County Employees Retirement System (CERS)

General Information about the Pension Plan

By law, employer contributions are required to be paid. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension liability are based on an actuarial valuation date of June 30, 2024. The total penson liability was rolled-forward from the valuation date to the measurement date using generally accepted actuarial principles.

Actuarial assumptions. The total pension liability as of the measurement date of June 30, 2025, was determined using the actuarial assumptions on the next page and applied to all periods included in the measurement.

Inflation	2.50 percent
Salary increases	3.30 percent to 10.30 percent for CERS non-hazardous; 3.55 percent to 19.05 percent for CERS hazardous
Payroll Growth Rate	2.0 percent
Investment rate of return	6.50 percent

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023, and included a change in the investment return assumption from 6.25% to 6.50%. The KRS Board of Trustees adopted the new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022." The Total Pension Liability as of June 30, 2024, is determined using these updated assumptions.

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the diabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table on the following page.

Note 7. DEFINED BENEFIT PENSION PLANS

B. The County Employees Retirement System (CERS)

Net Pension Liability

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Equity		
Public equity	45.00%	4.15%
Private equity	8.00%	7.90%
Fixed Income		
Core fixed income	13.00%	2.70%
Cash	2.00%	1.25%
Specialty credit	20.00%	3.83%
Inflation Protected		
Real estate	5.00%	4.75%
Real Return	7.00%	5.20%
Expected Real Return	**100.00%**	**4.24%**
Long Term Inflation Assumption		**2.50%**
Expected Nominal Return for Portfolio		**6.74%**

Discount rate. The projection of cash flows used to determine the discount rate of 6.50 percent for CERS Non-hazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362, (passed in 2018) over the remaining 27 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KPPA financial report.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The table on the following page presents the net pension liability of the City calculated using the discount rate of 6.50 percent, as well as the net pension liability if calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate.

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City of Bowling Green's net pension liability			
Hazardous	$ 93,607,712	$ 70,675,011	$ 52,305,148
Nonhazardous	38,276,183	28,951,777	21,258,919
Total	$ 131,883,895	$ 99,626,788	$ 73,564,067

Note 7. DEFINED BENEFIT PENSION PLANS

B. The County Employees Retirement System (CERS)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2026, the City recognized pension expense of $9,534,312 for CERS. City also recognized a pension expense of $158,453 for the Police and Firefighter's Retirement Plan, for total net pension expense of $9,692,766.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2026, the City reported deferred outflows of resources and deferred inflows of resources related to CERS pensions from the sources on the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 5,739,609	$ -
Net difference between expected and actual experience	-	(8,886,894)
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,900,600	(557,991)
Change of assumptions	-	(2,346,000)
Contributions subsequent to the measurement date of June 30, 2025	12,271,131	-
Total	$ 25,911,340	$ (11,790,885)

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2025," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30th:	
2027	$ 4,026,441
2028	769,221
2029	(1,664,470)
2030	(1,281,868)
	$ 1,849,324

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Note 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan description. City employees are provided medical insurance through the Kentucky Public Pensions Authority's County Employees' Retirement Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. The KPPA was created by State statute under Kentucky Revised Statute Section 61.645. The CERS Board of Trustees is responsible for operation and administration of CERS. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pension Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502)564-4646.

Note 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Benefits provided. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty. As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Senate Bill 10 passed during the 2025 legislative session increased the insurance benefit for retired members with a minimum vesting period of 10 years; non-hazardous employees whose participation began on, or after, July 1, 2003, earn $40 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn $50 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. The increase amounts are only payable when a member is not eligible for Medicare benefits and only if they have met certain service thresholds at retirement. Additionally, this legislation increases the insurance member contribution rate for hazardous members from 1% to 2% of pay, effective July 1, 2026, and extended the required member contribution to CERS members hired on or after July 1, 2003 but prior to September 1, 2008 for both funds.

Upon death of a hazardous employee, the employee’s spouse receives $10 per month for insurance benefits for each year of the deceased employee’s earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Contributions. Contribution requirements of the participating employers are established and may be amended by the CERS Board of Trustees. The City’s contractually required contribution rate for the year ended June 30, 2026, was 6.85% of covered payroll. Contributions to the Insurance Fund from the City were $688,108, including an implicit subsidy of $249,145, for the year ended June 30, 2026. Employees that entered the plan prior to September 1, 2008, are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008, are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E).

The City's proportion of the collective net OPEB liability and OPEB expense was determined using the employers' actual contributions for Fiscal Year 2025. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2026, the City's proportion was 0.5206% of the Non-hazardous plan and 2.9412% of the Hazardous plan.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2024. The total OPEB liability was rolled-forward from the valuation date to the measurement date using generally accepted actuarial principles.

Note 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Net OPEB Liability

Actuarial assumptions. The total OPEB liability as of June 30, 2025, was detemined using the following assumptions:

Inflation	2.50 percent
Payroll growth rate	2.00 percent
Salary increases	3.30 percent to 10.30 percent, varies by service for CERS non-hazardous; 3.55 percent to 19.05 percent, varies by service for CERS hazardous
Investment rate of return	6.50 percent
Healthcare cost trend rates (Pre-65)	Initial trend starting at 6.80 percent at January 1, 2025, and gradually decreasing to ultimate trend rate of 4.05 percent over a period of 13 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare cost trend rates (Post-65)	Initial trend starting at 8.50 percent at January 1, 2025, then gradually decreasing to an ultimate trend rate of 4.05 percent over a period of 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.

The discount rate used to calculate the total OPEB liability increased from 5.99% to 6.26% for the CERS non-hazardous insurance plan and from 6.02% to 6.24% for the CERS hazardous insurance plan (see information regarding the calculation of the single discount rate later in this section of the report).

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table on the following page.

Note 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Net OPEB Liability

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public equity	45.00%	4.15%
Private equity	8.00%	7.90%
Fixed Income		
Core fixed income	13.00%	2.70%
Speciality credit	20.00%	3.83%
Cash	2.00%	1.25%
Inflation Protected		
Real estate	5.00%	4.75%
Real return	7.00%	5.20%
Expected Real Return	**100.00%**	**4.24%**
Long Term Inflation Assumption		**2.50%**
Expected Nominal Return for Portfolio		**6.74%**

Discount rate. Single discount rates of 6.269% for the CERS non-hazardous insurance plan and 6.24% for the CERS hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2025. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 5.20%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2025. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

Changes in the Net OPEB Liability

Sensitivity of the City's proportionate share of the collective net OPEB liability to changes in the discount rate. The table on the following page presents the City's proportionate share of the collective net OPEB liability as well as what the City's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

Note 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Changes in the Net OPEB Liability

	1% Decrease (5.26%)	Discount Rate (6.26%)	1% Increase (7.26%)
City of Bowling Green's net OPEB liability (asset) Non-hazardous	$ 3,000,167	$ 500,002	$ (1,604,266)

	1% Decrease (5.24%)	Discount Rate (6.24%)	1% Increase (7.24%)
City of Bowling Green's net OPEB liability (asset) Hazardous	15,686,366	8,313,837	2,140,853
Total net OPEB liability (asset)	$ 18,686,533	$ 8,813,839	$ 536,587

Sensitivity of the City's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates. The table below presents the City's proportionate share of the collective net OPEB liability, as well as what the City's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current health care cost trend rates.

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
City of Bowling Green's net OPEB liability (asset)			
Non-hazardous	$ (1,155,504)	$ 500,002	$ 2,438,004
Hazardous	3,072,288	8,313,837	14,523,750
Total	$ 1,916,784	$ 8,813,839	$ 16,961,754

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KPPA financial report.

OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the City recognized an OPEB credit of $4,256,660. At June 30, 2026, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between expected and actual experience	$ 4,064,180	$ (13,825,529)
Changes of assumptions	2,500,304	(2,370,944)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,030,931)
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,456,355	(355,113)
Contributions subsequent to the measurement date of June 30, 2025	688,108	-
Total	$ 9,708,947	$ (20,582,517)

Note 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The amount shown on the previous page for “Contributions subsequent to the measurement date of June 30, 2025", will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are recognized in OPEB expenses as follows:

Year ended June 30th:	
2027	$ (4,718,870)
2028	(5,865,094)
2029	(2,339,028)
2030	789,668
2031	571,646
	$ (11,561,678)

Note 9. DEFINED CONTRIBUTION PLANS

On December 5, 1995, the City's Board of Commissioners adopted Municipal Order No. 1995-268 extending participation in ICMA Retirement Corporation's Section 457 deferred compensation plan to all eligible City employees as a voluntary retirement supplement. On May 7, 2019, the Board of Commissioners adopted Municipal Order No. 2019-66 that executed a Joinder Agreement setting out terms of participation in the ICMA and limiting use to only current account holders. The ICMA plan provides for retirement, disability, and death benefits based upon the total value of each participant's contributions plus accrued investment returns. The ICMA plan offers 457, 457 Roth, and a 401(k) options.

Investments are managed by MissionSquare Retirement, plan administrator, with various investment options. The choice of investment option(s) is made by the participants. Participating employees can contribute to the Plan based on either a percentage of compensation or a fixed dollar amount per pay period. The limits for the 457 plan are up to $24,500 per year for regular contributions and $8,000 for catch-up contributions. The limits for the Roth plan are up to $7,500 per year for regular contributions and $1,000 for catch-up contributions. During the fiscal year ended June 30, 2026, employee contributions for both plans totaled $183,163.

On December 5, 1995, the City's Board of Commissioners also adopted Municipal Order No. 95-269 authorizing participation in the Kentucky Public Employees 401(k) Deferred Compensation Plan. During the year ended June 30, 2009, the City also began offering a Roth 401(k) option. On May 7, 2019, by Municipal Order 2019-66, the City began offering 457 and Roth IRA options. The Plans are administered by the Kentucky Public Employees Deferred Compensation Authority and are offered to all eligible City employees as a voluntary retirement supplement. The Kentucky Deferred Compensation plan offers the following options: 401(k), 401(k) Roth IRA, Roth IRA, and a 457.

Participating employees can defer a maximum of $24,500 for regular contributions and $8,000 for catch-up contributions for the 401(k) plan. The Roth plan has a maximum of $7,500 for regular contributions and $1,000 dollars for the catchup contributions. Benefits are available upon termination of employment, retirement, death or for hardship withdrawal. Employee contributions for all Kentucky Deferred Compensation 401(k) and 457 plans totaled $987,237 for the fiscal year ended June 30, 2026. The City does not provide an employer match to defined contribution plans.

Note 10. TAX ABATEMENTS

As of June 30, 2026, the City provides tax abatement through six programs: Job Development Incentive Program, Property Tax Annexation Program, TIF Occupational and Property Tax Program, Historical Moratorium Property Tax Program, Payments-in-Lieu-of-Taxes (PILOT) Program, and Tornado Relief Program.

Job Development Incentive Program (JDIP) provides a credit of 1% of employee withholding fees from gross wages generated from new and/or expanded businesses for a period of 10 years. The credit is offered to businesses engaged in one or more of the following activities: manufacturing, agribusiness, regional and national headquarters (regardless of the underlying business activity), or nonretail service or technology activities. To qualify for the incentive, a business must create at least 10 new, full-time jobs for Kentucky residents, incur eligible costs of at least $100,000, pay minimum wages defined by market, and provide minimum employee benefits. The abatement is equal to 1% of employee withholding fees and is reported on a monthly basis. Abated taxes of participating companies can be recaptured for a number of reasons, including: failure to report or pay employee tax withholdings; failure to satisfy projected schedule of withholdings; failure to pay any tax, license fee, penalty or other charge or obligation to the City; failure to comply with any terms or conditions per Chapter 18 and Chapter 11 of City Code of Ordinances and/or incentive program agreement; material misrepresentation of any statement or fact on incentive application; abandoning or closing of business for a period of 30 days; or default declared by the State Economic Development Cabinet on Kentucky Business Incentive (KBI) agreement.

Property Tax Annexation Program provides a rebate of City property taxes paid on annexed property for a period not to exceed five years to aid in covering development costs. The rebate period shall begin no later than 10 years from the date of annexation. To be eligible for the property tax abatement program, the proposed property to be annexed must be: 1) adjacent or contiguous to the City limits and is urban in character and suitable for development for urban purposes without unreasonable delay; 2) adjacent to City limits, particularly in areas likely to result in job creation; and 3) in nine specific target areas to the current City limits or close to such area(s). Abated taxes may be recaptured if a participating company: fails to comply with City ordinances, rules, or regulations, or any terms of the Economic Development Annexation Incentive Agreement; or abandons or closes any businesses constructed on the property being annexed for a period of thirty (30) consecutive days.

TIF Occupational and Property Tax Program abates 80% of incremental occupational and property tax revenues generated by an approved entity. The Warren County Downtown Economic Development Authority, Inc. oversees the program, determines eligibility, and approves abatements. Abatements consist of paid occupational and property revenues being returned to the appropriate agency after calculations are finalized. The calculation is determined by comparing current year revenues to a base amount and 80% of the incremental revenue is distributed to the appropriate taxpayer. The program does not contain a provision to recapture abated taxes.

Historical Moratorium Property Tax Program provides abatement of City property taxes for a period of five years. To be eligible, the following conditions must be met by the property: located in historic district, residential or commercial building at least 50 years old within City limits, project must be completed within two years, and moratorium must be filed 30 days prior to project start. The abatement amount is calculated as the difference of frozen City assessment values at project start to the current assessment of the property. Abatements are completed prior to the initiation of rehabilitation work on the property. After rehab is complete, City/County Planning Commission staff conduct an inspection and issue the Moratorium Certificate to the City of Bowling Green. The assessment is then frozen for five years. This program does not contain a provision to recapture abated taxes.

Payments-in-Lieu-of-Taxes (PILOT) Program abates City property taxes for an agreed upon period of time. Eligible participants must be located within the geographic boundaries of the City, County, and school district(s) and the investment by the participant must generate new employment in the area. The abatement is in the form of a suspension of payment (or portion thereof) for a specified period of time, which is tied to Industrial Revenue Bond (IRB) issuance not to exceed the IRB payment period. The abated amount is equal to the annually assessed fair cash value of the project as determined by the Warren County Property Valuation Administrator (PVA). The land is held by Warren County as part of the IRB issuance and is thereby removed from the City tax roll, but still assessed for partial payments. Abated taxes may be recaptured on a sliding scale if agreed upon job creation and capital investment thresholds are not met at a certain percentage.

Note 10. TAX ABATEMENTS

Small Business Tornado Relief Program provides up to 100% rebate of the City only portion of property taxes and/or City net profit to provide relief to small businesses negatively affected by the December 2021 tornados for a period of five years. Eligible property must be: 1) located within the City limits; 2) a commercial property registered with the City on or before December 11, 2021; 3) current on all taxes and fees owed; 4) in the designated area as prescribed by GIS mapping; 5) have no more than 50 full-time equivalent (FTE) employees; and 6) not in receipt of other City incentive payments. Abated taxes of the participating entities may be recaptured if the business moves outside of the designated area and all future rebates would be reduced by 50%. The other instance in which abated taxes may be recaptured is if a company is delinquent on a given tax year within the five year rebate period, then that specific delinquent year would be ineligible for rebate.

A ten year summary of tax abatements is presented below:

Fiscal Year	JDIP withholdings	Annexed property taxes	TIF occupational & property taxes	Moratoriums	Payments-in-lieu-of-taxes (PILOT)	Tornado relief abatement	Amount of taxes abated
2017	$ 1,685,886	$ -	$ 156,496	$ 7,775	$ 179,684	$ -	$ 2,029,841
2018	2,196,373	216	148,483	10,917	184,107	-	2,540,096
2019	2,372,874	215	180,956	13,377	210,121	-	2,777,543
2020	1,478,600	625	241,660	3,399	231,369	-	1,955,653
2021	1,391,245	27,986	248,358	2,011	283,695	-	1,953,295
2022	1,605,770	71,528	328,582	138	605,324	-	2,611,342
2023	1,756,724	74,306	403,745	2,885	342,132	53,195	2,632,987
2024	2,096,483	76,091	453,814	-	341,005	420,281	3,387,674
2025	3,036,496	84,034	630,706	23,664	553,219	256,026	4,584,145
2026	2,705,754	55,984	915,241	23,548	872,357	406,463	4,979,347
Total	$ 20,326,205	$ 390,985	$ 3,708,041	$ 87,714	$ 3,803,013	$ 1,135,965	$ 29,451,923

Note 11. CHANGES TO FINANCIAL REPORTING ENTITY

Changes to or within the Financial Reporting Entity

The City of Bowling Green formerly classified the Riverfront Park Development Fund as a nonmajor fund, it is being reclassified as a major fund in fiscal year ending June 30, 2026. Additionally, the City of Bowling Green formerly classified the Community Development and Bluegrass Farms Blvd Funds are major funds, these are being reclassified as nonmajor in the fiscal year ending June 30, 2026. The effect of the change to government fund balance is shown below.

	6/30/2025 Fund Balance As Previously Reported	Change to or within the Financial Reporting Entity	6/30/2025 Fund Balance As Restated
Governmental Funds			
Major Funds:			
General Fund	$ 43,277,457	$ -	$ 43,277,457
Commuity Development	1,766,628	(1,766,628)	-
Municipal Aid	9,014,208	-	9,014,208
Bluegrass Farms Blvd	2,071,223	(2,071,223)	-
Riverfront Park Development	-	7,880,252	7,880,252
ITA Bond	48,410,920	-	48,410,920
Nonmajor Funds	83,842,950	(4,042,401)	79,800,549
Total Governmental Funds	$ 188,383,386	$ -	$ 188,383,386

Note 12. SUBSEQUENT EVENTS

The City has evaluated subsequent events through October 29, 2026, the date the finanical statements were available to be issued. On August 2, 2026, the City of Bowling Green Board of Commissioners approved Municipal Order 2026-183 expressing the intent to finance costs related to Fiscal Year 2027 capital projects in an amount up to $42,500,000. The proceeds of this anticpiated issuance are intended to finance the design and contruction of both the City Hall Campus Municipal Building and Fire Station #9. The bonds are expected to be officially issued before June 2027.

Note 13. IMPLEMENTATION OF GASB 103, GASB 104, AND GASB 105

The City implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, GASB 104, *Disclosure of Certain Capital Assets,* and GASB Statement 105, *Subsequent Events*, for the period ending June 30, 2026. The City's financial position was not impacted by the adoption of these pronouncements.

REQUIRED SUPPLEMENTARY INFORMATION
(Other than Management's Discussion and Analysis)

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget		Variance with Final Budget
	Original	Final	Postive (Negative)	Actual Amounts	Positive (Negative)
REVENUES					
Taxes					
Real estate	$ 14,543,000	$ 14,543,000	$ -	$ 14,894,445	$ 351,445
Personal property	2,543,000	2,543,000	-	2,773,343	230,343
Insurance premium	3,724,000	3,724,000	-	3,526,150	(197,850)
Motor vehicle and boat	1,250,000	1,250,000	-	1,049,929	(200,071)
Payment in lieu of taxes	253,500	253,500	-	314,412	60,912
Franchise	1,393,000	1,393,000	-	1,616,791	223,791
Other taxes	16,150	16,150	-	16,151	1
Penalties and Interest	147,000	147,000	-	142,503	(4,497)
Total taxes	23,869,650	23,869,650	-	24,333,724	464,074
Licenses and permits					
Occupational:					
Employees' withholding	69,524,500	69,524,500	-	64,312,383	(5,212,117)
Net profits	14,760,000	14,760,000	-	13,451,355	(1,308,645)
Other fees	575,000	575,000	-	794,093	219,093
Special licenses	285,000	285,000	-	300,365	15,365
Permits	1,096,500	1,096,500	-	983,799	(112,701)
Total licenses and permits	86,241,000	86,241,000	-	79,841,995	(6,399,005)
Intergovernmental					
Federal grants	-	1,531,201	1,531,201	1,463,936	(67,265)
State grants	-	207,445	207,445	315,686	108,241
Local grants	-	-	-	1,000	1,000
Total intergovernmental	-	1,738,646	1,738,646	1,780,622	41,976
Charges for services					
School tax collection fees	475,000	475,000	-	389,256	(85,744)
Other general government fees	7,250	7,250	-	6,304	(946)
Public safety fees	151,500	151,500	-	183,461	31,961
Cemetery lot sales	29,345	29,345	-	18,944	(10,401)
Cemetery fees	200,050	200,050	-	180,271	(19,779)
Other	146,304	146,304	-	105,963	(40,341)
Total charges for services	1,009,449	1,009,449	-	884,199	(125,250)
Parks and recreation	2,826,940	2,826,940	-	3,204,903	377,963
Miscellaneous					
Investment income	558,004	558,004	-	3,565,635	3,007,631
Parking violations fees	2,000	2,000	-	1,325	(675)
Contributions and donations	37,000	343,851	306,851	337,601	(6,250)
Judgements and settlements	22,000	22,000	-	36,974	14,974
Other	208,700	457,061	248,361	483,270	26,209
Total miscellaneous	827,704	1,382,916	555,212	4,424,805	3,041,889
Total revenues	$ 114,774,743	$ 117,068,601	$ 2,293,858	$ 114,470,248	$ (2,598,353)

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget		Variance with Final Budget
	Original	Final	Postive (Negative)	Actual Amounts	Positive (Negative)
EXPENDITURES					
General government					
Legislative	$ 352,512	$ 373,960	$ 21,448	$ 369,351	$ 4,609
Executive	1,183,355	1,301,645	118,290	1,292,109	9,536
Finance	2,530,122	2,601,504	71,382	2,488,891	112,613
Human resources	1,860,258	1,705,211	(155,047)	1,530,703	174,508
Law	917,947	970,995	53,048	946,925	24,070
Information technology	4,300,013	4,154,109	(145,904)	4,761,355	(607,246)
Administrative services	687,105	740,753	53,648	730,575	10,178
Total general government	11,831,312	11,848,177	16,865	12,119,909	(271,732)
Public safety					
Police	25,914,460	26,792,596	878,136	25,768,251	1,024,345
Fire	23,603,231	24,449,973	846,742	24,327,991	121,982
Total public safety	49,517,691	51,242,569	1,724,878	50,096,242	1,146,327
Public works					
Public works administration	1,984,445	2,342,241	357,796	2,308,991	33,250
Highway and streets	4,427,788	4,478,755	50,967	4,285,320	193,435
Building and plant	1,477,000	1,421,001	(55,999)	1,380,884	40,117
Environmental Compliance	1,086,237	1,951,340	865,103	1,807,602	143,738
Total public works	8,975,470	10,193,337	1,217,867	9,782,797	410,540
Parks and recreation					
Parks	5,416,443	5,628,271	211,828	5,271,302	356,969
Recreation	1,692,911	1,693,004	93	1,552,758	140,246
Athletics	858,475	727,418	(131,057)	665,152	62,266
Community centers	2,127,052	1,907,843	(219,209)	1,857,764	50,079
Golf Courses	2,816,582	2,895,517	78,935	2,569,895	325,622
Other parks	2,430,996	2,182,110	(248,886)	2,110,168	71,942
Total parks and recreation	15,342,459	15,034,163	(308,296)	14,027,039	1,007,124
Neighborhood & Community Services	3,718,461	4,401,030	682,569	3,559,970	841,060
Agency services					
Agency services	1,294,075	1,314,075	20,000	1,296,107	17,968
Intergovernmental	4,212,000	4,513,380	301,380	3,180,904	1,332,476
Total agency services	5,506,075	5,827,455	321,380	4,477,011	1,350,444
Total expenditures	94,891,468	98,546,731	3,655,263	94,062,968	4,483,763
Excess of revenues over expenditures	19,883,275	18,521,870	1,361,405	20,407,280	1,885,410
Other financing sources (uses)					
Transfers in	2,002,757	2,031,602	28,845	1,291,345	(740,257)
Transfers out	(21,986,032)	(22,014,877)	(28,845)	(20,088,388)	1,926,489
Proceeds from sale of capital assets	100,000	100,000	-	122,675	22,675
Lease & SBITA liabilities issued	-	-	-	944,841	944,841
Total other financing sources (uses)	(19,883,275)	(19,883,275)	-	(17,729,527)	2,153,748
Net change in budgetary fund balances	-	(1,361,405)	(1,361,405)	2,677,753	4,039,158
Fund balances, beginning of year	43,277,457	43,277,457	-	43,277,457	-
Fund balances, end of year	$ 43,277,457	$ 41,916,052	$ (1,361,405)	$ 45,955,210	$ 4,039,158

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Municipal Aid Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget Positive (Negative)	Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			
REVENUES					
Property taxes	$ 200,000	$ 200,000	$ -	$ 200,000	$ -
Intergovernmental	4,228,992	13,927,975	9,698,983	6,718,368	(7,209,607)
Investment income	33,725	33,725	-	116,102	82,377
Charges for services	102,000	102,000	-	124,330	22,330
Miscellaneous	158,000	158,000	-	211,085	53,085
Total revenues	4,722,717	14,421,700	9,698,983	7,369,885	(7,051,815)
EXPENDITURES					
Current:					
General government	77,402	830,202	752,800	29,770	800,432
Public safety	2,723,186	3,373,254	650,068	3,068,938	304,316
Public works	3,061,000	7,260,731	4,199,731	4,241,589	3,019,142
Capital outlay	1,202,700	7,674,571	6,471,871	2,846,472	4,828,099
Total expenditures	7,064,288	19,138,758	12,074,470	10,186,769	8,951,989
Excess (deficiency) of revenues over (under) expenses	(2,341,571)	(4,717,058)	(2,375,487)	(2,816,884)	1,900,174
Other financing sources (Uses)					
Transfers in	2,587,232	3,044,720	457,488	3,043,661	(1,059)
Net change in budgetary fund balances	245,661	(1,672,338)	(1,917,999)	226,777	1,899,115
Fund balances, beginning of year	9,014,208	9,014,208	-	9,014,208	-
Fund balances, end of year	$ 9,259,869	$ 7,341,870	$ (1,917,999)	$ 9,240,985	$ 1,899,115

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Note to Budget Comparison Schedules
Year Ended June 30, 2026

	General Fund over (under)	Municipal Aid Special Revenue Fund
BUDGETARY REVENUES		
Differences - original budget to final budget:		
The City experienced an increase in intergovernmental revenue over the original budget due to grants for the transit program and public safety awarded throughout the fiscal year	$ 1,738,646	$ 9,698,983
Differences - final budget to actual:		
The City experienced an increase in miscellaneous revenue for investment income due to higher than anticipated investment returns	$ 3,007,631	$ -
The City reports revenues less than budget due to grant funding that has been awarded, but expenditures have not been incurred; revenue will be reported in future reporting periods	$ -	$ (7,209,607)
BUDGETARY EXPENDITURES		
Differences - original budget to final budget:		
The Neighborhood & Community Services Department received grant awards during the fiscal year that were not known at the time of the adopted budget	$ 682,569	$ -
Municipal Aid Fund expenditure budgets for Public Works and Capital outlay increased due to grant awards during the fiscal that were not known at the of the adopted budget	$ -	$(12,074,470)
Differences - final budget to actual:		
Information technology expenditures related to subscription accounting are not budgeted	$ (607,246)	$ -
Other financing sources related to subscription and lease accounting are not budgeted	$ 944,841	$ -
Municipal Aid expenditures related to grant funding are less than budget since the awarded projects have not yet been fully expended, expenses will be incurred in future years	$ -	$ (8,951,989)
Agency services for intergovernmental expenditures are estimated at the time of budget and the full budgeted amount was not necessary during the fiscal year for contingency budget	$ 1,332,476	$ -

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Notes to Required Supplementary Information on Budgetary Accounting and Control
Year Ended June 30, 2026

Budget Policy - Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects funds. The City adopts an annual appropriation budget for Debt Service Funds covering all government debt service activities. A budget is not prepared for the City's permanent fund.

Legal Compliance – All departments submit requests for the appropriations to the Budget Team. The Budget Team meets with each department head and reviews the new budget year requests. The budget is prepared by fund, function, and activity and includes information of the prior year, current year, and requested appropriations for the next fiscal year.

It is the City Manager's responsibility to prepare a budget proposal and message, which must be submitted to the Board of Commissioners at least 30 days prior to July 1. The budget message explains revenue changes and expenditure goals, any significant changes in program goals and appropriations, and any important budget features or major changes in financial policy. Following its submission to the Board, the City Manager presents the recommended budget to the public. The budget is legally enacted through passage of an ordinance by June 30th each year.

The Assistant City Manager and CFO are authorized to transfer budget amounts between departments within any fund. The Assistant Chief Financial Officer is authorized to prepare periodic budget amendments throughout the fiscal year that are passed by an ordinance of the Board of Commissioners. The budget amendments provide supplementary appropriations as necessary to ensure expenditures do not exceed budget appropriations at the activity level.

Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are included within the appropriate fund balances in the governmental funds and are not reported separately on the financial statements. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Encumbrances are not recorded in the financial statements for proprietary, internal service, and fiduciary fund types.

The following funds had purchase orders outstanding at June 30, 2026, as follows:

General fund	$ 1,818,947
Convention center	148,494
Municipal aid	3,383,489
Riverfront Park development	2,408,616
Nonmajor governmental	20,726,973
Internal service	114,222
	$ 28,600,741

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Schedule of Changes in the City's Net Pension Liability
Police and Firefighters' Retirement Fund
Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
TOTAL PENSION LIABILITY										
Interest on TPL	$ 295,925	$ 287,816	$ 281,633	$ 304,225	$ 292,866	$ 315,148	$ 352,806	$ 391,233	$ 395,370	$ 440,360
Change of benefit terms	47,596	97,411	143,797	49,647	203,614	52,002	-	-	-	-
Differences between expected & actual experience in measurement of the TPL	(11,059)	147,067	192,853	(60,177)	123,692	(21,228)	(261,919)	(226,371)	60,187	(359,520)
Changes of assumptions about future economic or demographic factors or other inputs	286,501	287,170	167,387	16,091	256,823	(29,273)	(11,659)	(59,933)	263,562	-
Benefit payments	(686,279)	(681,997)	(683,360)	(689,825)	(685,129)	(691,450)	(725,077)	(769,371)	(810,168)	(854,877)
Net change in total pension liability	-	137,467	102,310	(380,039)	191,866	(374,801)	(645,849)	(664,442)	(91,049)	(774,037)
Total pension liability - beginning	$ 5,303,811	$ 5,166,344	$ 5,064,034	$ 5,444,073	$ 5,252,207	$ 5,627,008	$ 6,272,857	$ 6,937,299	$ 7,028,348	$ 7,802,385
Total pension liability - ending (a)	$ 5,236,495	$ 5,303,811	$ 5,166,344	$ 5,064,034	$ 5,444,073	$ 5,252,207	$ 5,627,008	$ 6,272,857	$ 6,937,299	$ 7,028,348
PLAN FIDUCIARY NET PENSION										
Contributions from City	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 182,500
Plan net investment income	762,231	736,067	838,700	633,455	(623,408)	1,296,377	410,937	373,726	583,269	633,921
Benefit payments	(686,279)	(681,997)	(683,360)	(689,825)	(685,129)	(691,450)	(725,077)	(769,371)	(810,168)	(854,877)
Plan administrative expense	-	-	-	-	-	(1,340)	-	-	-	-
Net change in plan fiduciary net position	75,952	54,070	155,340	(56,370)	(1,308,537)	603,587	(314,140)	(395,645)	(226,899)	(38,456)
Plan fiduciary net position - beginning	$ 5,683,477	$ 5,629,407	$ 5,474,067	$ 5,530,437	$ 6,838,974	$ 6,235,387	$ 6,549,527	$ 6,945,172	$ 7,172,071	$ 7,210,527
Plan fiduciary net position - ending (b)	$ 5,759,429	$ 5,683,477	$ 5,629,407	$ 5,474,067	$ 5,530,437	$ 6,838,974	$ 6,235,387	$ 6,549,527	$ 6,945,172	$ 7,172,071
City net pension (asset) liability (a)-(b)	$ (522,934)	$ (379,666)	$ (463,063)	$ (410,033)	$ (86,364)	$ (1,586,767)	$ (608,379)	$ (276,670)	$ (7,873)	$ (143,723)
Plan fiduciary net position as a percentage of the total pension liability	109.99 %	107.16 %	108.96 %	108.10 %	101.59 %	130.21 %	110.81 %	104.41 %	100.11 %	102.04 %
Covered payroll	-	-	-	-	-	-	-	-	-	-
NPL as % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Schedule of City Contributions
Police and Firefighters' Retirement Fund
Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 80,415
Contributions in relation to the actuarially determined contribution	$ -	$ -	-	$ -	$ -	$ -	$ -	$ -	$ -	$ 182,500
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (102,085)
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date:	July 1, 2026
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Asset valuation method	Market value adjusted for accruals
Salary scale	Not applicable
Disability, withdrawal, & retirement rates	Not applicable
Rate of investment return	6.0% per annum
Cost of living adjustment	Average cost of living adjustments made over the last five years, rounded to the nearest 1.00%. For July 1, 2025, this is equal to 5.00%.
Eligible dependents	It is assumed that there are no eligible dependent children or parents.
Mortality	Non-disabled lives: 2026 IRS Generational Mortality tables (Post Commencement Rates only) with projected mortality improvements after year 2006 under Projection Scale MP-2021 (male & female scales). Disabled Lives: Rates published in IRS Revenue Ruling 96-7 (Disablement prior to 1/1/1995).

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Schedule of Investment Returns
Police and Firefighters' Retirement Fund
Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return	14.19 %	13.84 %	16.18 %	12.15 %	(9.57)%	21.88 %	6.60 %	5.67 %	8.57 %	9.15 %

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Schedule of Proportionate Share of the Net Pension Liability
County Employees Retirement System of the Commonwealth of Kentucky
Last Ten Fiscal Years (in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total net pension liability for county employees retirement systems	$ 7,967,788	$ 8,552,429	$ 9,112,465	$ 10,280,470	$ 9,037,944	$ 10,684,945	$ 9,795,753	$ 8,508,762	$ 8,090,586	$ 6,639,560
City's proportion of the net pension liability (asset)	1.25 %	1.18 %	1.08 %	1.10 %	1.08 %	1.04 %	1.01 %	1.00 %	1.01 %	0.94 %
City's proportionate share of the net pension liability (asset)	$ 99,627	$ 101,161	$ 98,052	$ 113,171	$ 97,251	$ 110,846	$ 99,306	$ 84,868	$ 81,761	$ 62,552
City's covered payroll	$ 40,402	$ 35,846	$ 30,974	$ 29,677	$ 26,850	$ 26,181	$ 25,150	$ 24,088	$ 24,380	$ 22,635
City's proportionate share of the net pension liability (asset) as a percentage of covered payroll	246.59 %	282.21 %	316.56 %	381.35 %	362.20 %	423.38 %	394.85 %	352.33 %	335.36 %	276.35 %
Total pension plan's fiduciary net position	$ 14,286,594	$ 13,013,141	$ 11,707,789	$ 10,681,820	$ 11,480,060	$ 9,407,031	$ 9,573,629	$ 9,367,300	$ 8,905,233	$ 8,151,568
Total pension plan's pension liability	$ 22,254,382	$ 21,565,570	$ 20,820,854	$ 20,962,290	$ 20,518,004	$ 20,091,976	$ 19,368,969	$ 17,876,062	$ 16,995,819	$ 14,791,128
Total pension plan's fiduciary net position as a percentage of the total pension liability	64.20 %	60.34 %	56.23 %	50.96 %	55.95 %	46.82 %	49.43 %	52.40 %	52.40 %	55.11 %

Note: The County Employees Retirement System measurement date is 12 months prior to the City's Financial Statements; the 2026 measurement date is 6/30/2025.

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Schedule of City Pension Contributions
County Employees Retirement System of the Commonwealth of Kentucky
Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined pension contribution	$ 12,271,130	$ 12,238,411	$ 12,223,247	$ 10,782,950	$ 8,471,567	$ 6,850,497	$ 6,673,673	$ 5,321,680	$ 4,555,520	$ 4,497,839
Contributions in relation to the actuarially determined pension contribution	12,271,130	12,238,411	12,223,247	10,782,950	8,471,567	6,850,497	6,673,673	5,321,680	4,555,520	4,497,839
Pension contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 43,714,627	$ 40,402,488	$ 35,846,096	$ 30,974,188	$ 29,676,795	$ 26,850,219	$ 26,180,855	$ 25,150,362	$ 24,087,904	$ 24,380,227
Pension Contributions as a percentage of covered payroll	28.07 %	30.29 %	34.10 %	34.81 %	28.55 %	25.00 %	25.00 %	21.16 %	18.91 %	18.45 %

Notes:

Valuation Date	Actuarially determined contribution rates for 2025 were calculated based on the June 30, 2023, actuarial valuation.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining amortization period	30 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Inflation	2.50%
Salary Increase	3.30 to 19.05%, varies by service.
Investment Rate of Return	6.50%
Mortality	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Schedule of Proportionate Share of the Net OPEB Liability
County Employees Retirement System of the Commonwealth of Kentucky
Last Ten Fiscal Years (in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total net OPEB liability (asset) for county employees retirement systems	$ 378,706	$ (51,677)	$ (1,244)	$ 2,825,300	$ 2,723,009	$ 3,338,801	$ 2,421,815	$ 2,488,440	$ 2,837,014
City's proportion of the net OPEB liability	2.33 %	(5.23)%	(235.50)%	1.11 %	1.08 %	1.03 %	1.00 %	1.00 %	1.04 %
City's proportionate share of the net OPEB liability	$ 8,814	$ 2,701	$ 2,930	$ 31,381	$ 29,438	$ 34,241	$ 25,736	$ 24,938	$ 29,571
City's covered payroll	$ 40,402	$ 35,346	$ 30,974	$ 29,677	$ 26,850	$ 26,181	$ 25,150	$ 24,088	$ 24,380
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	21.82 %	7.64 %	9.46 %	105.74 %	109.46 %	130.79 %	102.33 %	103.53 %	121.29 %
Total pension plan's fiduciary net position	$ 5,873,320	$ 3,910,225	$ 3,695,108	$ 4,602,655	$ 4,874,625	$ 3,902,730	$ 3,910,225	$ 3,695,108	$ 3,401,537
Total pension plan's OPEB liability	$ 6,252,026	$ 6,332,040	$ 6,183,547	$ 7,427,955	$ 7,597,634	$ 7,241,531	$ 6,332,040	$ 6,183,547	$ 6,238,551
Total pension plan's fiduciary net position as a percentage of the total OPEB liability	93.94 %	100.96 %	100.02 %	61.96 %	64.16 %	53.89 %	61.75 %	59.76 %	54.52 %

Note: This schedule is intended to present a 10-year trend per GASB 75. Additional Years will be reported as incurred.

Note: The County Employer's Retirement System measurement date is 12 months prior to the City's Financial Statements; the 2025 measurement date is 6/30/2024.

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Schedule of City OPEB Contributions
County Employees Retirement System of the Commonwealth of Kentucky
Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined OPEB contribution	$ 688,108	$ 703,466	$ 732,232	$ 2,123,028	$ 2,370,685	$ 2,278,766	$ 2,041,342	$ 2,119,645	$ 1,805,316	$ 1,664,002
Contributions in relation to the actuarially determined OPEB contribution	688,108	703,466	732,232	2,123,028	2,370,685	2,278,766	2,041,342	2,119,645	1,805,316	1,664,002
City's covered payroll	43,714,627	40,402,488	35,346,096	30,974,188	29,676,795	26,850,219	26,180,855	25,150,362	24,087,904	24,380,227
OPEB contributions as a percentage of covered payroll	1.61 %	1.74 %	2.07 %	6.85 %	7.99 %	8.49 %	7.80 %	8.43 %	7.49 %	6.83 %

Notes:

Valuation Date	Actuarially determined contribution rates for 2025 were calculated based on the June 30, 2023, actuarial valuation.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Amortization Period	30 Years, Closed at June 30, 2019; gains/losses incurring after June 30, 2019 will be amortized over separate closed 20-year amortization bases.
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between market value of assets and the expected actuarial value of assets is recognized.
Inflation	2.50%
Salary Increase	3.30% to 19.05%, varies by service.
Investment Rate of Return	6.50%
Mortality	System-specific mortality table based on mortality experience from 2013-2022, projected with ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Healthcare Rate Trends	
Pre-65	Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2024 premiums were known at the the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial Trend starting at 8.5% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. The 2024 premiums were known at the the time of the valuation and were incorporated into the liability measurement.

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Modified Approach for City Streets Infrastructure Capital Assets
For the Years Ended June 30, 2026

Modified Approach for City Streets Infrastructure Capital Assets

As allowed by GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, the City has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the City expenses certain maintenance and preservation costs and does not report depreciation expense.

In order to utilize the modified approach, the City is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the City.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Roads

The City began using its computerized pavement management system in 1997. Surface distress and ride comfort assessments are conducted on all segments. Street assessments are conducted annually, and all segments are assessed within a three-year cycle. The most recent assessment was conducted in March of 2024.

Upon completion of the assessment, an overall condition index (OCI) is calculated to assess individual pavement segments. Streets are rated on a 0 to 100 scale. An OCI of 100 would correspond to a pavement with proper engineering design and construction at the beginning of its life cycle.

The following pavement quality conditions have been defined:

Condition	OCI Rating
Excellent	88.0 - 100.00
Good	76.0 - 87.99
Fair	64.0 - 75.99
Poor	50.0 - 63.99
Bad	0.0 - 49.99

Established Condition Level

The City's policy is to consider streets in need when the OCI rating falls below minimum values. These values are as follows:

Functional Classification	Minimum OCI
Local	67.0
Collector	69.0
Arterial	72.0
Alley	25.0

Segments considered to be in need are quantitatively prioritized for rehabilitation based on OCI, traffic, functional class, and other factors.

See accompanying report of the independent auditor.

Assessed Conditions

The following table reports the percentage of streets meeting the minimum acceptable conditions or above:

Year	Percentage
2026	79%
2025	69%
2024	69%
2023	67%
2022	71%
2021	74%
2020	74%
2019	72%
2018	79%
2017	87%

*Note: In 2017 the City migrated its pavement management system from the Cartegraph Navigator platform to Cartegraph Operations Management Systems (OMS). This move is important to note because the new OMS system uses a different calculation than the prior system did, which results in lower OCI scores. The City has chosen not to adjust the quality conditions or minimum standards as defined above since the new OCI calculation in combination with the existing defined standards provides a more conservative benchmark for assessment of the overall condition of the pavement network. Additionally, in 2018 the City revised the street functional classification in use to more closely align with the Kentucky Transportation Cabinet system. This also resulted in a negative net impact to the overall network OCI scores. In 2026, the City moved to a new pavement inspection vendor. With this move, the condition assessment shifted from a weighted PCI and older Ride Quality Index calculation to a weighted PCI and the standard International Roughness Index (IRI) calcuation. This resulted in a 10 point percentage increase of streets meeting minimum condition standard. While this increase is an administrative shift to ASTM-compliant IRI tracking, not a physical improvement in asphalt quality, it does result in overall condition scoring that is closer to that observed prior to the software migration in 2017.

Budgeted and Estimated Costs to Maintain

The following table presents the City's estimate of spending necessary to preserve and maintain the Street Infrastructure at, or above, the "Established Condition Levels" cited above, and the actual amount spent in past fiscal years:

Fiscal Year	Estimated Spending	Actual Spending
2026-2027	$ 2,000,000	$ -
2025-2026	$ 2,000,000	$ 1,897,900
2024-2025	$ 2,000,000	$ 2,484,436
2023-2024	$ 2,000,000	$ 1,787,334
2022-2023	$ 2,000,000	$ 1,932,991
2021-2022	$ 1,500,000	$ 1,627,643
2020-2021	$ 1,500,000	$ 1,460,603
2019-2020	$ 2,000,000	$ 2,308,049
2018-2019	$ 2,000,000	$ 1,969,625
2017-2018	$ 2,350,000	$ 2,390,174

The budgeting process utilized by the City results in spending in one fiscal year from amounts that were budgeted in a previous year(s). Therefore, this timing difference does not allow a true comparison of amounts budgeted and spent within a given year. The table demonstrates that over the past five years, the City spending has been in line with the budgeted amounts and the other tables contained within this narrative demonstrate that the City has met its desired condition levels.

See accompanying report of the independent auditor.

Sidewalks

The City utilizes a computerized sidewalk management system. Condition assessments are visually performed on all sidewalks segments, ratings are based on the presence of cracking, heaving, holes, settling, and spalling. These assessments were currently conducted on the entire sidewalk network on a three-year cycle.

In 2020, the City revised its sidewalk inspection and condition assessment approach due to the concrete sidewalk's inherent longevity and ability to retain structural integrity in the presence of aesthetic defects. The condition calculation was revised to focus the assessment on the presence of potential trip hazards rather than aesthetic defects. The purpose of this approach is to emphasize the detection and elimination of potential pedestrian hazards based upon the annual inspection of a representative sample of City maintained sidewalks.The most recent assessment was completed in February of 2025.

Upon completion of the assessment, an overall condition index (OCI) is calculated to assess individual pavement segments. Segments are rated on a 0 to 100 scale. An OCI of 100 would correspond to a sidewalk with proper engineering design and construction at the beginning of its life cycle.

The following overall condition index for sidewalks has been defined as follows:

Condition	OCI Rating
Excellent	88.0 - 100.00
Good	76.0 - 87.99
Fair	64.0 - 75.99
Poor	50.0 - 63.99
Bad	0.0 - 49.99

Established Condition Level

The City's policy is to achieve a rating of 76.0 for all sidewalks, which is a good rating. This rating allows minor cracking and raveling of the sidewalk along with minor roughness that could be noticeable to pedestrians.

Assessed conditions

The sidewalk management system indicates that 89% of city-maintained sidewalks had an OCI value greater than or equal to the minimum rating of 76.0 as of June 30, 2026.

Budgeted and Estimated Costs to Maintain

The following table presents the City's estimate of spending necessary to preserve and maintain the Sidewalk Infrastructure at, or above, the "Established Condition Levels" cited above, and the actual amount spent:

Fiscal Year	Estimated Spending	Actual Spending
2026-2027	$ 400,000	$ -
2025-2026	$ 400,000	$ 397,468
2024-2025	$ 200,000	$ 235,680
2023-2024	$ 200,000	$ 205,900
2022-2023	$ 100,000	$ 141,398
2021-2022	$ 100,000	$ 21,460
2020-2021	$ 100,000	$ 118,779
2019-2020	$ 100,000	$ 310,903
2018-2019	$ 100,000	$ 28,200
2017-2018	$ 100,000	$ 20,130

The budgeting process utilized by the City results in spending in one fiscal year from amounts budgeted in a prior year. Therefore, the timing difference may not allow a true comparison of amounts annually budgeted and spent.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Fire Improvement Fund
This fund is used to account for non-capital outlays of the Fire Department. Funding is provided by insurance premium taxes related to in-land marine, fire and allied perils, all other risks, and multiple policies with indivisible premium.

Community Development Fund
This fund is used to account for federal grants that fund various community development programs, such as: Community Development Block Grants and Housing Choice Vouchers.

Job Development Incentive Fund
This fund is used to account for job development incentive payments to business prospects within City boundaries to provide incentives for the creation of new jobs. Employee withholdings generated by new jobs are deposited to the fund and reused for future job development incentives and projects.

Parks Development Fund
This fund is used to collect property tax receipts and occupational fees from the Hartland Planned Community Development area. All funding is disbursed to other funds for Parks and Recreation Department expenses.

Landfill Closure Fund
This fund is used to account for revenues and expenditures applicable to government landfill closure and postclosure care.

Local Law Enforcement Fund
This fund is used to account for a Serious Habitual Offender/Criminal Apprehension Program (SHOCAP) Grant that targets habitual juvenile offenders with the assistance of the courts, social services, and the local schools. This fund also receives federal funding for public safety costs.

Radio System Fund
This fund is used to account for the joint operations of an 800 MHZ radio system by the City of Bowling Green, Warren County Government, the Medical Center at Bowling Green, and Western Kentucky University, among others.

Police Improvement Fund
This fund is used to account for revenue received from citations, which are collected and appropriated for capital expenditures for the Police Department.

Lampkin Park Trust Fund
This fund is used to account for the receipt of one-seventh of the net income from C.W. Lampkin Charitable Trust. The money shall be used for the maintenance, improvement, and development of Lampkin Park in Bowling Green, Kentucky, as long as the park bears the name Lampkin Park.

A Better BGKY Inc Fund
This fund is used to account for sponsorship and donation revenues and the dedicated expenditures associated with the City's nonprofit "A Better BGKY Inc."

Special Taxing District Fund
This fund is used to account for revenue received from the City's annual Tax Increment Financing (TIF) District distribution that represents 20% of the calculated incremental revenues and revenue received as the City's portion from ITA wage taxes.

American Rescue Plan Act Fund
This fund is used to account for federal grant revenue and expenditures funded through the American Rescue Plan Act of 2021.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Community Grant Projects Fund
This fund is used to account for the award and expenditure of capital grants. Funding is provided through grants and General Fund support.

Equipment Replacement Fund
This fund is used to account for the general government capital outlays for vehicles and equipment. Financing for this fund is primarily provided by the General Fund.

Road Construction Fund
This fund is used to account for the purchase of land and construction costs of City road projects. Funding for projects has been made available through the General Fund.

Bluegrass Farms Boulevard Extension Fund
This fund tracks revenues and expenditures associated with the extension of Bluegrass Farms Boulevard. The project is funded by the General Fund and by a private developer.

Sidewalk Improvement Fund
This fund is used to account for costs associated with the improvement and construction of sidewalks and multi-use greenway paths. Funding has been provided by the General Fund.

Stormwater Infrastructure Improvement Fund
This fund tracks expenditures related to the improvement of existing and new storm drainage infrastructure. Funding has been provided from the General Fund.

Municipal Facilities Fund
This fund is used to monitor costs associated with the purchase and renovation of City buildings. Funding for this project has been made available from General Fund subsidies.

Technology Capital Improvement Fund
This fund is used to account for expenditures associated with the City's information technology program. Funding is mainly provided by transfers from the General Fund.

Smallhouse Road Construction Fund
This fund tracks revenues and expenditures associated with improvements to Smallhouse and Cavemill roads. Funding has been primarily supplied through the General Fund and state appropriations.

Parks Capital Improvement Fund
This fund accounts for expenditures associated with the planning, design, and construction or procurement of capital parks projects, such as a new park or shelter. These projects are funded by the Parks Development Fund, transfers from the Convention Center Fund, and General Fund.

800 Trunking Radio Systems Improvement Fund
This fund is used to account for the improvement of the existing Radio System. Funding has been provided from the General Fund and other local governments.

Downtown Development Fund
This fund is used to account for the costs associated with the improvement of the Downtown area. Funding is made available through subsidies from the General Fund.

Fire Capital Improvements Fund
This fund is used to account for Fire Department capital projects and equipment costs. These projects are funded by the General Fund and Fire Improvement Fund.

Police Capital Improvements Fund
This fund is used to account for Police Department capital projects and equipment costs. These projects are funded by the General Fund and Special Revenue Funds.

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Debt Service Fund
This fund is used to account for the accumulation of resources and payments made for principal and interest on long-term debt in the governmental funds.

TIF District Fund
This fund is used to account for debt service payments for the General Obligation Bond originally issued to provide funding for the construction of Bowling Green's Single A baseball park.

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to allow only the earnings and not the principal, to be used for the prescribed purposes.

Cemetery Perpetual Trust Fund
This fund is used to account for monies provided by private donors and from the sale of cemetery lots. The principal amount is to be maintained intact and invested. Investment earnings are used for cemetery maintenance.

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2026

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Nonmajor Permanent Fund- Cemetery Perpetual	Total Nonmajor Governmental Funds
ASSETS					
Pooled cash and cash equivalents	$ 2,195,413	$ 4,840,099	$ 188,424	$ 35,606	$ 7,259,542
Non-pooled cash and cash equivalents	12,676,225	24,432,720	951,160	179,740	38,239,845
Investments	9,182,563	12,596,017	2,983,745	1,340,284	26,102,609
Receivables (net of allowances for uncollectibles):					
Accounts receivable	103,339	391,334	-	-	494,673
Due from other governmental units	568,753	311,794	-	-	880,547
Prepaid items	440,278	-	-	-	440,278
Total assets	$ 25,166,571	$ 42,571,964	$ 4,123,329	$ 1,555,630	$ 73,417,494
LIABILITIES AND FUND BALANCES					
Liabilities					
Vouchers and accounts payable	$ 684,770	$ 422,581	$ 6,726	$ -	$ 1,114,077
Accrued payroll	32,467	-	-	-	32,467
Due to other funds	200,000	-	-	-	200,000
Unearned revenue	129	-	-	-	129
Total liabilities	917,366	422,581	6,726	-	1,346,673
Fund balances					
Restricted	2,008,310	-	-	1,291,666	3,299,976
Committed	20,952,981	-	-	-	20,952,981
Assigned	1,287,914	42,149,383	4,116,603	263,964	47,817,864
Total fund balances	24,249,205	42,149,383	4,116,603	1,555,630	72,070,821
Total liabilities and fund balances	$ 25,166,571	$ 42,571,964	$ 4,123,329	$ 1,555,630	$ 73,417,494

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2026

	Fire Improvement	Community Development	A Better BGKY Inc	Job Development Incentive	Parks Development	Landfill Closure
ASSETS						
Pooled cash and cash equivalents	$ 507,609	$ -	$ -	$ 848,981	$ 41,457	$ 6,840
Non-pooled cash and cash equivalents	2,878,809	1,263,901	22,500	4,285,638	209,273	34,526
Investments	812,208	-	-	5,423,943	-	912,407
Receivables (net of allowances for uncollectibles):						
Accounts receivable	-	21,388	-	-	-	-
Due from other governmental units	4,224	423,485	-	-	-	123,343
Prepaid items	-	440,278	-	-	-	-
Total assets	$ 4,202,850	$ 2,149,052	$ 22,500	$ 10,558,562	$ 250,730	$ 1,077,116
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	$ 5,508	$ 280,934	$ -	$ 35,458	$ 250,730	$ 12,441
Accrued payroll	-	32,467	-	-	-	-
Advances from other funds	-	200,000	-	-	-	-
Unearned revenue	-	129	-	-	-	-
Total liabilities	5,508	513,530	-	35,458	250,730	12,441
Fund balances						
Restricted	13,914	1,047,727	22,500	3,214	-	-
Committed	4,183,428	587,795	-	10,010,613	-	1,064,675
Assigned	-	-	-	509,277	-	-
Total fund balances	4,197,342	1,635,522	22,500	10,523,104	-	1,064,675
Total liabilities and fund balances	$ 4,202,850	$ 2,149,052	$ 22,500	$ 10,558,562	$ 250,730	$ 1,077,116

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Special Revenue Funds (Continued)
June 30, 2026

	Local Law Enforcement	Radio System	Police Improvement	Lampkin Park Trust	American Rescue Plan Act	Special Taxing Districts	Total Nonmajor Special Revenue Funds
ASSETS							
Pooled cash and cash equivalents	$ -	$ 14,365	$ 63,854	$ 12,264	$ 40,282	$ 659,761	$ 2,195,413
Non-pooled cash and cash equivalents	-	72,516	322,335	61,908	203,341	3,321,478	12,676,225
Investments	-	-	97,245	-	1,339,693	597,067	9,182,563
Receivables (net of allowances for uncollectibles):							
Accounts receivable	-	6,900	-	-	-	75,051	103,339
Due from other governmental units	733	-	16,968	-	-	-	568,753
Prepaid items	-	-	-	-	-	-	440,278
Total assets	$ 733	$ 93,781	$ 500,402	$ 74,172	$ 1,583,316	$ 4,653,357	$ 25,166,571
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers and accounts payable	$ 733	$ 479	$ 47,289	$ -	$ 51,198	$ -	$ 684,770
Accrued payroll	-	-	-	-	-	-	32,467
Advances from other funds	-	-	-	-	-	-	200,000
Unearned revenue	-	-	-	-	-	-	129
Total liabilities	733	479	47,289	-	51,198	-	917,366
Fund balances							
Restricted	-	93,302	-	74,172	753,481	-	2,008,310
Committed	-	-	453,113	-	-	4,653,357	20,952,981
Assigned	-	-	-	-	778,637	-	1,287,914
Total fund balances	-	93,302	453,113	74,172	1,532,118	4,653,357	24,249,205
Total liabilities and fund balances	$ 733	$ 93,781	$ 500,402	$ 74,172	$ 1,583,316	$ 4,653,357	$ 25,166,571

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2026

	Capital Community Grant Projects	Equipment Replacement	Road Construction	Sidewalk Improvement	Stormwater Infrastructure Improvement	Municipal Facilities	Technology Capital Improvement	Smallhouse Road Construction
ASSETS								
Pooled cash and cash equivalents	$ 183,020	$ 593,023	$ 68,826	$ 567,136	$ 681,312	$ 228,347	$ 120,831	$ 217,823
Non-pooled cash and cash equivalents	923,880	2,993,570	347,433	2,862,890	3,439,247	1,152,692	609,952	1,099,564
Investments	-	485,494	2,014,364	97,100	194,198	1,329,047	1,177,170	97,099
Receivables, net of allowance for uncollectible								
Accounts receivable	-	34,960	-	-	-	-	-	-
Due from other governmental units	66,320	-	-	-	-	-	-	106,472
Total assets	$ 1,173,220	$ 4,107,047	$ 2,430,623	$ 3,527,126	$ 4,314,757	$ 2,710,086	$ 1,907,953	$ 1,520,958
LIABILITIES AND FUND BALANCES								
Liabilities								
Vouchers and accounts payable	$ 416	$ 122,537	$ 107,310	$ 24,567	$ 26,063	$ 1,839	$ 72,076	$ -
Total liabilities	416	122,537	107,310	24,567	26,063	1,839	72,076	-
Fund balances								
Assigned	1,172,804	3,984,510	2,323,313	3,502,559	4,288,694	2,708,247	1,835,877	1,520,958
Total fund balances	1,172,804	3,984,510	2,323,313	3,502,559	4,288,694	2,708,247	1,835,877	1,520,958
Total liabilities and fund balances	$ 1,173,220	$ 4,107,047	$ 2,430,623	$ 3,527,126	$ 4,314,757	$ 2,710,086	$ 1,907,953	$ 1,520,958

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Capital Projects Funds (Continued)
June 30, 2026

	Parks Capital Improvements	800 Trunking Radio Systems Improvements	Downtown Development	Fire Capital Improvements	Police Capital Improvements	Total Nonmajor Capital Projects Funds
ASSETS						
Pooled cash and cash equivalents	$ 1,089,730	$ 229,539	$ 93,752	$ 487,107	$ 279,653	$ 4,840,099
Non-pooled cash and cash equivalents	5,500,935	1,158,710	473,256	2,458,909	1,411,682	24,432,720
Investments	4,886,002	666,950	1,648,593	-	-	12,596,017
Receivables, net of allowance for uncollectible						
Accounts receivable	250,730	105,644	-	-	-	391,334
Due from other governmental units	-	4,227	-	134,775	-	311,794
Total assets	$ 11,727,397	$ 2,165,070	$ 2,215,601	$ 3,080,791	$ 1,691,335	$ 42,571,964
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	$ 58,446	$ -	$ 2	$ -	$ 9,325	$ 422,581
Total liabilities	58,446	-	2	-	9,325	422,581
Fund balances						
Assigned	11,668,951	2,165,070	2,215,599	3,080,791	1,682,010	42,149,383
Total fund balances	11,668,951	2,165,070	2,215,599	3,080,791	1,682,010	42,149,383
Total liabilities and fund balances	$ 11,727,397	$ 2,165,070	$ 2,215,601	$ 3,080,791	$ 1,691,335	$ 42,571,964

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Debt Service Funds
June 30, 2026

	Debt Service	TIF District	Total Nonmajor Debt Service Funds
ASSETS			
Pooled cash and cash equivalents	$ -	$ 188,424	$ 188,424
Non-pooled cash and cash equivalents	-	951,160	951,160
Investments	-	2,983,745	2,983,745
Total assets	$ -	$ 4,123,329	$ 4,123,329
LIABILITIES AND FUND BALANCES			
Vouchers and accounts payable	-	6,726	6,726
Total liabilities	-	6,726	6,726
Fund balances			
Assigned	-	4,116,603	4,116,603
Total fund balances	-	4,116,603	4,116,603
Total liabilities and fund balances	$ -	$ 4,123,329	$ 4,123,329

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2026

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Nonmajor Permanent Fund-Cemetery Perpetual	Total Nonmajor Governmental Funds
REVENUES					
Property taxes	$ 1,108,130	$ -	$ -	$ -	$ 1,108,130
Insurance premium taxes	4,594,745	-	-	-	4,594,745
Occupational fees and net profits	5,994,350	-	-	-	5,994,350
Intergovernmental	9,471,652	595,445	-	-	10,067,097
Investment income	681,155	393,672	86,281	83,690	1,244,798
Charges for services	84,996	146,178	-	-	231,174
Rent income	1,800	-	-	-	1,800
Contributions and donations	631,565	1,292,166	-	-	1,923,731
Miscellaneous	334,092	474,857	-	4,132	813,081
Total revenues	22,902,485	2,902,318	86,281	87,822	25,978,906
EXPENDITURES					
Current:					
General government	120,041	1,598,493	-	-	1,718,534
Public safety	1,397,980	568,159	-	-	1,966,139
Public works	271,133	838,954	-	-	1,110,087
Parks and recreation	-	1,287,266	-	29,891	1,317,157
Neighborhood and community services	11,758,968	148,342	-	-	11,907,310
Agency services	306,239	60,000	-	-	366,239
Capital outlay	2,157,752	19,891,161	-	-	22,048,913
Debt service:					
Principal	-	-	2,866,765	-	2,866,765
Interest expense	-	-	845,138	-	845,138
Total expenditures	16,012,113	24,392,375	3,711,903	29,891	44,146,282
Excess (deficiency) of revenues over (under) expenditures	6,890,372	(21,490,057)	(3,625,622)	57,931	(18,167,376)
Other financing sources (uses):					
Proceeds from sale of capital assets	6,000	145,645	-	-	151,645
Transfers in	309,685	9,355,925	3,641,617	-	13,307,227
Transfers out	(5,663,737)	(457,487)	-	-	(6,121,224)
Issuance of debt	-	3,100,000	-	-	3,100,000
Total other financing sources (uses)	(5,348,052)	12,144,083	3,641,617	-	10,437,648
Net change in fund balances	1,542,320	(9,345,974)	15,995	57,931	(7,729,728)
Fund balances, beginning	20,940,257	57,304,386	4,100,608	1,497,699	83,842,950
Change within financial reporting entity	1,766,628	(5,809,029)	-	-	(4,042,401)
Fund balances, beginning as restated	22,706,885	51,495,357	4,100,608	1,497,699	79,800,549
Fund balances, ending	$ 24,249,205	$ 42,149,383	$ 4,116,603	$ 1,555,630	$ 72,070,821

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor - Special Revenue Funds
Year Ended June 30, 2026

	Fire Improvement	Community Development	A Better BGKY Inc	Job Development Incentive	Parks Development	Landfill Closure
REVENUES						
Property taxes	$ -	$ -	$ -	$ 92,939	$ 581,525	$ -
Insurance premium taxes	4,594,745	-	-	-	-	-
Occupational fees and net profits	-	-	-	2,918,220	1,850,434	-
Intergovernmental	3,644	9,453,568	-	-	-	-
Investment income	41,030	12,833	-	432,899	-	90,238
Charges for services	-	-	-	-	-	-
Rent income	-	-	-	-	-	1,800
Contributions and donations	5,000	-	102,541	-	-	153,860
Miscellaneous	13,590	146,877	-	23,625	-	-
Total revenues	4,658,009	9,613,278	102,541	3,467,683	2,431,959	245,898
EXPENDITURES						
Current:						
General government	-	-	120,041	-	-	-
Public safety	677,079	-	-	-	-	-
Public works	-	-	-	-	-	271,133
Neighborhood and community services	-	9,293,058	-	744,712	-	-
Agency services	-	-	-	-	-	-
Capital outlay	273,781	451,326	-	1,249,991	-	-
Total expenditures	950,860	9,744,384	120,041	1,994,703	-	271,133
Excess (deficiency) of revenues over (under) expenditures	3,707,149	(131,106)	(17,500)	1,472,980	2,431,959	(25,235)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(2,788,803)	-	-	(442,975)	(2,431,959)	-
Proceeds from sale of capital assets	6,000	-	-	-	-	-
Total other financing sources (uses)	(2,782,803)	-	-	(442,975)	(2,431,959)	-
Net change in fund balances	924,346	(131,106)	(17,500)	1,030,005	-	(25,235)
Fund balances, beginning	3,272,996	-	40,000	9,493,099	-	1,089,910
Change within financial reporting entity	-	1,766,628	-	-	-	-
Fund balances, beginning as restated	3,272,996	1,766,628	40,000	9,493,099	-	1,089,910
Fund balances, ending	$ 4,197,342	$ 1,635,522	$ 22,500	$ 10,523,104	$ -	$ 1,064,675

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds (Continued)
Year Ended June 30, 2026

	Local Law Enforcement	Radio System	Police Improvement	Lampkin Park Trust	American Rescue Plan Act	Special Taxing Districts	Total Nonmajor Special Revenue Funds
REVENUES							
Property taxes	$ -	$ -	$ -	$ -	$ -	$ 433,666	$ 1,108,130
Insurance premium taxes	-	-	-	-	-	-	4,594,745
Occupational fees and net profits	-	-	-	-	-	1,225,696	5,994,350
Intergovernmental	14,440	-	-	-	-	-	9,471,652
Investment income	-	-	2,755	-	81,057	20,343	681,155
Charges for services	-	-	84,996	-	-	-	84,996
Rent income	-	-	-	-	-	-	1,800
Contributions and donations	-	360,962	-	9,202	-	-	631,565
Miscellaneous	-	-	150,000	-	-	-	334,092
Total revenues	14,440	360,962	237,751	9,202	81,057	1,679,705	22,902,485
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	120,041
Public safety	14,440	655,307	51,154	-	-	-	1,397,980
Public works	-	-	-	-	-	-	271,133
Neighborhood and community services	-	-	-	-	1,721,198	-	11,758,968
Agency services	-	-	-	-	306,239	-	306,239
Capital outlay	-	-	182,654	-	-	-	2,157,752
Total expenditures	14,440	655,307	233,808	-	2,027,437	-	16,012,113
Excess (deficiency) of revenues over (under) expenditures	-	(294,345)	3,943	9,202	(1,946,380)	1,679,705	6,890,372
Other financing sources (uses):							
Transfers in	-	309,685	-	-	-	-	309,685
Transfers out	-	-	-	-	-	-	(5,663,737)
Proceeds from sale of capital assets	-	-	-	-	-	-	6,000
Total other financing sources (uses)	-	309,685	-	-	-	-	(5,348,052)
Net change in fund balances	-	15,340	3,943	9,202	(1,946,380)	1,679,705	1,542,320
Fund balances, beginning	-	77,962	449,170	64,970	3,478,498	2,973,652	20,940,257
Change within financial reporting entity	-	-	-	-	-	-	1,766,628
Fund balances, beginning as restated	-	77,962	449,170	64,970	3,478,498	2,973,652	22,706,885
Fund balances, ending	$ -	$ 93,302	$ 453,113	$ 74,172	$ 1,532,118	$ 4,653,357	$ 24,249,205

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds
Year Ended June 30, 2026

	Capital Community Grant Projects	Equipment Replacement	Road Construction	Riverfront Park Development	Sidewalk Improvement	Stormwater Infrastructure Improvement	Municipal Facilities	Technology Capital Improvement	Smallhouse Road Construction
REVENUES									
Intergovernmental	$ 595,445	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investment income	-	13,778	70,843	-	2,755	5,511	45,797	33,070	2,755
Charges for services	-	-	-	-	-	146,178	-	-	-
Contributions and donations	-	-	-	-	-	50	-	-	183,067
Miscellaneous	-	78,737	-	-	-	-	-	36,120	-
Total revenues	595,445	92,515	70,843	-	2,755	151,739	45,797	69,190	185,822
EXPENDITURES									
CURRENT:									
General government	-	-	-	-	-	-	57,130	1,541,363	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	21,818	-	38,891	256,658	329,723	-	183,066
Parks and recreation	-	15,634	-	-	-	-	-	-	-
Neighborhood and community services	148,342	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-
Capital outlay	356,373	2,823,900	915,021	-	421,526	1,534,381	2,502,234	772,849	-
Total expenditures	504,715	2,839,534	936,839	-	460,417	1,791,039	2,889,087	2,314,212	183,066
Excess (deficiency) of revenues over (under) expenditures	90,730	(2,747,019)	(865,996)	-	(457,662)	(1,639,300)	(2,843,290)	(2,245,022)	2,756
Other financing sources (uses):									
Transfers in	371,325	2,208,226	-	-	600,000	1,900,000	-	800,000	-
Transfers out	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	145,645	-	-	-	-	-	-	-
Total other financing sources (uses)	371,325	2,353,871	-	-	600,000	1,900,000	-	800,000	-
Net change in fund balances	462,055	(393,148)	(865,996)	-	142,338	260,700	(2,843,290)	(1,445,022)	2,756
Fund balances, beginning	710,749	4,377,658	3,189,309	7,880,252	3,360,221	4,027,994	5,551,537	3,280,899	1,518,202
Change within financial reporting entity	-	-	-	(7,880,252)	-	-	-	-	-
Fund balances, beginning as restated	710,749	4,377,658	3,189,309	-	3,360,221	4,027,994	5,551,537	3,280,899	1,518,202
Fund balances, ending	$ 1,172,804	$ 3,984,510	$ 2,323,313	$ -	$ 3,502,559	$ 4,288,694	$ 2,708,247	$ 1,835,877	$ 1,520,958

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds (Continued)
Year Ended June 30, 2026

	Parks Capital Improvements	800 Trunking Radio Systems Improvements	Downtown Development	Fire Capital Improvements	Bluegrass Farms Blvd	Police Capital Improvements	Total Nonmajor Capital Projects Funds
REVENUES							
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ 595,445
Investment income	137,781	19,365	62,017	-	-	-	393,672
Charges for services	-	-	-	-	-	-	146,178
Contributions and donations	-	109,871	-	-	999,178	-	1,292,166
Miscellaneous	-	-	-	360,000	-	-	474,857
Total revenues	137,781	129,236	62,017	360,000	999,178	-	2,902,318
EXPENDITURES							
CURRENT:							
General government	-	-	-	-	-	-	1,598,493
Public safety	-	62,683	-	28,030	-	477,446	568,159
Public works	-	-	-	-	8,798	-	838,954
Parks and recreation	917,000	-	354,632	-	-	-	1,287,266
Neighborhood and community services	-	-	-	-	-	-	148,342
Agency services	-	-	60,000	-	-	-	60,000
Capital outlay	2,642,072	215,258	21,203	1,977,231	2,604,116	3,104,997	19,891,161
Total expenditures	3,559,072	277,941	435,835	2,005,261	2,612,914	3,582,443	24,392,375
Excess (deficiency) of revenues over (under) expenditures	(3,421,291)	(148,705)	(373,818)	(1,645,261)	(1,613,736)	(3,582,443)	(21,490,057)
Other financing sources (uses):							
Transfers in	3,131,959	65,915	28,500	250,000	-	-	9,355,925
Transfers out	-	-	-	-	(457,487)	-	(457,487)
Issuance of debt	-	-	-	-	-	3,100,000	3,100,000
Proceeds from sale of capital assets	-	-	-	-	-	-	145,645
Total other financing sources (uses)	3,131,959	65,915	28,500	250,000	(457,487)	3,100,000	12,144,083
Net change in fund balances	(289,332)	(82,790)	(345,318)	(1,395,261)	(2,071,223)	(482,443)	(9,345,974)
Fund balances, beginning	11,958,283	2,247,860	2,560,917	4,476,052	-	2,164,453	57,304,386
Change within financial reporting entity	-	-	-	-	2,071,223	-	(5,809,029)
Fund balances, beginning as restated	11,958,283	2,247,860	2,560,917	4,476,052	2,071,223	2,164,453	51,495,357
Fund balances, ending	$ 11,668,951	$ 2,165,070	$ 2,215,599	$ 3,080,791	$ -	$ 1,682,010	$ 42,149,383

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended June 30, 2026

	Debt Service	TIF District	Total Nonmajor Debt Service Funds
REVENUES			
Investment income	$ -	$ 86,281	$ 86,281
Total revenues	-	86,281	86,281
EXPENDITURES			
Debt service:			
Principal	1,941,765	925,000	2,866,765
Interest expense	316,852	528,286	845,138
Total expenditures	2,258,617	1,453,286	3,711,903
Excess (deficiency) of revenues over (under) expenditures	(2,258,617)	(1,367,005)	(3,625,622)
Other financing sources (uses):			
Transfers in	2,258,617	1,383,000	3,641,617
Total other financing sources (uses)	2,258,617	1,383,000	3,641,617
Net change in fund balances	-	15,995	15,995
Fund balances, beginning	-	4,100,608	4,100,608
Fund balances, ending	$ -	$ 4,116,603	$ 4,116,603

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Riverfront Park Development Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 7,666,000	$ 750,000	$ (6,916,000)
Investment income	100,250	100,250	152,036	51,786
Total revenues	100,250	7,766,250	902,036	(6,864,214)
EXPENDITURES				
Current:				
Public works	-	427	427	-
Parks and recreation	-	749,124	601,817	147,307
Capital outlay	4,000,000	16,484,189	3,190,657	13,293,532
Total expenditures	4,000,000	17,233,740	3,792,901	13,440,839
Excess (deficiency) of revenues over (under) expenses	(3,899,750)	(9,467,490)	(2,890,865)	6,576,625
Other financing sources (Uses)				
Transfers in	4,000,000	4,000,000	4,000,000	-
Total other financing sources (uses)	4,000,000	4,000,000	4,000,000	-
Net change in budgetary fund balances	100,250	(5,467,490)	1,109,135	6,576,625
Fund balances, beginning of year	7,880,252	7,880,252	7,880,252	-
Fund balances, end of year	$ 7,980,502	$ 2,412,762	$ 8,989,387	$ 6,576,625

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
ITA Bond Debt Service Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 77,000	$ 77,000	$ 77,056	$ 56
Total revenues	77,000	77,000	77,056	56
EXPENDITURES				
Current:				
General government	750	2,417,319	2,702,804	285,485
Debt service				
Principal	305,000	305,000	305,000	-
Interest expense	890,000	889,850	889,000	(850)
Total expenditures	1,195,750	3,612,169	3,896,804	284,635
Excess (deficiency) of revenues over (under) expenses	(1,118,750)	(3,535,169)	(3,819,748)	(284,579)
Other financing sources (uses)				
Transfers in	1,195,000	1,195,000	442,975	(752,025)
Total other financing sources (uses)	1,195,000	1,195,000	442,975	(752,025)
Net change in budgetary fund balances	76,250	(2,340,169)	(3,376,773)	(1,036,604)
Fund balances, beginning of year	48,410,920	48,410,920	48,410,920	-
Fund balances, end of year	$ 48,487,170	$ 46,070,751	$ 45,034,147	$ (1,036,604)

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Debt Service Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Debt service				
Principal	$ 1,942,900	$ 1,942,622	$ 1,941,765	$ 857
Interest expense	318,100	318,378	316,852	1,526
Total expenditures	2,261,000	2,261,000	2,258,617	2,383
Excess (deficiency) of revenues over (under) expenditures	(2,261,000)	(2,261,000)	(2,258,617)	2,383
Other financing sources (uses)				
Transfers in	2,261,000	2,261,000	2,258,617	(2,383)
Total other financing sources (uses)	2,261,000	2,261,000	2,258,617	(2,383)
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	$ -	$ -	$ -	$ -

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
TIF District Debt Service Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 71,825	$ 71,825	$ 86,281	$ 14,456
Total revenues	71,825	71,825	86,281	14,456
EXPENDITURES				
Debt service				
Principal	925,000	925,000	925,000	-
Interest expense	529,000	529,000	528,286	714
Total expenditures	1,454,000	1,454,000	1,453,286	714
Excess (deficiency) of revenues over (under) expenses	(1,382,175)	(1,382,175)	(1,367,005)	15,170
Other financing sources (uses)				
Transfers in	1,383,000	1,383,000	1,383,000	-
Total other financing sources (uses)	1,383,000	1,383,000	1,383,000	-
Net change in fund balances	825	825	15,995	15,170
Fund balances, beginning	4,100,608	4,100,608	4,100,608	-
Fund balances, ending	$ 4,101,433	$ 4,101,433	$ 4,116,603	$ 15,170

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Fire Improvement Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Insurance premium taxes	$ 4,004,000	$ 4,004,000	$ 4,594,745	$ 590,745
Intergovernmental	-	-	3,644	3,644
Investment income	27,500	27,500	41,030	13,530
Contributions and donations	-	5,000	5,000	-
Miscellaneous	20,750	20,750	13,590	(7,160)
Total revenues	4,052,250	4,057,250	4,658,009	600,759
EXPENDITURES				
Current:				
Public safety	577,620	729,106	677,079	52,027
Capital outlay	279,650	279,456	273,781	5,675
Total expenditures	857,270	1,008,562	950,860	57,702
Excess (deficiency) of revenues over (under) expenses	3,194,980	3,048,688	3,707,149	658,461
Other financing sources (uses)				
Transfers out	(2,790,755)	(2,790,755)	(2,788,803)	1,952
Proceeds from sale of capital assets	-	-	6,000	6,000
Total other financing sources (uses)	(2,790,755)	(2,790,755)	(2,782,803)	7,952
Net change in fund balances	404,225	257,933	924,346	666,413
Fund balances, beginning	3,272,996	3,272,996	3,272,996	-
Fund balances, ending	$ 3,677,221	$ 3,530,929	$ 4,197,342	$ 666,413

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Community Development Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 6,602,108	$ 21,505,770	$ 9,453,568	$(12,052,202)
Investment income	30,206	30,206	12,833	(17,373)
Miscellaneous	152,966	152,966	146,877	(6,089)
Total revenues	6,785,280	21,688,942	9,613,278	(12,075,664)
EXPENDITURES				
Current:				
Neighborhood and community services	6,278,858	10,479,752	9,293,058	1,186,694
Capital outlay	560,000	6,103,896	451,326	5,652,570
Total expenditures	6,838,858	16,583,648	9,744,384	6,839,264
Excess (deficiency) of revenues over (under) expenses	(53,578)	5,105,294	(131,106)	(5,236,400)
Other financing sources (Uses)				
Transfers out	-	(93,597)	-	93,597
Net change in budgetary fund balances	(53,578)	5,011,697	(131,106)	(5,142,803)
Fund balances, beginning of year	1,766,628	1,766,628	1,766,628	-
Fund balances, end of year	$ 1,713,050	$ 6,778,325	$ 1,635,522	$ (5,142,803)

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
A Better BGKY Inc Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Contributions and donations	$ -	$ 95,041	$ 102,541	$ 7,500
Miscellaneous	-	900	-	(900)
Total revenues	-	95,941	102,541	6,600
EXPENDITURES				
Current:				
General government	-	135,941	120,041	15,900
Total expenditures	-	135,941	120,041	15,900
Excess (deficiency) of revenues over (under) expenses	-	(40,000)	(17,500)	22,500
Net change in fund balances	-	(40,000)	(17,500)	22,500
Fund balances, beginning	-	-	40,000	40,000
Fund balances, ending	$ -	$ (40,000)	$ 22,500	$ 62,500

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Job Development Incentive Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	$ 103,500	$ 103,500	$ 92,939	$ (10,561)
Occupational fees and net profits	2,826,800	2,826,800	2,918,220	91,420
Investment income	125,000	125,000	432,899	307,899
Miscellaneous	-	-	23,625	23,625
Total revenues	3,055,300	3,055,300	3,467,683	412,383
EXPENDITURES				
Current:				
Neighborhood and community services	477,500	961,159	744,712	216,447
Capital outlay	-	1,249,991	1,249,991	-
Total expenditures	477,500	2,211,150	1,994,703	216,447
Excess (deficiency) of revenues over (under) expenses	2,577,800	844,150	1,472,980	628,830
Other financing sources (uses)				
Transfers out	(1,195,000)	(1,195,000)	(442,975)	752,025
Total other financing sources (uses)	(1,195,000)	(1,195,000)	(442,975)	752,025
Net change in fund balances	1,382,800	(350,850)	1,030,005	1,380,855
Fund balances, beginning	9,493,099	9,493,099	9,493,099	-
Fund balances, ending	$ 10,875,899	$ 9,142,249	$ 10,523,104	$ 1,380,855

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Parks Development Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	$ 716,250	$ 716,250	$ 581,525	$ (134,725)
Occupational fees and net profits	1,896,500	1,896,500	1,850,434	(46,066)
Total revenues	2,612,750	2,612,750	2,431,959	(180,791)
Excess (deficiency) of revenues over (under) expenses	2,612,750	2,612,750	2,431,959	(180,791)
Other financing sources (uses)				
Transfers out	(2,612,750)	(2,612,750)	(2,431,959)	180,791
Total other financing sources (uses)	(2,612,750)	(2,612,750)	(2,431,959)	180,791
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	$ -	$ -	$ -	$ -

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Landfill Closure Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 24,350	$ 24,350	$ 90,238	$ 65,888
Rent income	800	800	1,800	1,000
Contributions and donations	-	196,000	153,860	(42,140)
Total revenues	25,150	221,150	245,898	24,748
EXPENDITURES				
Current:				
Public works	53,755	315,297	271,133	44,164
Capital outlay	85,000	10,383	-	10,383
Total expenditures	138,755	325,680	271,133	54,547
Excess (deficiency) of revenues over (under) expenses	(113,605)	(104,530)	(25,235)	79,295
Net change in fund balances	(113,605)	(104,530)	(25,235)	79,295
Fund balances, beginning	1,089,910	1,089,910	1,089,910	-
Fund balances, ending	$ 976,305	$ 985,380	$ 1,064,675	$ 79,295

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Local Law Enforcement Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 44,924	$ 14,440	$ (30,484)
Total revenues	-	44,924	14,440	(30,484)
EXPENDITURES				
Current:				
Public safety	-	44,924	14,440	30,484
Total expenditures	-	44,924	14,440	30,484
Excess (deficiency) of revenues over (under) expenses	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	$ -	$ -	$ -	$ -

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Radio System Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Contributions and donations	$ 408,085	$ 408,085	$ 360,962	$ (47,123)
Total revenues	408,085	408,085	360,962	(47,123)
EXPENDITURES				
Current:				
Public safety	717,770	715,984	655,307	60,677
Total expenditures	717,770	715,984	655,307	60,677
Excess (deficiency) of revenues over (under) expenses	(309,685)	(307,899)	(294,345)	13,554
Other financing sources (uses)				
Transfers in	309,685	309,685	309,685	-
Total other financing sources (uses)	309,685	309,685	309,685	-
Net change in fund balances	-	1,786	15,340	13,554
Fund balances, beginning	77,962	77,962	77,962	-
Fund balances, ending	$ 77,962	$ 79,748	$ 93,302	$ 13,554

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Police Improvement Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 2,500	$ 2,500	$ 2,755	$ 255
Charges for services	79,000	79,000	84,996	5,996
Miscellaneous	-	150,000	150,000	-
Total revenues	81,500	231,500	237,751	6,251
EXPENDITURES				
Current:				
Public safety	20,420	64,006	51,154	12,852
Capital outlay	-	211,101	182,654	28,447
Total expenditures	20,420	275,107	233,808	41,299
Excess (deficiency) of revenues over (under) expenses	61,080	(43,607)	3,943	47,550
Net change in fund balances	61,080	(43,607)	3,943	47,550
Fund balances, beginning	449,170	449,170	449,170	-
Fund balances, ending	$ 510,250	$ 405,563	$ 453,113	$ 47,550

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Lampkin Park Trust Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Contributions and donations	$ 8,000	$ 8,000	$ 9,202	$ 1,202
Total revenues	8,000	8,000	9,202	1,202
Excess (deficiency) of revenues over (under) expenses	8,000	8,000	9,202	1,202
Net change in fund balances	8,000	8,000	9,202	1,202
Fund balances, beginning	64,970	64,970	64,970	-
Fund balances, ending	$ 72,970	$ 72,970	$ 74,172	$ 1,202

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
American Rescue Plan Act Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 20,000	$ 20,000	$ 81,057	$ 61,057
Total revenues	20,000	20,000	81,057	61,057
EXPENDITURES				
Current:				
Neighborhood and community services	-	1,721,197	1,721,198	(1)
Agency services	-	355,995	306,239	49,756
Total expenditures	-	2,077,192	2,027,437	49,755
Excess (deficiency) of revenues over (under) expenses	20,000	(2,057,192)	(1,946,380)	110,812
Net change in fund balances	20,000	(2,057,192)	(1,946,380)	110,812
Fund balances, beginning	3,478,498	3,478,498	3,478,498	-
Fund balances, ending	$ 3,498,498	$ 1,421,306	$ 1,532,118	$ 110,812

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Special Taxing Districts Special Revenue Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	$ 541,000	$ 541,000	$ 433,666	$ (107,334)
Occupational fees and net profits	1,231,000	1,231,000	1,225,696	(5,304)
Investment income	13,900	13,900	20,343	6,443
Total revenues	1,785,900	1,785,900	1,679,705	(106,195)
Excess (deficiency) of revenues over (under) expenses	1,785,900	1,785,900	1,679,705	(106,195)
Net change in fund balances	1,785,900	1,785,900	1,679,705	(106,195)
Fund balances, beginning	2,561,231	2,561,231	2,973,652	412,421
Fund balances, ending	$ 4,347,131	$ 4,347,131	$ 4,653,357	$ 306,226

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Capital Community Grant Projects Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 1,835,100	$ 595,445	$ (1,239,655)
Total revenues	-	1,835,100	595,445	(1,239,655)
EXPENDITURES				
Current:				
Neighborhood and community services	400,000	964,351	148,342	816,009
Capital outlay	371,325	1,588,927	356,373	1,232,554
Total expenditures	771,325	2,553,278	504,715	2,048,563
Excess (deficiency) of revenues over (under) expenses	(771,325)	(718,178)	90,730	808,908
Other financing sources (uses)				
Transfers in	371,325	371,325	371,325	-
Total other financing sources (uses)	371,325	371,325	371,325	-
Net change in fund balances	(400,000)	(346,853)	462,055	808,908
Fund balances, beginning	710,749	710,749	710,749	-
Fund balances, ending	$ 310,749	$ 363,896	$ 1,172,804	$ 808,908

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Equipment Replacement Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 12,000	$ 12,000	$ 13,778	$ 1,778
Miscellaneous	-	71,512	78,737	7,225
Total revenues	12,000	83,512	92,515	9,003
EXPENDITURES				
Current:				
Parks and recreation	-	515,635	15,634	500,001
Capital outlay	3,601,150	3,252,578	2,823,900	428,678
Total expenditures	3,601,150	3,768,213	2,839,534	928,679
Excess (deficiency) of revenues over (under) expenses	(3,589,150)	(3,684,701)	(2,747,019)	937,682
Other financing sources (uses)				
Transfers in	2,200,000	2,208,226	2,208,226	-
Proceeds from sale of capital assets	-	-	145,645	145,645
Total other financing sources (uses)	2,200,000	2,208,226	2,353,871	145,645
Net change in fund balances	(1,389,150)	(1,476,475)	(393,148)	1,083,327
Fund balances, beginning	4,377,658	4,377,658	4,377,658	-
Fund balances, ending	$ 2,988,508	$ 2,901,183	$ 3,984,510	$ 1,083,327

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Road Construction Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 71,500	$ 71,500	$ 70,843	$ (657)
Total revenues	71,500	71,500	70,843	(657)
EXPENDITURES				
Current:				
Public works	-	250,318	21,818	228,500
Capital outlay	1,000,000	915,023	915,021	2
Total expenditures	1,000,000	1,165,341	936,839	228,502
Excess (deficiency) of revenues over (under) expenses	(928,500)	(1,093,841)	(865,996)	227,845
Net change in fund balances	(928,500)	(1,093,841)	(865,996)	227,845
Fund balances, beginning	3,189,309	3,189,309	3,189,309	-
Fund balances, ending	$ 2,260,809	$ 2,095,468	$ 2,323,313	$ 227,845

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Sidewalk Improvement Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 2,400	$ 2,400	$ 2,755	$ 355
Total revenues	2,400	2,400	2,755	355
EXPENDITURES				
Current:				
Public works	-	38,891	38,891	-
Capital outlay	600,000	2,914,689	421,526	2,493,163
Total expenditures	600,000	2,953,580	460,417	2,493,163
Excess (deficiency) of revenues over (under) expenses	(597,600)	(2,951,180)	(457,662)	2,493,518
Other financing sources (uses)				
Transfers in	600,000	600,000	600,000	-
Total other financing sources (uses)	600,000	600,000	600,000	-
Net change in fund balances	2,400	(2,351,180)	142,338	2,493,518
Fund balances, beginning	3,360,221	3,360,221	3,360,221	-
Fund balances, ending	$ 3,362,621	$ 1,009,041	$ 3,502,559	$ 2,493,518

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Stormwater Infrastructure Improvement Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 4,800	$ 4,800	$ 5,511	$ 711
Charges for services	-	146,178	146,178	-
Contributions and donations	-	-	50	50
Total revenues	4,800	150,978	151,739	761
EXPENDITURES				
Current:				
Public works	-	256,658	256,658	-
Capital outlay	1,900,000	4,532,689	1,534,381	2,998,308
Total expenditures	1,900,000	4,789,347	1,791,039	2,998,308
Excess (deficiency) of revenues over (under) expenses	(1,895,200)	(4,638,369)	(1,639,300)	2,999,069
Other financing sources (uses)				
Transfers in	1,900,000	1,900,000	1,900,000	-
Total other financing sources (uses)	1,900,000	1,900,000	1,900,000	-
Net change in fund balances	4,800	(2,738,369)	260,700	2,999,069
Fund balances, beginning	4,027,994	4,027,994	4,027,994	-
Fund balances, ending	$ 4,032,794	$ 1,289,625	$ 4,288,694	$ 2,999,069

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Municipal Facilities Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 20,500	$ 20,500	$ 45,797	$ 25,297
Total revenues	20,500	20,500	45,797	25,297
EXPENDITURES				
Current:				
General government	-	57,130	57,130	-
Public works	-	597,410	329,723	267,687
Capital outlay	-	2,502,234	2,502,234	-
Total expenditures	-	3,156,774	2,889,087	267,687
Excess (deficiency) of revenues over (under) expenses	20,500	(3,136,274)	(2,843,290)	292,984
Net change in fund balances	20,500	(3,136,274)	(2,843,290)	292,984
Fund balances, beginning	5,551,537	5,551,537	5,551,537	-
Fund balances, ending	$ 5,572,037	$ 2,415,263	$ 2,708,247	$ 292,984

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Technology Capital Improvement Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 29,000	$ 29,000	$ 33,070	$ 4,070
Miscellaneous	36,200	36,200	36,120	(80)
Total revenues	65,200	65,200	69,190	3,990
EXPENDITURES				
Current:				
General government	903,000	1,902,432	1,541,363	361,069
Capital outlay	50,000	812,022	772,849	39,173
Total expenditures	953,000	2,714,454	2,314,212	400,242
Excess (deficiency) of revenues over (under) expenses	(887,800)	(2,649,254)	(2,245,022)	404,232
Other financing sources (uses)				
Transfers in	800,000	800,000	800,000	-
Total other financing sources (uses)	800,000	800,000	800,000	-
Net change in fund balances	(87,800)	(1,849,254)	(1,445,022)	404,232
Fund balances, beginning	3,280,899	3,280,899	3,280,899	-
Fund balances, ending	$ 3,193,099	$ 1,431,645	$ 1,835,877	$ 404,232

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Smallhouse Road Construction Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 2,400	$ 2,400	$ 2,755	$ 355
Contributions and donations	-	909,273	183,067	(726,206)
Total revenues	2,400	911,673	185,822	(725,851)
EXPENDITURES				
Current:				
Public works	-	183,068	183,066	2
Capital outlay	-	249,350	-	249,350
Total expenditures	-	432,418	183,066	249,352
Excess (deficiency) of revenues over (under) expenses	2,400	479,255	2,756	(476,499)
Net change in fund balances	2,400	479,255	2,756	(476,499)
Fund balances, beginning	1,518,202	1,518,202	1,518,202	-
Fund balances, ending	$ 1,520,602	$ 1,997,457	$ 1,520,958	$ (476,499)

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Parks Capital Improvements Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 143,000	$ 143,000	$ 137,781	$ (5,219)
Total revenues	143,000	143,000	137,781	(5,219)
EXPENDITURES				
Current:				
Parks and recreation	425,000	1,408,118	917,000	491,118
Capital outlay	5,850,000	5,803,494	2,642,072	3,161,422
Total expenditures	6,275,000	7,211,612	3,559,072	3,652,540
Excess (deficiency) of revenues over (under) expenses	(6,132,000)	(7,068,612)	(3,421,291)	3,647,321
Other financing sources (uses)				
Transfers in	4,497,493	4,497,493	3,131,959	(1,365,534)
Total other financing sources (uses)	4,497,493	4,497,493	3,131,959	(1,365,534)
Net change in fund balances	(1,634,507)	(2,571,119)	(289,332)	2,281,787
Fund balances, beginning	11,958,283	11,958,283	11,958,283	-
Fund balances, ending	$ 10,323,776	$ 9,387,164	$ 11,668,951	$ 2,281,787

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
800 Trunking Radio Systems Improvements Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 14,400	$ 14,400	$ 19,365	$ 4,965
Contributions and donations	500,000	500,000	109,871	(390,129)
Total revenues	514,400	514,400	129,236	(385,164)
EXPENDITURES				
Current:				
Public safety	-	62,682	62,683	(1)
Capital outlay	1,000,000	833,092	215,258	617,834
Total expenditures	1,000,000	895,774	277,941	617,833
Excess (deficiency) of revenues over (under) expenses	(485,600)	(381,374)	(148,705)	232,669
Other financing sources (uses)				
Transfers in	65,915	65,915	65,915	-
Total other financing sources (uses)	65,915	65,915	65,915	-
Net change in fund balances	(419,685)	(315,459)	(82,790)	232,669
Fund balances, beginning	2,247,860	2,247,860	2,247,860	-
Fund balances, ending	$ 1,828,175	$ 1,932,401	$ 2,165,070	$ 232,669

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Downtown Development Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 38,000	$ 38,000	$ 62,017	$ 24,017
Total revenues	38,000	38,000	62,017	24,017
EXPENDITURES				
Parks and recreation	650,000	359,885	354,632	5,253
Agency services	-	93,000	60,000	33,000
Capital outlay	-	1,630,927	21,203	1,609,724
Total expenditures	650,000	2,083,812	435,835	1,647,977
Excess (deficiency) of revenues over (under) expenses	(612,000)	(2,045,812)	(373,818)	1,671,994
Other financing sources (Uses)				
Transfers in	-	28,500	28,500	-
Total other financing sources (uses)	-	28,500	28,500	-
Net change in fund balances	(612,000)	(2,017,312)	(345,318)	1,671,994
Fund balances, beginning	2,560,917	2,560,917	2,560,917	-
Fund balances, ending	$ 1,948,917	$ 543,605	$ 2,215,599	$ 1,671,994

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Fire Capital Improvements Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous	$ -	$ 360,000	$ 360,000	$ -
Total revenues	-	360,000	360,000	-
EXPENDITURES				
Current:				
Public safety	-	1,156,631	28,030	1,128,601
Capital outlay	2,692,000	2,347,080	1,977,231	369,849
Total expenditures	2,692,000	3,503,711	2,005,261	1,498,450
Excess (deficiency) of revenues over (under) expenses	(2,692,000)	(3,143,711)	(1,645,261)	1,498,450
Other financing sources (Uses)				
Transfers in	250,000	343,597	250,000	(93,597)
Issuance of debt	2,442,000	5,291,261	-	(5,291,261)
Total other financing sources (uses)	2,692,000	5,634,858	250,000	(5,384,858)
Net change in fund balances	-	2,491,147	(1,395,261)	(3,886,408)
Fund balances, beginning	4,476,052	4,476,052	4,476,052	-
Fund balances, ending	$ 4,476,052	$ 6,967,199	$ 3,080,791	$ (3,886,408)

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Bluegrass Farms Blvd Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Contributions and donations	$ -	$ 999,178	$ 999,178	$ -
Total revenues	-	999,178	999,178	-
EXPENDITURES				
Current:				
Public works	-	8,798	8,798	-
Capital outlay	-	2,604,115	2,604,116	1
Total expenditures	-	2,612,913	2,612,914	1
Excess (deficiency) of revenues over (under) expenses	-	(1,613,735)	(1,613,736)	(1)
Other financing sources (Uses)				
Transfers out	-	(457,488)	(457,487)	1
Total other financing sources (uses)	-	(457,488)	(457,487)	1
Net change in budgetary fund balances	-	(2,071,223)	(2,071,223)	-
Fund balances, beginning of year	2,071,223	2,071,223	2,071,223	-
Fund balances, end of year	$ 2,071,223	$ -	$ -	$ -

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Police Capital Improvements Capital Projects Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Current:				
Public safety	$ -	$ 1,299,677	$ 477,446	$ 822,231
Capital outlay	-	3,340,154	3,104,997	235,157
Total expenditures	-	4,639,831	3,582,443	1,057,388
Excess (deficiency) of revenues over (under) expenses	-	(4,639,831)	(3,582,443)	1,057,388
Other financing sources (Uses)				
Issuance of debt	-	3,100,000	3,100,000	-
Total other financing sources (uses)	-	3,100,000	3,100,000	-
Net change in fund balances	-	(1,539,831)	(482,443)	1,057,388
Fund balances, beginning	1,500,000	1,500,000	2,164,453	664,453
Fund balances, ending	$ 1,500,000	$ (39,831)	$ 1,682,010	$ 1,721,841

See accompanying report of the independent auditor.

NONMAJOR GOVERNMENTAL FUNDS

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other governmental units, on a cost reimbursement basis.

Fleet Maintenance Fund
This fund is used to account for the operating costs of centralized maintenance of automotive equipment used by other City departments. Department billings are on cost reimbursement basis.

Employee Health Care Fund
This fund is used to account for the accumulation of resources for the purpose of funding medical costs of City employees and dependents.

Workers' Compensation Fund
This fund is used to account for the accumulation of resources for the purpose of funding workers' compensation costs of City employees.

Facilities Maintenance Fund
This fund is used to account for the operating costs of centralized maintenance of City facilities related to the general government, public works, public safety, and neighbhorhood and community services functions.

Property and Casualty Fund
This fund is used to account for the accumulation of resources for the purpose of funding property and casualty costs of the City.

City of Bowling Green, Kentucky
Combining Statement of Net Position - Internal Service Funds
June 30, 2026

	Fleet Maintenance	Employee Health Care	Workers' Compensation	Facilities Maintenance	Property and Casualty	Total Internal Service Funds
ASSETS						
Current assets						
Pooled cash and cash equivalents	$ 150,723	$ 651,513	$ 179,967	$ 192,171	$ 187,843	$ 1,362,217
Non-pooled cash and cash equivalents	760,847	3,288,825	908,470	970,076	948,229	6,876,447
Investments	194,494	1,628,538	1,372,833	-	-	3,195,865
Interest receivable	-	-	-	3,860	-	3,860
Lease receivable, current	-	-	-	141,977	-	141,977
Prepaid items	-	329,771	-	-	-	329,771
Inventories	362,256	-	-	-	-	362,256
Total current assets	1,468,320	5,898,647	2,461,270	1,308,084	1,136,072	12,272,393
Noncurrent assets						
Lease receivable	-	-	-	984,951	-	984,951
Capital and right to use assets						
Buildings	236,392	198,701	-	-	362,446	797,539
Improvements other than buildings	89,776	-	-	-	-	89,776
Machinery and equipment	291,941	16,563	226,639	68,385	192,032	795,560
Right to use subscription and lease equipment	2,733,518	-	-	-	230,656	2,964,174
	3,351,627	215,264	226,639	1,053,336	785,134	4,647,049
Less: accumulated depreciation and amortization	(1,247,386)	(53,539)	(212,473)	(12,212)	(188,795)	(1,714,405)
Total capital assets, net of accumulated depreciation	2,104,241	161,725	14,166	56,173	596,339	2,932,644
Total noncurrent assets	2,104,241	161,725	14,166	1,041,124	596,339	3,917,595
Total assets	$ 3,572,561	$ 6,060,372	$ 2,475,436	$ 2,349,208	$ 1,732,411	$ 16,189,988
LIABILITIES						
Current liabilities						
Vouchers and accounts payable	$ 68,799	$ 72,635	$ 25,578	$ 44,325	$ 28,602	$ 239,939
Accrued payroll	56,642	-	3,846	19,277	2,069	81,834
Accrued interest payable	10,859	-	-	-	1,898	12,757
Insurance claims payable	-	892,017	28,312	-	61,369	981,698
Current portion of compensated absences	77,016	-	-	20,131	-	97,147
Current portion of leases payable	533,229	-	-	-	42,492	575,721
Total current liabilities	746,545	964,652	57,736	83,733	136,430	1,989,096
Noncurrent liabilities						
Noncurrent portion of compensated absences	101,135	-	-	39,350	-	140,485
Noncurrent portion of leases payable	1,372,627	-	-	-	138,244	1,510,871
Total noncurrent liabilities	1,473,762	-	-	39,350	138,244	1,651,356
Total liabilities	2,220,307	964,652	57,736	123,083	274,674	3,640,452
DEFERRED INFLOWS OF RESOURCES						
Inflows for leases	-	-	-	1,113,890	-	1,113,890
NET POSITION						
Net invested in capital assets	198,385	161,725	14,166	56,173	415,603	846,052
Unrestricted	1,153,869	4,933,995	2,403,534	1,056,062	1,042,134	10,589,594
Total net position	$ 1,352,254	$ 5,095,720	$ 2,417,700	$ 1,112,235	$ 1,457,737	$ 11,435,646

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds
Year Ended June 30, 2026

	Fleet Maintenance	Employee Health Care	Workers' Compensation	Facilities Maintenance	Property and Casualty	Total
OPERATING REVENUES						
Charges for services	$ 3,115,045	$ -	$ -	$ -	$ 1,861	$ 3,116,906
Insurance premiums	-	11,396,774	1,161,552	-	-	12,558,326
Judgements and settlements	-	-	-	-	276,350	276,350
Contributions and donations	-	-	3,000	-	9,388	12,388
Miscellaneous	342	95	85	-	-	522
Total operating revenues	3,115,387	11,396,869	1,164,637	-	287,599	15,964,492
OPERATING EXPENSES						
Personnel services	1,251,373	-	82,341	375,922	45,170	1,754,806
Contractual services	87,077	1,090,834	69,758	225,260	25,495	1,498,424
Supplies	1,360,312	152,405	114,661	132,295	60,245	1,819,918
Utilities	-	-	-	602,521	-	602,521
Repairs and maintenance	181,376	-	185	1,041,189	14,912	1,237,662
Insurance premiums and claims	-	9,764,317	602,907	-	1,567,821	11,935,045
Depreciation	516,317	6,348	1,914	9,769	40,263	574,611
Miscellaneous	13,951	4,098	4,035	2,674	2,353	27,111
Total operating expenses	3,410,406	11,018,002	875,801	2,389,630	1,756,259	19,450,098
Operating income (loss)	(295,019)	378,867	288,836	(2,389,630)	(1,468,660)	(3,485,606)
NONCAPITAL SUBSIDIES						
Transfers in	215,875	-	-	2,460,255	1,385,000	4,061,130
Transfers out	-	-	-	-	(36,726)	(36,726)
Total noncapital subsidies	215,875	-	-	2,460,255	1,348,274	4,024,404
Operating income (loss) and noncapital subsidies	(79,144)	378,867	288,836	70,625	(120,386)	538,798
OTHER NONOPERATING REVENUE (EXPENSES)						
Investment income	5,511	129,057	104,927	-	-	239,495
Rent income	-	-	-	81,850	-	81,850
Interest income	-	-	-	16,898	-	16,898
Proceeds from sale of capital assets	1,303	-	-	-	-	1,303
Interest expense	(143,843)	-	-	-	(1,898)	(145,741)
Total other nonoperating revenue (expenses)	(137,029)	129,057	104,927	98,748	(1,898)	193,805
Increase (decrease) in net position	(216,173)	507,924	393,763	169,373	(122,284)	732,603
Net position, beginning	1,568,427	4,587,796	2,023,937	942,862	1,580,021	10,703,043
Net position, ending	$ 1,352,254	$ 5,095,720	$ 2,417,700	$ 1,112,235	$ 1,457,737	$ 11,435,646

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2026

	Fleet Maintenance	Employee Health Care	Workers' Compensation	Property and Casualty	Facilities Maintenance	Total
CASH FROM OPERATING ACTIVITIES						
Cash received from customers	$ 3,115,387	$ 1,164,637	$11,397,334	$ 287,599	$ -	$ 15,964,957
Payments to employees	(1,246,345)	(81,771)	-	(44,824)	(361,526)	(1,734,466)
Cash payments to suppliers	(1,693,457)	(171,961)	(1,311,519)	(126,958)	(2,009,930)	(5,313,825)
Claims paid	-	(649,901)	(9,559,793)	(1,608,680)	-	(11,818,374)
Net cash (used in) provided by operating activities	175,585	261,004	526,022	(1,492,863)	(2,371,456)	(2,901,708)
CASH FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	215,875	-	-	1,385,000	2,460,255	4,061,130
Transfers to other funds	-	-	-	(36,726)	-	(36,726)
Net cash provided by (used in) noncapital financing activities	215,875	-	-	1,348,274	2,460,255	4,024,404
CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(27,707)	(16,080)	(16,563)	-	-	(60,350)
Purchase of lease assets	(436,838)	-	-	(49,920)	-	(486,758)
Interest paid on lease assets	(143,843)	-	-	(1,898)	-	(145,741)
Interest payable for lease assets	2	-	-	2,028	-	2,030
Proceeds from retirement of assets	1,303	-	-	-	-	1,303
Net cash (used in) capital and related financing activities	(607,083)	(16,080)	(16,563)	(49,790)	-	(689,516)
CASH FROM INVESTING ACTIVITIES						
Interest income	2,395	104,928	129,057	-	-	236,380
Purchase of investments	(2,032)	(102,294)	(118,142)	-	-	(222,468)
Cash received from lease property	-	-	-	-	81,850	81,850
Lease interest income	-	-	-	-	16,898	16,898
Net cash provided by investing activities	363	2,634	10,915	-	98,748	112,660
Net cash increase (decreases) in cash and cash equivalents	(215,260)	247,558	520,374	(194,379)	187,547	545,840
Cash and cash equivalents at beginning of period	1,126,830	840,879	3,419,964	1,330,451	974,700	7,692,824
Cash and cash equivalents at end of period	$ 911,570	$ 1,088,437	$ 1,088,437	$ 1,136,072	$ 1,162,247	$ 8,238,664
Reconciliation of operating income to net cash used in operating activities						
Operating income (loss)	$ (295,019)	$ 288,836	$ 378,867	$(1,468,660)	$ (2,389,630)	$ (3,485,606)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	516,317	1,914	6,348	40,263	9,769	574,611
Lease interest income	-	-	-	-	(16,897)	(16,897)
Changes in assets and liabilities:						
Inventories	(66,633)	-	-	-	-	(66,633)
Accounts receivable	-	-	465	-	-	465
Prepaid items	-	-	(89,746)	-	-	(89,746)
Accounts payable	15,892	16,678	25,564	(23,953)	10,906	45,087
Compensated absences	(6,167)	-	-	-	7,204	1,037
Accrued payroll	11,195	570	-	346	7,192	19,303
Insurance claims payable	-	(46,994)	204,524	(40,859)	-	116,671
Net cash provided by (used in) operating activities	$ 175,585	$ 261,004	$ 526,022	$(1,492,863)	$ (2,371,456)	$ (2,901,708)

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2026

	Fleet Maintenance	Employee Health Care	Workers' Compensation	Property and Casualty	Facilities Maintenance	Total
NONCASH INVESTING AND FINANCING ACTIVITIES						
Leases issued	710,540	-	-	-	-	710,540
Subscriptions issued	-	-	-	230,656	-	230,656
Inception of lease receivable and deferred inflow of resources from building lease agreement	-	-	-	-	1,198,955	1,198,955
Total supplemental data:	$ 710,540	$ -	$ -	$ 230,656	$ 1,198,955	$ 2,140,151

See accompanying report of the independent auditor.

CUSTODIAL FUNDS

Custodial funds are used to account for assets held by the City on behalf of others as their agent and are custodial in nature.

Tourist & Convention Fund
This fund is used to account for the collection of a 4% hotel, motel transient room tax and payment to the Bowling Green Area Convention and Visitors Bureau and Convention Center.

Tax Distribution Fund
This fund is used to account for property tax collections and disbursement to the General Fund and the Bowling Green Independent School System for property taxes billed and collected by the City on its behalf.

Evidence Storage Fund
This fund is used to account for cash collected as police evidence.

Bowling Green/Warren County Adjusted TIF Incremental Fund
This fund is used to account for TIF revenues based on an agreement with Warren County. The associated investment account is jointly shared with Warren County with available cash pledged to the County to cover debt shortfalls on the 2016 Industrial Revenue Bonds.

City of Bowling Green, Kentucky
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2026

	Tourist and Convention Fund	Tax Distribution Fund	Bowling Green Warren County Adjusted TIF Fund	Evidence Storage Fund	Total Custodial Funds
ASSETS					
Pooled cash and cash equivalents	$ 648	$ 1,751	$ -	$ 65,637	$ 68,036
Non-pooled cash and cash equivalents	3,272	8,837	130,879	331,334	474,322
Total assets	$ 3,920	$ 10,588	$ 130,879	$ 396,971	$ 542,358
LIABILITIES					
Due to other governmental units	-	-	130,879	396,971	527,850
Other liabilities	3,920	-	-	-	3,920
Due to other taxing units - School Board	-	10,588	-	-	10,588
Total liabilities	3,920	10,588	130,879	396,971	542,358
NET POSITION					
Restricted for individuals, organizations, and other governments	-	-	-	-	-
Total net position	$ -	$ -	$ -	$ -	$ -

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2026

	Tourist and Convention Fund	Tax Distribution Fund	Bowling Green Warren County Adjusted TIF Fund	Evidence Storage Fund	Total Custodial Funds
ADDITIONS:					
Property tax collections for other governments	$ -	$ 19,092,324	$ -	$ -	$ 19,092,324
Tourism tax collections for other organizations	2,274,384	-	-	-	2,274,384
TIF tax collections for other governments	-	-	34,999	-	34,999
Miscellaneous	-	-	-	33,244	33,244
Investment income	-	-	3,532	-	3,532
Total additions	2,274,384	19,092,324	38,531	33,244	21,438,483
DEDUCTIONS:					
Payments of property tax to other governments	-	19,092,324	-	-	19,092,324
Payments on behalf of other governments	-	-	38,531	33,244	71,775
Payments of tourism tax to other organizations	2,274,384	-	-	-	2,274,384
Total deductions	2,274,384	19,092,324	38,531	33,244	21,438,483
Net position, beginning of year	-	-	-	-	-
Net position, end of year	$ -	$ -	$ -	$ -	$ -

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Combining Statement of Net Position - Component Unit - Bowling Green Municipal Utilities
June 30, 2026

	Bowling Green Municipal Utilities			
	Electric Division	Water-Sewer Division	General Services Division	Total
ASSETS				
Non-pooled cash and cash equivalents	$ 30,590,542	$ 12,768,734	$ 6,553,855	$ 49,913,131
Receivables (net of allowances for uncollectibles):				
Accounts	11,618,134	2,667,335	6,079	14,291,548
Leases	93,242	62,172	149,598	305,012
Other receivables	86,662	63,910	-	150,572
Inventories	1,652,989	1,756,000	143,175	3,552,164
Due from other governments	551,101	623,748	-	1,174,849
Prepaid items	255,871	218,640	157,640	632,151
Investments and restricted funds	1,448,699	31,434,868	-	32,883,567
Other assets	99,108	9,573,812	680,316	10,353,236
Due from component units	197,386	370,514	31,092	598,992
Net opeb asset	-	58,848	125,361	184,209
Capital assets, net of accumulated depreciation				
Non-depreciable	2,891,385	23,009,298	547,477	26,448,160
Depreciable	63,239,406	188,110,427	4,726,231	256,076,064
Total assets	112,724,525	270,718,306	13,120,824	396,563,655
DEFERRED OUTFLOWS				
Outflows for pensions	1,697,616	2,139,505	296,658	4,133,779
Outflows for OPEB	986,110	831,843	123,936	1,941,889
Deferred amounts from refunding debt	52,416	185,909	-	238,325
Total deferred outflows	2,736,142	3,157,257	420,594	6,313,993
LIABILITIES				
Vouchers and accounts payable	9,837,135	2,322,236	22,577	12,181,948
Compensated absences payable	761,712	528,342	-	1,290,054
Accrued interest payable	1,311,387	387,584	-	1,698,971
Due to component units	390,420	197,386	11,186	598,992
Customer deposits	8,232,818	600	94,948	8,328,366
Other current liabilities	1,415,853	757,809	247,487	2,421,149
Net pension liability	13,087,991	13,159,908	1,702,866	27,950,765
Compensated absences payable, noncurrent	212,420	189,298	-	401,718
Net OPEB liability	666,915	-	-	666,915
Noncurrent liabilities				
Due within one year	595,000	6,111,132	64,348	6,770,480
Due in more than one year	5,221,900	106,082,950	55,293	111,360,143
Total liabilities	41,733,551	129,737,245	2,198,705	173,669,501
DEFERRED INFLOWS OF RESOURCES				
Inflows for pension	1,632,922	1,580,034	388,594	3,601,550
Inflows for OPEB	2,537,173	2,830,053	481,496	5,848,722
Inflows for leases	89,620	704,044	670,510	1,464,174
Total deferred inflows of resources	4,259,715	5,114,131	1,540,600	10,914,446
NET POSITION				
Net investment in capital assets	60,366,307	120,301,828	5,273,708	185,941,843
Restricted	1,448,699	15,201,799	-	16,650,498
Unrestricted	7,652,395	3,520,560	4,528,405	15,701,360
Total net position	$ 69,467,401	$ 139,024,187	$ 9,802,113	$ 218,293,701

See accompanying report of the independent auditor.

City of Bowling Green, Kentucky
Statement of Activities - Component Unit - Bowling Green Municipal Utilities
June 30, 2026

Function/Programs	Expenses	Program Revenues: Charges for services	Program Revenues: Operating Contributions	Program Revenues: Capital Contributions	Net (Expense) Revenue and Changes in Net Position: Electric System	Net (Expense) Revenue and Changes in Net Position: Water and Sewer System	Net (Expense) Revenue and Changes in Net Position: General Services	Totals
Electric Division	$ 99,419,541	$ 101,945,958	$ -	$ -	$ 2,526,417	$ -	$ -	$ 2,526,417
Water-Sewer Division	35,149,807	40,564,095	-	2,196,904	-	7,611,192	-	7,611,192
General Services Division	4,172,897	5,729,747	-	-	-	-	1,556,850	1,556,850
Total component units	$ 138,742,245	$ 148,239,800	$ -	$ 2,196,904	$ 2,526,417	$ 7,611,192	$ 1,556,850	$ 11,694,459
GENERAL REVENUES								
Investment income					736,557	1,046,849	-	1,783,406
Merchandising revenues					145,812	-	28,760	174,572
Gain on sale of assets					-	(318,747)	-	(318,747)
Total general revenues					882,369	728,102	28,760	1,639,231
Change in net position					3,408,786	8,339,294	1,585,610	13,333,690
Net position, beginning of year					66,058,615	130,684,893	8,216,503	204,960,011
Net position, end of year					$ 69,467,401	$ 139,024,187	$ 9,802,113	$ 218,293,701

See accompanying independent auditor's report

STATISTICAL SECTION

The Statistical Section of the City of Bowling Green's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends: Schedules 1 - 4

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity: Schedules 5 - 10

These schedules contain information to help the reader assess the government's most significant local revenue sources.

Debt Capacity: Schedules 11 - 18

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and ability to issue additional debt in the future.

Demographic and Economic Information: Schedules 19 - 20

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information: Schedules 21 - 23

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Schedule 1
City of Bowling Green, Kentucky
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	$ 409,931,412	$ 367,741,937	$ 307,406,298	$ 244,405,119	$ 198,393,575	$ 214,414,497	$ 210,484,781	$ 194,988,348	$ 190,037,852	$ 176,973,806
Restricted	64,873,428	74,239,604	72,717,038	73,896,526	93,637,265	87,104,283	21,822,445	33,016,893	27,832,630	29,267,444
Unrestricted	(44,616,182)	(52,300,025)	(62,229,436)[d]	(74,774,144)[c]	(57,994,409)	(107,510,818)	(44,714,549)[b]	(48,596,491)	(46,835,736)	(43,014,659)[a]
Total governmental activities net position	$ 430,188,658	$ 389,681,516	$ 317,893,900	$ 243,527,501	$ 234,036,431	$ 194,007,962	$ 187,592,677	$ 179,408,750	$ 171,034,746	$ 163,226,591
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	$ 6,057,301	$ 6,376,750	$ 6,648,367	$ 7,023,509	$ 6,764,092	$ 7,050,841	$ 6,807,096	$ 6,885,053	$ 6,422,149	$ 5,103,874
Unrestricted	9,974,328	9,103,946	8,498,140	8,811,893	9,673,584	9,413,903	9,437,150	8,893,007	8,172,717	8,202,715
Total business-type activities net position	$ 16,031,629	$ 15,480,696	$ 15,146,507	$ 15,835,402	$ 16,437,676	$ 16,464,744	$ 16,244,246	$ 15,778,060	$ 14,594,866	$ 13,306,589
Primary government										
Net investment in capital assets	$ 415,988,713	$ 374,118,687	$ 314,054,665	$ 251,428,628	$ 205,157,667	$ 221,465,338	$ 217,291,877	$ 201,873,401	$ 196,460,001	$ 182,077,680
Restricted	64,873,428	74,239,604	72,717,038	73,896,526	93,637,265	87,104,283	21,822,445	33,016,893	27,832,630	29,267,444
Unrestricted	(34,641,854)	(43,196,079)	(53,731,296)[d]	(65,962,251)[c]	(48,320,825)	(98,096,915)	(35,277,399)[b]	(39,703,484)	(38,663,019)	(34,811,944)[a]
Total primary government net position	$ 446,220,287	$ 405,162,212	$ 333,040,407	$ 259,362,903	$ 250,474,107	$ 210,472,706	$ 203,836,923	$ 195,186,810	$ 185,629,612	$ 176,533,180

Notes:
(a) The City implemented GASB 75 effective for period ending June 30, 2018, which resulted in a restatement of the FY2017 ending balances.
(b) The City implemented GASB 84 effective for period ending June 30, 2021, which resulted in a restatement of the FY2020 ending balances.
(c) The City implemented GASB 100 effective for period ending June 30, 2024, which resulted in a restatement of the FY2023 ending balances due to an error correction.
(d) The City implemented GASB 101 effective for period ending June 30, 2025, which result resulted in a restatement of the FY2024 ending balances.

See accompanying independent auditor's report.

Schedule 2
City of Bowling Green, Kentucky
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
EXPENSES										
Governmental activities:										
General government	$ 22,907,263	$ 18,183,533	$ 14,170,270	$ 15,308,476	$ 18,021,958	$ 33,661,006	$ 33,240,486	$ 28,296,834	$ 29,613,361	$ 36,558,180 (a)
Public safety	47,327,272	45,228,514	42,169,240	38,106,362	32,017,168	29,241,929	27,383,455	26,264,868	24,490,523	24,581,788
Public works	24,053,502	22,033,876	16,706,026	14,470,184	13,825,870	14,913,296	14,839,341	12,669,001	12,284,494	10,619,939
Parks and recreation	10,269,514	10,656,004	10,283,717	11,216,954	8,786,484	7,803,142	4,889,698	6,808,361	7,256,246	7,623,720
Neighborhood and community services	17,126,960	11,040,810	14,097,954	7,917,093	8,337,116	9,452,333	6,382,391	5,278,766	6,203,076	5,436,759
Agency services[(b)]	5,520,176	4,774,459	3,798,124	3,546,785	2,457,531	3,033,680	2,673,446	2,494,955	2,231,558	2,028,787
Interest expense	1,991,376	1,824,438	3,185,766	16,557,934	9,360,819	13,606,611	4,616,856	5,100,598	3,206,275	2,828,885
Total governmental activities	129,196,063	113,741,634	104,411,097	107,123,788	92,806,946	111,711,997	94,025,673	86,913,383	85,285,533	89,678,058
Business-type activities:										
Convention Center	774,190	847,864	1,935,533	1,733,726	572,825	472,796	371,054	759,492	522,084	975,317
Total business-type activities	774,190	847,864	1,935,533	1,733,726	572,825	472,796	371,054	759,492	522,084	975,317
Total primary government expenses	$ 129,970,253	$ 114,589,498	$ 106,346,630	$ 108,857,514	$ 93,379,771	$ 112,184,793	$ 94,396,727	$ 87,672,875	$ 85,807,617	$ 90,653,375
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	$ 1,429,312	$ 2,258,979	$ 1,852,091	$ 3,824,759	$ 1,497,164	$ 1,230,222	$ 745,125	$ 2,321,805	$ 2,505,897	$ 2,529,394
Public Safety	319,834	283,388	288,485	261,176	216,234	212,071	219,791	203,395	212,534	268,958
Public works	251,131	96,702	89,170	86,513	107,518	67,595	-	-	-	-
Parks and recreation	3,300,692	2,903,917	2,800,926	2,563,482	2,359,258	1,882,310	1,451,062	1,984,074	2,064,862	2,013,933
Operating grants and contributions	12,591,635	12,568,530	11,427,664	19,958,839	19,946,152	16,190,796	16,965,893	11,337,808	11,533,016	11,268,936
Capital grants and contributions	26,137,740	44,368,286	54,170,172	12,167,662	18,651,647	16,335,912	6,142,963	4,634,679	4,501,727	4,898,262
Total governmental activities program revenues	44,030,344	62,479,802	70,628,508	38,862,431	42,777,973	35,918,906	25,524,834	20,481,761	20,818,036	20,979,483
Business-type activities:										
Charges for services										
Convention center	180,656	185,195	191,576	187,497	133,623	54,544	102,041	173,447	162,997	160,600
Total business-type activities program revenues	180,656	185,195	191,576	187,497	133,623	54,544	102,041	173,447	162,997	160,600
Total primary government program revenues	$ 44,211,000	$ 62,664,997	$ 70,820,084	$ 39,049,928	$ 42,911,596	$ 35,973,450	$ 25,626,875	$ 20,655,208	$ 20,981,033	$ 21,140,083
NET (EXPENSE)/REVENUE										
Governmental activities	$ (85,165,719)	$ (51,261,832)	$ (33,782,589)	$ (68,261,357)	$ (50,028,973)	$ (75,793,091)	$ (68,500,839)	$ (66,431,622)	$ (64,467,497)	$ (68,698,575)
Business-type activities	(593,534)	(662,669)	(1,743,957)	(1,546,229)	(439,202)	(418,252)	(269,013)	(586,045)	(359,087)	(814,717)
Total primary government net expense	$ (85,759,253)	$ (51,924,501)	$ (35,526,546)	$ (69,807,586)	$ (50,468,175)	$ (76,211,343)	$ (68,769,852)	$ (67,017,667)	$ (64,826,584)	$ (69,513,292)

See accompanying independent auditor's report.

Schedule 2
City of Bowling Green, Kentucky
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
General revenues										
Property taxes	$ 22,115,704	$ 20,414,112	$ 19,729,156	$ 18,601,804	$ 17,538,685	$ 16,974,489	$ 15,811,675	$ 14,963,337	$ 14,289,761	$ 13,342,889
Insurance premium taxes	8,120,895	7,576,616	7,567,760	6,185,188	5,579,436	4,887,145	4,667,114	4,477,026	4,239,887	4,096,944
Occupational fees and net profits	84,552,181	83,934,686	79,133,447	70,300,741	66,281,309	57,556,440	54,608,120	53,636,444	53,488,756	53,840,825
Investment income	5,412,020	5,863,277	4,264,918	2,125,395	(2,349,157)	299,971	851,895	850,604	101,498	125,424
Gain (loss) on disposal of capital assets	194,127	234,426	263,713	124,337	-	118,196	(1,879,514)	539,129	(21,381)	165,492
Miscellaneous	5,377,934	5,126,331	2,707,680	2,530,562	3,107,169	2,472,135	2,450,476	1,282,594	1,135,708	941,112
Transfers	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(943,508)	(958,577)	(1,009,622)
Total governmental activities	125,672,861	123,049,448	113,566,674	99,768,027	90,057,442	82,208,376	76,409,766	74,805,626	72,275,652	71,503,064
Business-type activities:										
General revenues										
Property tax	-	-	-	-	-	-	-	-	112,987	111,542
Transient room tax	758,085	757,515	755,220	752,808	706,193	418,494	475,577	544,642	564,518	590,019
Loss on sale of capital assets	-	-	(10,667)	-	-	-	(45,575)	-	-	-
Investment earnings	276,382	134,343	205,509	81,147	(394,059)	120,256	197,464	276,089	11,282	21,327
Miscellaneous	10,000	5,000	5,000	10,000	-	-	7,733	5,000	-	23,877
Transfers	100,000	100,000	100,000	100,000	100,000	100,000	100,000	943,508	958,577	1,009,622
Total business-type activities	1,144,467	996,858	1,055,062	943,955	412,134	638,750	735,199	1,769,239	1,647,364	1,756,387
Total primary government	$ 126,817,328	$ 124,046,306	$ 114,621,736	$ 100,711,982	$ 90,469,576	$ 82,847,126	$ 77,144,965	$ 76,574,865	$ 73,923,016	$ 73,259,451
CHANGES IN NET POSITION										
Governmental activities	$ 40,507,142	$ 71,787,616	$ 79,784,085	$ 31,506,670	$ 40,028,469	$ 6,415,285	$ 7,908,927	$ 8,374,004	$ 7,808,155	$ 2,804,489
Business-type activities	550,933	334,189	(688,895)	(602,274)	(27,068)	220,498	466,186	1,183,194	1,288,277	941,670
Total primary government	$ 41,058,075	$ 72,121,805	$ 79,095,190	$ 30,904,396	$ 40,001,401	$ 6,635,783	$ 8,375,113	$ 9,557,198	$ 9,096,432	$ 3,746,159

Notes:
(a) Implementation of GASB 75 resulted in the restatement of FY2017 balances.
(b) Agency services was previously listed as Community Services prior to FY2018.

See accompanying independent auditor's report.

Schedule 3
City of Bowling Green, Kentucky
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
GENERAL FUND										
Nonspendable	$ 1,239,751	$ 1,873,634	$ 2,182,314	$ 3,658,179	$ 263,342	$ 286,536	$ 298,345	$ 293,526	$ 209,367	$ 200,384
Restricted	-	-	-	416,165	449,999	-	67,000	-	-	-
Committed	29,219,375	26,824,000	24,033,000	21,500,000	18,908,250	16,729,000	18,063,000	18,517,250	17,378,000	16,268,250
Assigned	6,263,283	2,752,530	2,591,275	2,764,836	6,843,038	2,204,470	1,745,941	1,664,918	2,714,255	2,986,496
Unassigned	9,232,801	11,827,293	17,948,777	12,088,827	12,698,634	9,883,588	13,467,237	7,522,491	7,274,446	5,915,385
Total general fund	$ 45,955,210	$ 43,277,457	$ 46,755,366	$ 40,428,007	$ 39,163,263	$ 29,103,594	$ 33,641,523	$ 27,998,185	$ 27,576,068	$ 25,370,515
All Other Governmental Funds										
Nonspendable[(a)]	$ 42,300,000	$ 42,022,122	$ 41,213,696	$ 21,184,400	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	8,445,389	13,380,428	21,526,419	45,010,027	47,944,586	48,396,800	4,315,865	5,068,565	5,380,045	5,620,593
Committed	21,116,570	17,546,043	14,573,649	12,199,079	11,349,554	10,941,661	8,820,854	8,364,297	7,061,227	5,664,499
Assigned	63,473,381	72,157,336	62,546,574	58,847,511	53,247,162	45,201,542	30,842,370	32,166,811	26,823,810	27,265,386
Total all other governmental funds	$135,335,340	$145,105,929	$139,860,338	$137,241,017	$112,541,302	$104,540,003	$ 43,979,089	$ 45,599,673	$ 39,265,082	$ 38,550,478

Notes:

(a) Other governmental funds nonspendable net position for FY2023 was restated during FY2024 due to an error correction.

See accompanying independent auditor's report.

Schedule 4
City of Bowling Green, Kentucky
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
REVENUES										
Taxes	$ 22,115,704	$ 20,414,112	$ 19,729,156	$ 18,601,804	$ 17,538,684	$ 16,974,489	$ 15,811,674	$ 14,963,337	$ 14,289,500	$ 13,342,888
Insurance premium taxes	8,120,895	7,576,616	7,567,760	6,185,188	5,579,436	4,887,145	4,667,113	4,477,026	4,239,886	4,096,944
Occupational fees and net profits	84,552,181	83,934,686	79,133,447	70,300,741	66,281,308	57,556,440	53,959,377	53,299,530	53,166,070	53,531,170
License and permits	1,284,164	1,356,089	1,604,631	2,233,844	1,861,084	1,552,863	1,756,461	1,651,384	1,701,660	1,751,842
Intergovernmental	19,316,087	16,783,714	17,702,135	23,162,205	28,643,050	23,873,481	17,820,248	12,304,712	11,057,249	10,396,702
Investment income	5,155,627	5,715,472	4,060,248	2,006,941	(2,193,725)	261,929	773,529	767,820	105,612	97,235
Charges for services	1,229,953	1,046,556	1,001,861	1,042,331	936,325	862,124	764,149	704,966	734,205	768,490
Parks and recreation	3,211,145	2,872,991	2,768,431	2,528,156	2,316,775	1,833,100	1,419,098	1,969,355	1,995,776	1,939,935
Rent income	1,800	800	689,751	800	1,377,190	1,646,049	93,485	448,653	1,026,513	1,342,225
Miscellaneous	1,804,867	736,581	857,452	836,344	1,188,938	1,376,565	1,623,084	1,282,984 (a)	2,266,979	1,829,821
Judgements and settlements	-	-	343,996	331,480	27,993	47,459	30,983	20,128 (a)	-	-
Contributions and donations	2,005,708	3,335,449	710,687	515,956	400,374	3,186,545	1,271,161	672,940 (a)	-	-
Total revenues	148,798,131	143,773,066	136,169,555	127,745,790	123,957,432	114,058,189	99,990,362	92,562,835	90,583,450	89,097,252
EXPENDITURES										
General government	14,747,640	10,230,693	7,994,793	12,626,551	14,220,571	16,974,602	7,678,690	6,692,053	6,769,970	5,934,999
Public safety	55,131,319	51,432,438	46,906,887	42,463,402	38,061,127	34,803,004	33,740,180	30,774,254	27,778,478	27,700,034
Public works	15,008,555	14,139,222	11,766,525	13,353,228	15,152,810	10,240,385	11,943,646	11,228,476	11,128,150	11,199,847
Parks and recreation	15,011,582	13,115,472	12,178,736	10,572,573	8,941,052	7,512,784	7,486,079	7,399,742	7,989,232	8,901,111
Neighborhood and community services	15,467,280	11,664,271	11,910,092	9,070,546	8,753,295	9,198,553	5,977,154	5,752,833	5,763,596	5,526,287
Agency services[(b)]	4,843,250	4,474,302	3,471,861	3,286,580	2,335,826	2,993,180	2,632,446	2,453,955	2,383,078	2,434,543
Capital outlay	30,091,659	26,269,609	22,183,953	14,992,469	7,655,588	8,991,912	16,052,642	7,424,050	14,486,238	5,989,737
Debt service										
Principal	4,004,799	3,689,713	5,673,297	15,273,608	8,881,547	9,278,922	8,870,594	8,924,715	9,369,543	9,834,543
Interest expense	1,779,640	1,869,802	2,100,069	2,271,946	2,597,101	2,143,284	2,276,066	2,551,342	2,736,324	3,028,788
Total expenditures	156,085,724	136,885,522	124,186,213	123,910,903	106,598,917	102,136,626	96,657,497	83,201,420	88,404,609	80,549,889
Excess (deficiency) of revenues over (under) expenditures	(7,287,593)	6,887,544	11,983,342	3,834,887	17,358,515	11,921,563	3,332,865	9,361,415	2,178,841	8,547,363

See accompanying independent auditor's report.

Schedule 4
City of Bowling Green, Kentucky
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
OTHER FINANCING SOURCES (USES)										
Transfers in	22,085,208	31,497,896	28,290,117	32,745,216	23,099,394	32,654,147	22,320,604	21,845,937	19,007,257	19,092,756
Transfers out	(26,209,612)	(37,943,711)	(33,338,117)	(34,560,217)	(24,739,394)	(33,391,085)	(23,222,106)	(24,989,445)	(21,915,834)	(21,652,377)
Premium on bond issuance	-	-	-	-	-	820,466	-	-	-	-
Discount on bond issuance	-	-	-	-	-	(312,948)	-	-	-	-
Financed purchase proceeds	3,100,000	-	-	-	-	-	1,531,518	-	3,531,021	-
Issuance of debt	-	-	-	925,105	2,091,238	43,835,000	-	-	-	-
Lease and SBITA liabilities issued[(c)]	944,841	1,087,647	1,846,963	1,730,480	150,677	-	-	-	-	-
Proceeds from sale of capital assets	274,320	238,306	164,375	104,588	100,538	220,841	59,874	538,801	118,872	225,645
Total other financing sources (uses)	194,757	(5,119,862)	(3,036,662)	945,172	702,453	43,826,421	689,890	(2,604,707)	741,316	(2,333,976)
Net change in fund balances	$ (7,092,836)	$ 1,767,682	$ 8,946,680	$ 4,780,059	$ 18,060,968	$ 55,747,984	$ 4,022,755	$ 6,756,708	$ 2,920,157	$ 6,213,387
Debt service as a percentage of noncapital expenditures	5.56 %	7.75 %(d)	10.05 %	17.33 %	12.83 %	12.02 %	14.71 %	(15.73)%	17.01 %	18.76 %

Note:
(a) Prior to FY2019, Judgements and settlements and Contributions and donations were previously listed as Micellaneous.
(b) Agency services was previously listed as Community services prior to FY2018.
(c) The City implemented GASB 87 effective for period ending June 30, 2022, which resulted in an other financing source for lease liabilities issued.
(d) The debt service as a percentage of noncapital expenditures calculation subtracts capital asset additions presented in the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance from total expenditures; which is then calculatd as a percentage of debt service payments.

See accompanying independent auditor's report.

Schedule 5
City of Bowling Green, Kentucky
Wages, Withholding, Fees & Direct Occupational License Fee Rate, General Fund
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total Gross Wages	Occupational License Fees[a]	City of Bowling Green Direct Rate	Total Direct Tax Rate
2017	$ 2,149,233,565	$ 39,760,821	1.85 %	1.85 %
2018	2,216,711,705	41,009,167	1.85 %	1.85 %
2019	2,257,604,386	41,765,681	1.85 %	1.85 %
2020	2,319,192,084	42,905,054	1.85 %	1.85 %
2021	2,385,399,988	44,129,900	1.85 %	1.85 %
2022	2,651,661,963	49,055,746	1.85 %	1.85 %
2023	2,882,971,692	53,334,976	1.85 %	1.85 %
2024	3,068,620,862	59,234,356	2.00 % [b]	2.00 %
2025	3,215,941,261	64,318,825	2.00 %	2.00 %
2026	3,215,619,129	64,312,383	2.00 %	2.00 %

Source: City of Bowling Green, Department of Finance

Notes:

(a) Occupational license fee rates include the net profit fees and wage withholding fees

(b) The occupational withholding fee increased from 1.85% to 2.0% effective January 1, 2024. The first six months of FY2024 reflect the previous rate of 1.85%, while the final six months reflect the new rate of 2.0%.

See accompanying report of the independent auditor.

Schedule 6
City of Bowling Green, Kentucky
Occupational License Receipts, General Fund
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Occupational Withholdings Fees	Occupational Net Profit Fees	Other Occupational Fees[a]	Total	Percentage Growth
2017	$ 39,760,821	$ 10,866,714	$ 371,052	$ 50,998,587	10.8 %
2018	41,009,167	8,915,833	322,947	50,247,947	(1.5)%
2019	41,765,681	8,176,009	336,915	50,278,605	0.1 %
2020	42,905,054	8,423,114	364,682	51,692,850	2.8 %
2021	44,129,900	10,079,423	346,828	54,556,151	5.5 %
2022	49,055,746	12,712,420	1,064,434 [b]	62,832,600	15.2 %
2023	53,334,976	12,741,691	535,639	66,612,306	6.0 %
2024	59,234,356	14,284,678	754,859	74,273,893 [c]	11.5 %
2025	64,318,825	13,051,404	776,716	78,146,945	5.2 %
2026	64,312,383	13,451,355	794,093	78,557,831	0.5 %

Notes:

(a) Other occupational fees include minimum business registration fees which are $50 that applies only to new businesses. Existing businesses pay a minimum occupational net profit fee of $30 registration fee; itinerant businesses that pay a fee based on the amount of time business will be conducted in the City and the number of employees working; and penalties (5% per month not to exceed 25% with a minimum of $25) and interest (1% per month) relate to all occupational receipts.

(b) A change was made to Chapter 18 of the City's Code of Ordinances to place a two year cap on the request of business registration bond refunds. All current bond payers were notified of the change and refunded if eligibility requirements were met. All bonds exceeding two years were deemed ineligible for a refund. These refunds were considered forfeited and booked as revenue, which resulted in an increase in the Other Occupational Fees category. This process will be performed annually going forward.

(c) The occupational fee rate was increased from 1.85% to 2.0% effective January 1, 2024. The withholding fees collected from January through June 2024 do reflect this change; however, the first reporting period for net profit collections was for fiscal years beginning on or after January 1, 2024, and reflected in FY2025 collections.

See accompanying report of the independent auditor.

Schedule 7
City of Bowling Green, Kentucky
Real Property Tax Estimated Values, Assessments, Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Estimated Actual Value[a]	Total Real and Personal Property Assessment[b]	Franchise	PILOT	Total Assessment Including Franchise & PILOT	Total Current Levy[c]	Current Year Taxes Collected	Percent of Levy Collected	Delinquent Tax Collected	Total Delinquent Taxes Receivable
2017	$ 6,035,826,966	$ 5,636,975,792	$ 109,197,680	$ 77,836,602	$ 5,824,010,074	$ 11,718,014	$ 11,413,472	97.40 %	$ 115,798	$ 459,847
2018	6,376,495,461	5,894,237,333	177,998,932	78,156,277	6,150,392,542	12,324,304	12,228,506	99.22 %	211,049	363,786
2019	6,746,693,070	6,295,517,545	129,476,820	73,237,185	6,498,231,550	13,011,226	12,920,449	99.30 %	165,022	408,623
2020	6,880,203,774	6,603,627,466	76,366,946	80,442,180	6,760,436,592	13,542,330	13,515,522	99.80 %	167,953	481,990
2021	7,099,546,655	7,060,379,804	174,155,590	79,325,698	7,313,861,092	14,608,177	14,655,475	100.32 %	308,970	369,221
2022	9,133,009,311	7,503,515,420	188,152,859	79,470,424	7,771,138,703	15,254,180	15,063,987	98.75 %	213,783	505,243
2023	9,415,603,458	7,790,083,942	131,134,815	110,676,171	8,031,894,928	16,009,076	16,108,970	100.62 %	247,514	483,047
2024	10,856,904,222	8,388,979,817	161,446,971	103,365,624	8,653,792,412	17,161,828	17,154,729	99.96 %	313,842	665,210
2025	11,710,982,732	8,866,288,556	152,933,951	119,247,902	9,138,470,409	18,412,450	17,157,744	93.19 %	348,842	655,453
2026	12,591,210,041	9,419,050,799	233,784,729	154,882,759	9,807,718,287	19,696,794	18,821,008	95.55 %	317,352	663,038

Sources: City of Bowling Green, Department of Finance

Warren County Property Value Administrator

Notes:

(a) Residential, farm, and commercial property divided by sales ratio added to personal, franchise, and PILOT assessment.

(b) Annual PVA assessment is valued as of January 1st.

(c) Original levy, Warren County Property Valuation Administration Office plus franchise and PILOT taxes. Property taxes attach as an enforceable lien on property annually each January 1. The total current levy amounts were restated to include franchise and PILOT levies to match the current taxes collected and has been reported for the prior years presented above.

See accompanying independent auditor's report.

Schedule 8
City of Bowling Green, Kentucky
Property Tax Rates, Direct and Overlapping Governmental Units
(Per $100 of Assessed Value)
Last Ten Fiscal Years

REAL ESTATE

Fiscal Year	City Proper					City Annex				
	City	County	City School	State	Total	City	County	County School	State	Total
2017	0.2060	0.2146	0.7810	0.1220	1.3236	0.2060	0.2146	0.4400	0.1220	0.9826
2018	0.2060	0.2146	0.8280	0.1220	1.3706	0.2060	0.2146	0.4490	0.1220	0.9916
2019	0.2050	0.2166	0.8280	0.1220	1.3716	0.2050	0.2166	0.4560	0.1220	0.9996
2020	0.2050	0.2155	0.8450	0.1220	1.3875	0.2050	0.2155	0.4610	0.1220	1.0035
2021	0.2050	0.2174	0.8450	0.1220	1.3894	0.2050	0.2174	0.4610	0.1220	1.0054
2022	0.2050	0.2175	0.8420	0.1190	1.3835	0.2050	0.2175	0.4610	0.1190	1.0025
2023	0.2050	0.2215	0.8420	0.1150	1.3835	0.2050	0.2215	0.4640	0.1150	1.0055
2024	0.2050	0.2215	0.8480	0.1140	1.3885	0.2050	0.2215	0.5220	0.1140	1.0625
2025	0.2040	0.2195	0.8480	0.1090	1.3805	0.2040	0.2195	0.5220	0.1090	1.0545
2026	0.2030	0.2145	0.8480	0.1060	1.3715	0.2030	0.2145	0.5220	0.1060	1.0455

PERSONAL PROPERTY

Fiscal Year	City Proper					City Annex				
	City	County	City School	State	Total	City	County	County School	State	Total
2017	0.2600	0.2587	0.7810	0.4500	1.7497	0.2600	0.2587	0.4400	0.4500	1.4087
2018	0.2600	0.2587	0.8280	0.4500	1.7967	0.2600	0.2587	0.4490	0.4500	1.4177
2019	0.2600	0.2673	0.8280	0.4500	1.8053	0.2600	0.2673	0.4560	0.4500	1.4333
2020	0.2600	0.2669	0.8450	0.4500	1.8219	0.2600	0.2669	0.4610	0.4500	1.4379
2021	0.2600	0.2681	0.8450	0.4500	1.8231	0.2600	0.2681	0.4610	0.4500	1.4391
2022	0.2600	0.2687	0.8450	0.4500	1.8237	0.2600	0.2687	0.4610	0.4500	1.4397
2023	0.2600	0.2704	0.8450	0.4500	1.8254	0.2600	0.2704	0.4640	0.4500	1.4444
2024	0.2600	0.2529	0.8480	0.4500	1.8109	0.2600	0.2529	0.5220	0.4500	1.4849
2025	0.2600	0.2469	0.8480	0.4500	1.8049	0.2600	0.2469	0.5220	0.4500	1.4789
2026	0.2600	0.2509	0.8480	0.4500	1.8089	0.2600	0.2509	0.5220	0.4500	1.4829

Source: City of Bowling Green, Department of Finance

Notes:

- City proper and City annex are terms used to designate in which school system the property is located. All City residents pay both the City and County taxes, but are required to pay tax to only the one appropriate school system.

- Tax rates relate to the Fiscal Year period of July 1 - June 30. For example, Tax Year 2023 rates are collected in Fiscal Year 2024.

See accompanying report of the independent auditor.

Schedule 9
City of Bowling Green, Kentucky
Principal Occupational Withholdings Fee Payers
Current Year and Nine Years Ago

Taxpayer	
2026	2017
Bowling Green Metalforming LLC	Bowling Green Independent School District
City of Bowling Green	Bowling Green Metalforming LLC
Commonwealth Health Corporation	Commonweatlth Health Corporation
General Motors Corporation	General Motors Corporation
Graves-Gilbert Clinic PSC	Graves-Gilbert Clinic PSC
Henkel Corporation	Sun Products Corporation
Tyson Processing Services	The Medical Center at BG
Union Underwear Co. LLC	Union Underwear Co. LLC
Warren County Board of Education	Warren County Board of Education
Western Kentucky University	Western Kentucky University

Source: City of Bowling Green, Department of Finance

Notes:

- Taxpayer information is listed alphabetically.
- General Motors was previously listed as NAO Comp Oper-North American Oper.
- Commonwealth Health Corporation was previously listed as The Medical Center at BG.
- Henkel Corporation was previously listed as Huish & Sun Products Corporation.

Schedule 10
City of Bowling Green, Kentucky
Principal Property Taxpayers
Current Year and Nine Years Ago

		2026			2017		
Taxpayer	Type of Business	Rank	Assessed Valued	Percent of Total Assessment[a]	Rank	Assessed Vale	Percent of Total Assessment[b]
Hub Multifamily LLC	Residential & Commercial Complex	1	$ 75,049,000	0.80 %		$ -	$ -
A Himalaya USA Properties LLC	Real Estate Holding Company	2	59,210,120	0.63 %		-	-
Chandler Drive Partners LLC[c]	Apartment Complex	3	47,970,000	0.51 %	5	22,290,000	0.40 %
Greenwood Mall Realty Holdings LLC [d]	Retail Mall	4	46,653,396	0.50 %	2	53,100,000	0.94 %
Drake Apartments Partners LLC	Apartment Complex	5	44,818,000	0.48 %		-	-
Fairways at Hartland XV [e] LLC & Fairways at Hartland	Apartment Complex	6	42,800,000	0.45 %	7	20,600,000	0.37 %
Henkel US Operations Corporation[f]	Factory	7	42,312,246	0.45 %	1	60,005,000	1.06 %
ABCampus, LLC	Apartment Complex	8	39,000,000	0.41 %		-	-
Pontus Imb Portfolio LLC	Distribution Warehouse	9	35,000,000	0.37 %		-	-
BG Fee Owner (KY) LLC	Real Estate Holding Company	10	31,612,500	0.34 %		-	-
Greenview Hospital, Inc	Healthcare Facility		-	-	3	24,270,000	0.43 %
Titan Way/Titan Way II LLC	Commercial Rental Property		-	-	4	23,750,000	0.42 %
Scottys Development Co LLC	Holding Company		-	-	6	21,010,000	0.37 %
Pep-WKU LLC	Apartment Complex		-	-	8	19,788,750	0.35 %
ARCP MT BG KY LLC	Commercial Rental Property		-	-	9	18,600,000	0.33 %
NHK Associated Spring	Automobile Suspension Mfg		-	-	10	17,680,000	0.31 %

Source: City of Bowling Green, Department of Finance

Notes:

(a) Percent of total assessed value for real property of $9,419,050,799 (January 1, 2025).

(b) Percent of total assessed value for real property of $5,636,975,792 (January 1, 2016).

(c) Chandler Drive Partners LLC previously listed as Chandler Park Apartments LLC.

(d) Greenwood Mall Realty Holdings LLC was previously listed as Greenwood Mall LLC.

(e) Fairways at Hartland XV LLC & Fairways at Hartland previously listed as AGM Fairways at Hartland.

(f) Henkel US Operations Corporation was previously listed as Sun Products Corp/Huish Detergents Inc.

See accompanying report of the independent auditor.

Schedule 11
City of Bowling Green, Kentucky
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities			
Fiscal Year	General Obligation Bonds	Leases	Subscriptions	Notes and Financed Purchases from Direct Borrowings and Placements	General Obligation Bonds	Total Primary Government	Percentage of Personal Income[(a)]	Debt per Capita
2017	$ 87,575,068	$ -	$ -	$ 794,217	$ 1,498,248	$ 89,867,533	2.03 %	$ 1,377
2018	78,269,251	-	-	4,018,748	754,122	83,042,121	1.81 %	1,238
2019	69,731,975	-	-	3,513,596	-	73,245,571	1.54 %	1,071
2020	61,126,049	-	-	4,585,310	-	65,711,359	1.32 %	931
2021	96,063,190	-	-	3,970,596	-	100,033,786	1.97 %	1,384
2022	87,480,320	-	-	5,582,460	-	93,062,780	1.70 %	1,266
2023	73,102,450	28,035	1,329,652	5,823,905	-	80,284,042	1.34 %	1,072
2024	67,522,118	1,054,193	2,138,710	5,042,989	-	75,758,010	1.17 %	994
2025	65,227,438	1,681,204	1,652,589	4,241,584	-	72,802,815	1.05 %	925
2026	62,862,758	1,917,550	1,928,388	6,519,848	-	73,228,544	0.99 %	916

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) See Schedule 19 for personal income and population data. The ratios are calculated using personal income and population for the prior calendar year.

See accompanying independent auditor's report.

Schedule 12
City of Bowling Green, Kentucky
Indebtedness and Debt Ratios
Last Ten Fiscal Years

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
TAX SUPPORTED										
General bonds and notes[a]	$ 42,207,758	$ 44,985,230	$ 48,222,204	$ 57,411,355	$ 53,380,000	$ 57,880,000	$ 48,030,569	$ 55,565,571	$ 62,422,999	$ 59,409,285
REVENUE SUPPORTED										
Revenue supported debt & financed purchases[b]	27,174,848	24,483,793	24,342,903	21,515,000	37,767,460	40,045,596	19,165,000	22,467,500	29,258,748	30,458,248
TOTAL DEBT	69,382,606	69,469,023	72,565,107	78,926,355	91,147,460	97,925,596	67,195,569	78,033,071	91,681,747	89,867,533
Less: revenue supported debt	(27,174,848)	(24,483,793)	(24,342,903)	(21,515,000)	(37,767,460)	(40,045,596)	(19,165,000)	(22,467,500)	(29,258,748)	(30,458,248)
NET DIRECT DEBT	42,207,758	44,985,230	48,222,204	57,411,355	53,380,000	57,880,000	48,030,569	55,565,571	62,422,999	59,409,285
Overlapping debt[c]	470,733,207	478,852,983	403,484,996	393,242,507	372,715,829	366,862,033	389,520,967	320,516,959	237,915,697	232,154,034
NET DIRECT & OVERLAPPING DEBT	512,940,965	523,838,213	451,707,200	450,653,862	426,095,829	424,742,033	437,551,536	376,082,530	300,338,696	291,563,319
PROPERTY TAX BASE										
Estimated actual value	$ 9,419,050,799	$ 8,866,288,556	$ 8,388,979,817	$ 7,790,083,942	$ 7,503,515,420	$ 7,060,379,804	$ 6,603,627,466	$ 6,295,517,545	$ 5,894,237,333	$ 5,636,975,792

Source: City of Bowling Green, Department of Finance

Notes:
(a) Does not include leases, subscriptions, compensated absences, contingent liabilities, landfill post closure, bond premiums, deferred charges and discounts, or debt service paid by WKU or ITA debt obligations. See the Notes to the Financial Statements located in the Annual Comprehensive Financial Report (ACFR).
(b) Includes portion of the ITA debt which is the responsibility of the City (50%). Also includes debt issued for WKU that is self-supporting.
(c) Overlapping debt includes the City's portion of the debt of Bowling Green Independent Schools, Warren County, Warren County Schools, and Bowling Green Municipal Utilities.

See accompanying independent auditor's report.

Schedule 13
City of Bowling Green, Kentucky
General Debt - Governmental Funds
Future Debt Services Requirements as of June 30th

Fiscal Year	Principal	Interest	Total[(a)]
2027	$ 3,105,000	$ 1,546,601	$ 4,651,601
2028	3,230,000	1,452,312	4,682,312
2029	2,885,000	1,357,828	4,242,828
2030	2,980,000	1,284,069	4,264,069
2031	3,505,000	1,174,418	4,679,418
2032	3,650,000	1,064,268	4,714,268
2033	3,785,000	963,293	4,748,293
2034	3,055,000	867,293	3,922,293
2035	3,165,000	793,093	3,958,093
2036	3,280,000	716,343	3,996,343
2037	3,410,000	623,743	4,033,743
2038	3,535,000	537,743	4,072,743
2039	2,210,000	448,681	2,658,681
2040	2,295,000	403,631	2,698,631
2041	2,385,000	356,831	2,741,831
2042	2,475,000	308,231	2,783,231
2043	2,565,000	257,831	2,822,831
2044	2,660,000	205,581	2,865,581
2045	2,760,000	151,381	2,911,381
2046	2,860,000	93,394	2,953,394
2047	2,965,000	31,504	2,996,504

Source: City of Bowling Green, Department of Finance

Note:

(a) Does not include leases, subscriptions, compensated absences, contingent liabilities, landfill post closure, bond premiums, deferred charges and discounts. Includes the ITA debt.

See accompanying report of the independent auditor.

Schedule 14
City of Bowling Green, Kentucky
Inter-Modal Transportation Authority Debt
Future Debt Services Requirements as of June 30th

	Principal[a]			Interest			
Fiscal Year	2021A Bonds	2021B Bonds	Total Principal[b]	2021A Bonds	2021B Bonds	Total Interest	Total Debt Service
2027	$ -	$ 990,000	$ 990,000	$ 807,931	$ 68,119	$ 876,050	$ 1,866,050
2028	-	1,035,000	1,035,000	807,931	47,869	855,800	1,890,800
2029	-	1,085,000	1,085,000	807,931	30,059	837,990	1,922,990
2030	-	1,130,000	1,130,000	807,931	11,300	819,231	1,949,231
2031	1,595,000	-	1,595,000	768,056	-	768,056	2,363,056
2032	1,680,000	-	1,680,000	715,581	-	715,581	2,395,581
2033	1,745,000	-	1,745,000	685,531	-	685,531	2,430,531
2034	1,820,000	-	1,820,000	649,881	-	649,881	2,469,881
2035	1,895,000	-	1,895,000	612,731	-	612,731	2,507,731
2036	1,970,000	-	1,970,000	574,081	-	574,081	2,544,081
2037	2,050,000	-	2,050,000	533,881	-	533,881	2,583,881
2038	2,130,000	-	2,130,000	492,081	-	492,081	2,622,081
2039	2,210,000	-	2,210,000	448,681	-	448,681	2,658,681
2040	2,295,000	-	2,295,000	403,631	-	403,631	2,698,631
2041	2,385,000	-	2,385,000	356,831	-	356,831	2,741,831
2042	2,475,000	-	2,475,000	308,231	-	308,231	2,783,231
2043	2,565,000	-	2,565,000	257,831	-	257,831	2,822,831
2044	2,660,000	-	2,660,000	205,581	-	205,581	2,865,581
2045	2,760,000	-	2,760,000	151,381	-	151,381	2,911,381
2046	2,860,000	-	2,860,000	93,394	-	93,394	2,953,394
2047	2,965,000	-	2,965,000	31,503	-	31,503	2,996,503

Source: City of Bowling Green, Department of Finance

Notes:

(a) This debt is a general obligation of the City, but payable from revenues received from ITA transactions. The City is jointly responsible with Warren County for debt service on the bonds on a 50%-50% basis. The gross amount is displayed since the City is the issuer of the bonds.

(b) Does not include compensated absences, contingent liabilities, landfill post closure, bond premiums, deferred charges and discounts.

See accompanying independent auditor's report.

Schedule 15
City of Bowling Green, Kentucky
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Governmental Activities										
General obligation bonds	$ 62,862,758	$ 65,227,438	$ 67,522,118	$ 73,102,450	$ 87,480,320	$ 96,063,190	$ 61,126,049	$ 69,731,975	$ 78,269,251	$ 87,575,068
Financed purchases	6,519,848	4,241,584	5,042,989	5,823,905	5,582,460	3,970,596	4,585,310	3,513,596	4,018,748	794,217
Net general bonded debt	$ 69,382,606	$ 69,469,022	$ 72,565,107	$ 78,926,355	$ 93,062,780	$ 100,033,786	$ 65,711,359	$ 73,245,571	$ 82,287,999	$ 88,369,285
Property values	$ 9,419,050,799	$ 8,866,288,556	$ 8,388,979,817	$ 7,790,083,942	$ 7,503,515,420	$ 7,060,379,804	$ 6,603,627,466	$ 6,295,517,545	$ 5,894,237,333	$ 5,636,975,792
Percentage of estimated actual taxable value of property	0.74 %	0.78 %	0.87 %	1.01 %	1.24 %	1.42 %	1.00 %	1.16 %	1.40 %	1.57 %
Per capita[(a)]	867	883	951	1,053	1,266	1,384	931	1,071	1,226	1,354

Notes:

Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(a) Population data can be found in Schedule 19.

See accompanying independent auditor's report

Schedule 16
City of Bowling Green, Kentucky
Direct and Overlapping Governmental Activities Debt
As of June 30, 2026

Governmental Unit	Debt Outstanding[a]	Estimated Percentage Applicable[b]	Estimated Share of Overlapping Debt
Bowling Green Independent Schools	$ 73,240,000	100.00 %	$ 73,240,000
Warren County	78,749,300	54.77 %	43,130,992
Warren County Schools	492,927,932	47.94 %	236,309,651
Bowling Green Municipal Utilities	118,052,565	100.00 %	118,052,565
Subtotal, overlapping debt			470,733,208
City direct debt			71,300,156
Total direct and overlapping debt			$ 542,033,364

Sources:

Bowling Green Municipal Utilities

Bowling Green Board of Education

Warren County Treasurer

Warren County Board of Education

Notes:

(a) Gross governmental debt, less revenues.

(b) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of Bowling Green.
(Warren County ratio = City + Annex/All Districts; Warren County Schools = Annex/County + Annex)

See accompanying report of the independent auditor.

Schedule 17
City of Bowling Green, Kentucky
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2026		
Assessed value		$9,419,050,799
Debt limit, 10% of assessed value[(a)]		941,905,080
Debt applicable to limit:		
General obligation bonds	62,862,758	
Notes and financed purchases from direct borrowings and placements	6,519,848	
Total net debt applicable to limit		69,382,606
Legal debt margin		$ 872,522,474

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Debt limit	$ 941,905,080	$ 886,628,856	$ 838,897,982	$ 779,008,394	$ 750,351,542	$ 706,037,980	$ 660,362,747	$ 629,551,755	$ 589,423,733	$ 563,697,579
Less: Total net debt applicable to limit	69,382,606	69,469,022	72,565,107	78,926,355	93,062,780	100,033,786	65,711,359	73,245,571	83,042,121	89,867,533
Legal debt margin	$ 872,522,474	$ 817,159,834	$ 766,332,875	$ 700,082,039	$ 657,288,762	$ 606,004,194	$ 594,651,388	$ 556,306,184	$ 506,381,612	$ 473,830,046
Total net debt applicable to the limit as a percentage of debt limit	7.37 %	7.84 %	8.65 %	10.13 %	12.40 %	14.17 %	9.95 %	11.63 %	14.09 %	15.94 %

Note:

(a) Under Section 158 of the Constitution of the Commonwealth of Kentucky, the City's outstanding debt is not to exceed 10 percent of total assessed property value.

See accompanying independent auditor's report.

Schedule 18
City of Bowling Green, Kentucky
Pledged-Revenue Coverage
Last Ten Fiscal Years

	Stonehenge Sections I-V[a]				Cedar Grove Section IX[c]				Lovers Lane[b]			
	Special Assessment	Debt Service			Special Assessment	Debt Service			Special Assessment	Debt Service		
	Collections	Principal	Interest	Coverage	Collections	Principal	Interest	Coverage	Collections	Principal	Interest	Coverage
2017	$ 117,646	$ 51,000	$ 66,675	1.00	$ 29,288	$ 15,000	$ 12,800	1.05	$ 16,151	$ 9,601	$ 6,550	1.00
2018	119,332	53,000	64,113	1.02	25,796	15,000	11,788	0.96	16,151	10,066	6,085	1.00
2019	121,852	61,000	60,893	1.00	31,216	20,000	10,775	1.01	16,151	10,553	5,598	1.00
2020	121,947	63,000	57,373	1.01	28,280	20,000	9,425	0.96	16,151	11,064	5,087	1.01
2021	122,692	66,000	53,710	1.02	29,957	20,000	8,075	1.07	16,151	11,600	4,551	1.00
2022	115,273	69,000	49,910	0.97	26,778	20,000	6,725	1.00	16,151	12,161	3,990	1.00
2023	119,144	78,000	45,910	0.96	1,911	50,000	5,375	0.03	16,151	12,750	3,401	1.00
2024	122,227	81,000	41,548	1.00	(5,338)	-	-	-	16,151	13,368	2,783	1.00
2025	120,952	84,000	36,823	1.00	-	-	-	-	16,151	14,015	2,136	1.00
2026[d]	93,439	86,000	32,605	0.79	-	-	-	-	16,151	14,693	1,458	1.00

Notes:

(a) The Stonehenge Sections I-V and Cedar Grove Sections IX special assessment revenues are collected from property owners in each district to fund the development of the subdivisions and to provide amenities such as sidewalk infrastructure.

(b) Lovers Lane special assessment revenues are collected from property owners to fund the development of underground utilities. This special assessment was new for fiscal year 2008.

(c) The debt service structure for the Cedar Grove special assessments was setup to allow for the early payoff of the bonds. In FY2023, the amount required to payoff the bonds in advance was available and the debt retired. Remaining special assessment collections were refunded to taxpayers during FY2024.

(d) Stonehenge I special assessment accumulated collections prior to FY2026 exceed the remaining debt service obligation, additional collections are not necessary.

See accompanying independent auditor's report.

Schedule 19
City of Bowling Green, Kentucky
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population[a]	Personal Income[b]	Per Capita Personal Income[c]	Median Age[d]	School Enrollment[e]	Unemployment Rate[f]
2017	65,250	$ 4,418,499,000	$ 35,966	27	20,814	4.1 %
2018	67,100	4,582,488,000	36,505	28	21,037	4.0 %
2019	68,400	4,761,667,000	36,957	27	21,607	3.9 %
2020	70,550	4,993,967,000	38,045	27	21,470	6.2 %
2021	72,294	5,085,624,000	38,268	27	22,725	4.9 %
2022	73,529	5,475,272,000	40,705	28	23,766	3.8 %
2023	74,926	6,011,596,000	43,812	28	23,868	3.8 %
2024	76,212	6,449,072,000	46,117	28	23,957	4.5 %
2025	78,706	6,904,633,000	48,546	28	24,725	4.8 %
2026	79,982	7,376,605,000	49,863	29	24,863	4.4 %

Sources:

(a) Estimated population statistics obtained from 2025 estimate from World Population review (https://worldpopulationreview.com/us-cities/kentucky/bowling-green).

(b) Personal income data obtained from www.bea.gov (Bureau of Economic Analysis).

(c) Income per capita obtained from www.bea.gov (Bureau of Economic Analysis).

(d) Median Age statistics obtained from the World Population Review (https://worldpopulationreview.com/us-cities/bowling-green).

(e) Refer to both Board of Educations for public school information (https://education.ky.gov) and www.privateschoolreview.com/kentucky/bowling-green for private school information. Schools included are Bowling Green Board of Education, Warren County Board of Education, and private schools. Western Kentucky University is excluded.

(f) Bureau of Labor Statistics (www.bls.gov), figures not seasonally adjusted, average for fiscal year.

Note:

Personal and per capita income correspond to the full calendar year prior to fiscal year end. Values are derived from Warren County population statistics.

See accompanying report of the independent auditor.

Schedule 20
City of Bowling Green, Kentucky
Principal Employers
Current Year and Nine Years Ago

	2026			2017		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Commonwealth Health Corporation	3,490	1	4.12 %	2,227	2	2.88 %
Western Kentucky University	2,154	2	2.54 %	4,494	1	5.81 %
BG Metalforming LLC	1,279	3	1.51 %	1,645	3	2.13 %
Warren County Board of Education	1,145	4	1.35 %	1,028	5	1.33 %
Wal-Mart Associates Inc	1,081	5	1.28 %	-		- %
General Motors Corporation	1,004	6	1.19 %	887	8	1.15 %
Graves-Gilbert Clinic PSC	879	7	1.04 %	976	6	1.26 %
Kentucky State Treasurer	-		-	758	9	0.98 %
City of Bowling Green	820	8	0.97 %	-		- %
Bowling Green Independent School District	722	9	0.85 %	-		- %
Kobelco Aluminum Automotive Products LLC	705	10	0.83 %	-		-
Union Underwear Co. LLC	-		-	1,366	4	1.77 %
Henkel Corporation	-		-	930	7	1.20 %
Houchens Food Group	-		-	725	10	0.94 %
Total	13,279		15.68 %	15,036		19.45 %

Sources:

City Bowling Green, Department of Finance

www.gmauthority.com

Bureau of Labor and Statistics (www.bls.gov)

Notes:

- Commonwealth Health Corporation was previously listed as The Medical Center at BG.
- Henkel Corporation was previously listed as Sun Products Corporation.
- Kobelco Aluminum Automotive Products LLC was previously listed as Kobe Aluminum Auto Product LLC.
- Kentucky State Treasurer was previously listed Commonwealth of Kentucky.

See accompanying report of the independent auditor.

Schedule 21
City of Bowling Green, Kentucky
Full-time City Government Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
FUNCTION/PROGRAM										
General government	**59**	**54**	**52**	**49**	**45**	**44**	**46**	**43**	**40**	**42**
Administration	7	5	8	8	8	7	8	8	8	9
Finance	21	20	19	18	18	18	18	16	14	16
Human Resources	9	9	8	8	7	7	7	7	6	6
Legal	6	6	3	2	2	2	3	2	2	2
Information Technology	16	14	14	13	10	10	10	10	10	9
Public Safety	**358**	**349**	**331**	**306**	**285**	**303**	**296**	**283**	**268**	**269**
Police										
Officers	143	139	135	127	118	124	125	116	109	112
Civilians	42	40	36	34	31	40	36	35	32	31
Fire										
Firefighters and Officers	165	162	154	139	131	134	132	129	124	123
Civilians	8	8	6	6	5	5	3	3	3	3
Public Works	**67**	**63**	**59**	**57**	**59**	**60**	**60**	**59**	**55**	**56**
Parks and Recreation	**65**	**62**	**59**	**55**	**53**	**51**	**54**	**54**	**54**	**53**
Neighborhood & Community Services	**32**	**32**	**30**	**26**	**28**	**23**	**25**	**26**	**25**	**26**
Total	**581**	**560**	**531**	**493**	**470**	**481**	**481**	**465**	**442**	**446**

Source: City of Bowling Green Department of Finance

Notes:

Chart reflects number of full-time positions as of June 30 each fiscal year.

See accompanying independent auditor's report.

Schedule 22
City of Bowling Green, Kentucky
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
FUNCTION/PROGRAM										
Finance										
Tax bills sent	23,949	23,845	23,408	23,314	22,900	22,608	22,691	22,587	22,487	22,356
Business registrations received	1,257	1,118	1,160	1,281	1,162	1,103	949	1,105	915	848
Human Resources										
Job applicants	-	2,623	2,708	2,132	2,044	1,929	3,746	3,688	2,435	2,168
Position filled	-	259	185	228	221	382	240	370	329	299
Police										
911 service calls	60,268	70,723	63,367	68,220	74,048	70,235	69,474	66,314	64,822	78,052
Traffic stops	6,270	4,373	3,297	1,172	5,280	3,074	4,385	6,512	6,901	4,490
Fire										
Accident runs	9,253	9,207	8,783	8,207	6,504	5,375	6,639	7,519	7,298	7,251
Fire runs	334	277	223	295	300	244	207	218	221	262
Fires investigated	73	93	81	132	114	97	37	41	34	30
Public Works										
Street resurfacing (miles)	9	10	11	13	17	15	25	18	18	15
Potholes repaired	251	135	289	108	125	222	538	329	598	668
Parks and Recreation										
Fitness & athletic participants	1,456,195	1,638,336	1,381,752	897,641	853,709	646,239	747,175	940,997	995,538	885,472
Visits to Community Center	158,853	149,751	116,594	113,720	86,162	50,029	107,687	161,710	159,047	156,913
Neighborhood & Community Services										
Neighborhood meetings conducted[b]	0	8	10	11	- [b]	20	30	36	40	69
Households receiving asst	838	897	889	894	798	761	738	743	762	698
Bldg/electrical & code inspections	32,038	32,617	26,680 [c]	25,077	20,033	10,199	11,993	13,816	12,731	13,236
Animal control calls	1,840	2,040	2,396	2,034	1,654	1,654	1,947	2,698	2,542	2,489 [a]

Source: Various City of Bowling Green departments.

Notes:
(a) Effective 2017, Animal Control moved to the Neighborhood and Community Services Department from the Police Department.
(b) Due to the pandemic, neighborhood meetings were not tracked nor able to be held in 2022.
(c) Added Animal Protection inspections to reported figure in 2023.

See accompanying independent auditor's report.

Schedule 23
City of Bowling Green, Kentucky
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
FUNCTION/PROGRAM										
Police										
Police Stations	2	1	1	1	1	1	1	1	1	1
Fire										
Fire stations	8	8	8	7	7	7	6	6	6	6
Training centers	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	291	289	286	280	274	273	269	266	266	264
Sidewalks (miles)	212	211	204	201 (c)	239	236 (b)	147	140	136 (a)	119
Alleys (miles)	16	16	16	16	16	16	15	15	15	15
Parks and Recreation										
Number of parks	22	25	25	24	24	24	21	21	22	22
Number of facilities	28	28	28 (e)	7	7	7	7	7	7	7
Acreage	841	1,000	1,000	1,000	1,000	1,000	970	970	970	970
Playgrounds	16	16	16	15	15	15 (d)	22	22	22	22
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccerfields	21	21	21	21	21	21	19	19	19	14
Community centers	3	3	3	3	3	3	3	3	3	3
Neighborhood & Community Services										
Building permits issued	1,747	1,815	2,196	2,654	3,787	2,460	2,060	2,284	2,155	2,296

Sources: Various City of Bowling Green departments.

Notes:

(a) The increase in sidewalk miles is due to the recalculation of miles reported in FY2018.

(b) The FY2021 increase in sidewalk miles is due to the acceptance of maintenance of sidewalks previously maintained by the State.

(c) The FY2023 decrease in sidewalk miles is due to a review and recalculation of miles reported.

(d) The decrease in Parks and Recreation playgrounds is to reflect the number of parks with playgrounds rather than the total number of playgrounds.

(e) Updated figure to include any facility available for public use.

See accompanying independent auditor's report.

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor Todd Alcott and
Members of the Board of Commissioners
City of Bowling Green, Kentucky
Bowling Green, Kentucky

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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Kentucky (the "City"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 29, 2026. Our report includes a reference to other auditors who audited the financial statements of the Police and Firefighters' Retirement Fund and Bowling Green Municipal Utilities as described in our report on the City of Bowling Green, Kentucky's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bowling Green, Kentucky'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Lexington, Kentucky
October 29, 2026