



**Bowling Green Independent School
District**

FINANCIAL STATEMENTS

June 30, 2022



REPORT	
Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Required Supplementary Information:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	23
Statement of Activities	25
Fund Financial Statements:	
Balance Sheet — Governmental Funds	27
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29
Statement of Revenues, Expenditures and Changes in Fund Balances — Governmental Funds	30
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	32
Statement of Net Position — Proprietary Fund	33
Statement of Revenues, Expenses and Changes in Fund Net Position — Proprietary Fund	34
Statement of Cash Flows — Proprietary Fund	35
Statement of Fiduciary Net Position — Fiduciary Funds	37
Statement of Changes in Fiduciary Net Position — Fiduciary Funds	38
Notes to Financial Statements	39

**Required Supplementary Information:**

Budgetary Comparison Schedule for the General Fund	87
Budgetary Comparison Schedule for the Special Revenue Fund	89
Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District's Contributions – Kentucky Teachers' Retirement System	91
Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District's Contributions – County Employees Retirement System	93
Schedule of the District's Proportionate Share of the Collective Net OPEB Liability and Schedule of District's Contributions – Kentucky Teachers' Retirement System – Medical Insurance Fund	96
Schedule of the District's Proportionate Share of the Collective Net OPEB Liability and Schedule of District's Contributions – Kentucky Teachers' Retirement System – Life Insurance Fund	97
Schedule of the District's Proportionate Share of the Collective Net OPEB Liability and Schedule of District's Contributions – County Employees Retirement System	98

Supplementary Information:

Combining Balance Sheet — Nonmajor Governmental Funds	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances — Nonmajor Governmental Funds	101
Combining Statement of School Activity Funds	103
Statement of School Activity Funds — Bowling Green High School	104
Schedule of Expenditures of Federal Awards	109
Notes to the Schedule of Expenditures of Federal Awards	112
Summary Schedule of Prior Audit Findings	113



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	114
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	116
Schedule of Findings and Questioned Costs	119
Management Letter	121
THOUGHT LEADERSHIP	
Join Our Conversation	



REPORT





Carr, Riggs & Ingram, LLC
922 State Street
Suite 100
Bowling Green, KY 42101

Mailing Address:
PO Box 104
Bowling Green, KY 42102

270.782.0700
270.782.0932 (fax)
CRlcpa.com

Independent Auditors' Report

Kentucky State Committee for School District Audits
Members of the Board of Education
Bowling Green Independent School District
Bowling Green, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bowling Green Independent School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, 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.

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; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 these 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 District's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 District'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 District'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, and select pension/OPEB information on pages 5 through 22 and 87 through 99 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022 on our consideration of Bowling Green Independent School District'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 District'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 District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.



FINANCIAL STATEMENTS





**BOWLING GREEN INDEPENDENT SCHOOL DISTRICT
BOWLING GREEN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

As management of the Bowling Green Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

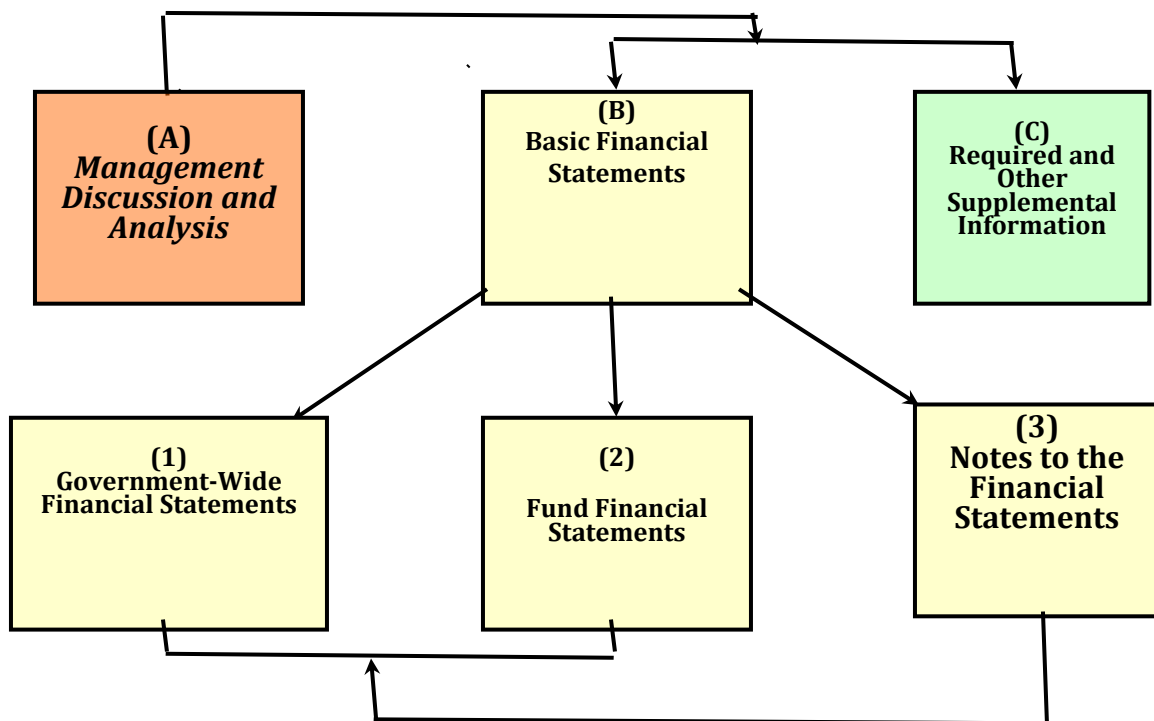
FINANCIAL HIGHLIGHTS

- The District's net position increased by \$4,828,104 or 21.42% (from \$17,712,905 to \$22,541,009). Governmental activities net position increased by \$5,547,654 and Food Service activities net position decreased by \$719,550.
- The fund balance at the beginning of Fiscal Year 2022 for the District's General Fund was \$11,212,511. Fund balance at fiscal year-end was \$12,930,060. This represents a current year surplus of revenues over expenditures of \$1,717,549 of which, \$1,685,789 was a net transfer from the General fund due to a Capital Funds Request.
- The Building (FSPK) Fund increased by \$11,267.
- District revenues increased by 4.0%, while district expenditures decreased by 0.1%. Revenues still exceeded expenditures by \$4,828,104. District expenditures directly related to student instruction (Instruction, Student Support; Instructional Staff Support) accounted to 63.7% of total district expenditures; if school administration was included that percentage jumps to 68.0% of total district expenditures.
- Property assessments certified by the Commissioner of Education for the Fiscal Year 2021-22 showed total real estate and personal property valuation at \$1,665,771,448. The 2021-22 real estate and personal property tax rates did change from 84.5 to 84.2 cents per \$100 of assessed property. At this rate, the calculated collection should yield \$14,025,796. The actual collections were \$15,009,250 for a collection rate of 107.01%.

Overview of Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Bowling Green Independent School District as a financial whole, an entire operating entity, in a manner similar to a private-sector business. The annual report consists of three parts: (A) management's discussion and analysis (this section), (B) the basic financial statements and note disclosures, and (C) required and other supplemental information. The statements then proceed to provide an increasingly detailed look at specific financial activities. The District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Organization of the Financial Statements



The Government-Wide Financial Statements have two sections (1) the *Statement of Net Position* and (2) the *Statement of Activities*. The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other non-major funds presented in total in one column.

Government-Wide Financial Statements (Reporting the School District as a Whole)

One of the most important questions asked about the School District is “How did we do financially during the current fiscal year?” The *Statement of Net Position* and the *Statements of Activities*, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net position and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as Kentucky’s SEEK funding formula and its adjustments, the School District’s property tax base, required educational programs and other factors.

In the Statement of Net Position and the Statements of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** – Most of the School District’s programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities. The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt is also supported by taxes and intergovernmental revenues.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District’s food service is reported as business activities. These activities are funded thru fees, federal grants, and federal commodities.

Net position may serve over time as a useful indicator of a government’s financial position. The District’s Net Position as of June 30, 2022 was \$22,541,009. This was an increase of \$4,828,104 over the previous year. The largest portion of the District’s net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The amount of capital assets, net of related debt was \$33,254,014. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District’s financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Government-wide financial statements can be found on pages [23](#) through 26 of this report.

Fund Financial Statements (Reporting the School District's Most Significant Funds)

After looking at the District as a whole, an analysis of the School District's major funds follows. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are assets that belong to others. The school's activity funds and the Bowling Green Independent School District Foundation, Inc. are reported as fiduciary funds. The only proprietary fund is the school food service fund. A proprietary fund is sometimes referred to as an enterprise fund. It is a fund that operates like a business with sales of goods and services. All other activities of the District are included in the governmental funds. The major governmental funds for the Bowling Green Independent School District are the general fund, special revenue (grants), construction fund, food service, and the unused sick leave trust fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Position and the Statements of Activities) and governmental *funds* is reconciled in the financial statements.

Proprietary Funds - Proprietary funds use the same basis of accounting as business-type activities; therefore, the statements for the proprietary fund will essentially match. The only proprietary fund is our food service operations.

Fiduciary Funds - The schools' activity funds (or custodial funds) and Bowling Green Independent School District Foundation, Inc. (or private purpose trust funds) are the District's only fiduciary funds. The schools' activity cash balances at year-end totaled \$539,740 (an increase of \$46,461 over the previous year). Bowling Green Independent School District Foundation, Inc. balance at year-end was \$254,270 (an increase of \$2,353 over the previous year).

The basic governmental fund financial statements can be found on pages 27 through 38 of this report.

Notes to the Financial Statements

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

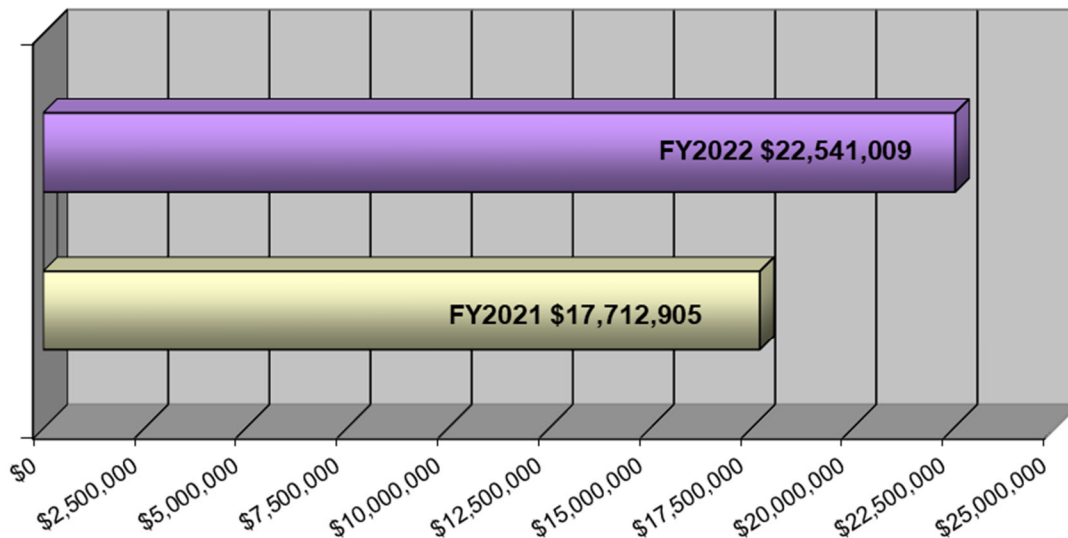
The notes to the financial statements can be found on pages 39 through 86 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position for June 30, 2021 and June 30, 2022

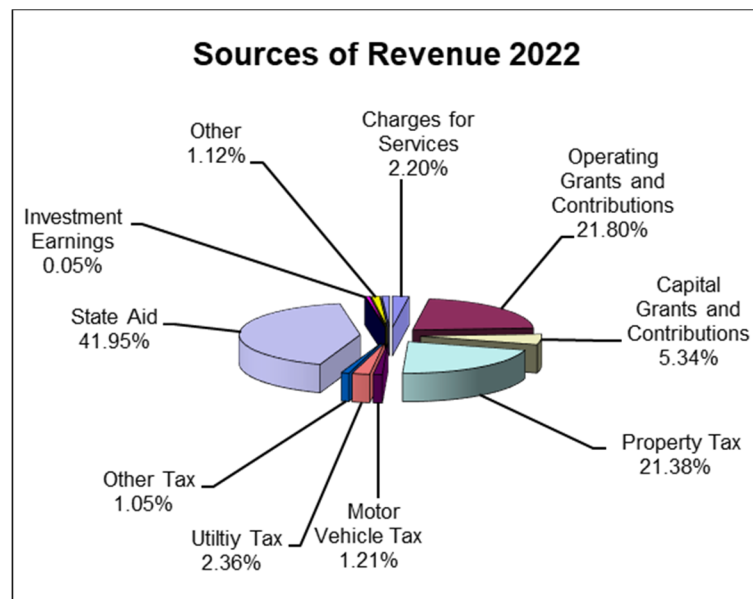
	Governmental Activities		Proprietary Business-Type Activities		District Total		Total District Percentage Change
	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	2021 to 2022
Current and Other Assets	\$46,353,393	\$52,174,184	\$2,843,031	\$2,388,885	\$49,196,424	\$54,563,069	9.8%
Capital Assets	\$72,602,351	\$93,176,238	\$184,975	\$299,008	\$72,787,326	\$93,475,246	22.1%
Total Assets	\$118,955,744	\$145,350,422	\$3,028,006	\$2,687,893	\$121,983,750	\$148,038,315	17.6%
Deferred loss on debt refunding	\$471,885	\$395,001	\$0	\$0	\$471,885	\$395,001	-19.5%
OPEB related	\$4,195,202	\$5,277,766	\$443,520	\$462,342	\$4,638,722	\$5,740,108	19.2%
Pension related	\$2,958,447	\$2,359,178	\$563,183	\$502,148	\$3,521,630	\$2,861,326	-23.1%
Total Deferred Outflows of Resources	\$7,625,534	\$8,031,945	\$1,006,703	\$964,490	\$8,632,237	\$8,996,435	4.0%
Long Term Liabilities	\$65,152,583	\$86,415,521	\$11,121	\$7,231	\$65,163,704	\$86,422,752	24.6%
Net OPEB Liability	\$13,332,280	\$11,121,929	\$981,418	\$872,270	\$14,313,698	\$11,994,199	-19.3%
Net Pension Liability	\$16,382,501	\$13,650,826	\$3,118,647	\$2,905,556	\$19,501,148	\$16,556,382	-17.8%
Other Liabilities	\$8,586,671	\$8,885,572	\$87,309	\$31,775	\$8,673,980	\$8,917,347	2.7%
Total Liabilities	\$103,454,035	\$120,073,848	\$4,198,495	\$3,816,832	\$107,652,530	\$123,890,680	13.1%
OPEB related	\$4,660,037	\$7,142,123	\$197,764	\$451,282	\$4,857,801	\$7,593,405	36.0%
Pension related	\$329,942	\$2,481,478	\$62,809	\$528,178	\$392,751	\$3,009,656	87.0%
Total Deferred Inflows of Resources	\$4,989,979	\$9,623,601	\$260,573	\$979,460	\$5,250,552	\$10,603,061	50.5%
Investment in Capital Assets (net of debt)	\$31,254,438	\$32,955,006	\$184,975	\$299,008	\$31,439,413	\$33,254,014	5.5%
Restricted	\$5,620,158	\$8,183,191	\$590,000	\$360,000	\$6,210,158	\$8,543,191	27.3%
Unrestricted Fund (restated for 2017)	-\$18,737,332	-\$17,453,279	-\$1,199,334	-\$1,802,917	-\$19,936,666	-\$19,256,196	-3.5%
Total Net Position (restated for 2017)	\$18,137,264	\$23,684,918	-\$424,359	-\$1,143,909	\$17,712,905	\$22,541,009	21.42%

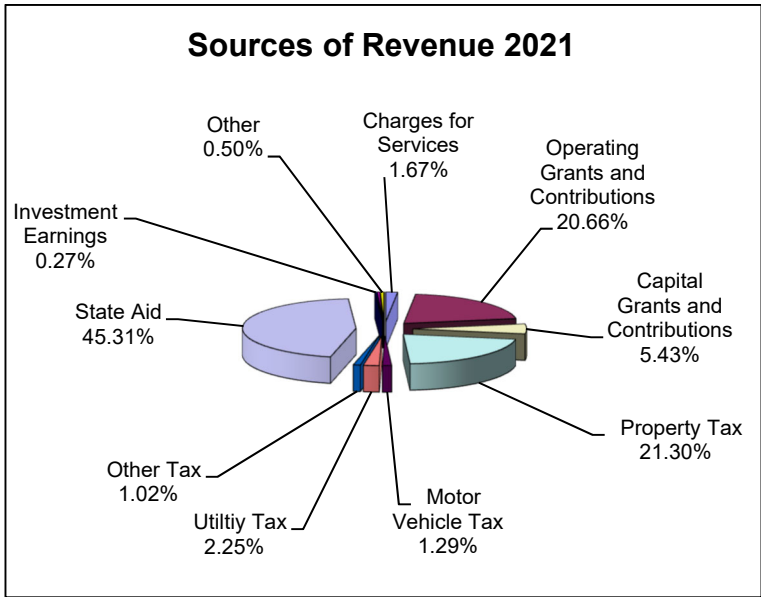
BGISD Net Position (increased by 21.42% or \$4,828,104)



Changes in Net Position for June 30, 2021 and June 30, 2022

Revenues	Governmental Activities		Proprietary Business-Type Activities		District Total		District Total Percentage Change
	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	2021 to 2022
Program Revenues							
Charges for Services	\$1,055,519	\$1,429,968	\$45,921	\$117,579	\$1,101,440	\$1,547,547	40.5%
Operating Grants and Contributions	\$7,635,209	\$10,567,305	\$6,026,553	\$4,736,567	\$13,661,762	\$15,303,872	12.0%
Capital Grants and Contributions	\$3,588,279	\$3,748,550	\$0	\$0	\$3,588,279	\$3,748,550	4.5%
General Revenue							
Taxes							
Property Tax	\$14,086,749	\$15,009,250	\$0	\$0	\$14,086,749	\$15,009,250	6.5%
Motor Vehicle Tax	\$852,799	\$847,487	\$0	\$0	\$852,799	\$847,487	-0.6%
Utility Tax	\$1,485,988	\$1,657,382	\$0	\$0	\$1,485,988	\$1,657,382	11.5%
Other Tax	\$673,065	\$736,127	\$0	\$0	\$673,065	\$736,127	9.4%
State Aid	\$29,964,967	\$29,445,790	\$0	\$0	\$29,964,967	\$29,445,790	-1.7%
Investment Earnings	\$146,269	\$26,539	\$32,779	\$5,056	\$179,048	\$31,595	-82.4%
Gain on disposal of Assets	\$206,741	\$366,213	\$0	\$0	\$206,741	\$366,213	77.1%
Other	\$285,201	\$709,896	\$47,351	\$76,745	\$332,552	\$786,641	136.5%
Transfers	\$0	\$0	\$0	-\$709,896	\$0	-\$709,896	
Total Revenues	\$59,980,786	\$64,544,507	\$6,152,604	\$4,226,051	\$66,133,390	\$68,770,558	4.0%

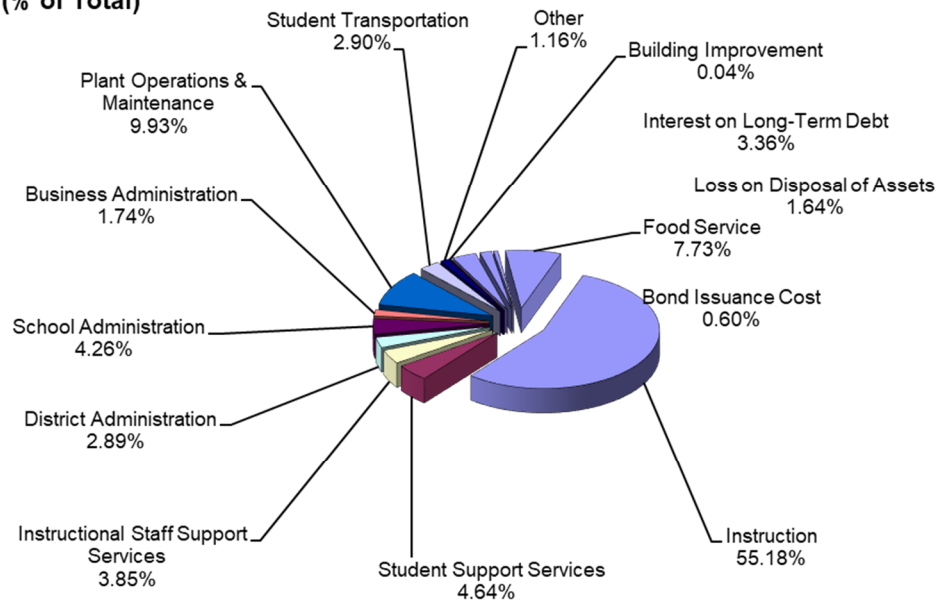




Expenses	Governmental Activities		Proprietary Business-Type Activities		District Total		District Total Percentage Change 2021 to 2022
	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	
Instruction	\$35,799,946	\$35,283,658			\$35,799,946	\$35,283,658	-1.4%
Support Services					\$0	\$0	
Student Support Services	\$3,270,944	\$2,967,946			\$3,270,944	\$2,967,946	-9.3%
Instructional Staff	\$3,235,830	\$2,460,217			\$3,235,830	\$2,460,217	-24.0%
District Administration	\$1,209,406	\$1,847,444			\$1,209,406	\$1,847,444	52.8%
School Administration	\$2,543,907	\$2,720,812			\$2,543,907	\$2,720,812	7.0%
Business Administration	\$1,194,220	\$1,112,038			\$1,194,220	\$1,112,038	-6.9%
Plant Operations & Maintenance	\$6,653,126	\$6,348,055			\$6,653,126	\$6,348,055	-4.6%
Student Transportation	\$2,279,787	\$1,853,142			\$2,279,787	\$1,853,142	-18.7%
Other	\$827,500	\$742,011			\$827,500	\$742,011	-10.3%
Building Acquisition and Const.	\$0	\$53,089			\$0	\$53,089	
Building Improvement	\$0	\$23,985			\$0	\$23,985	
Interest on Long-Term Debt	\$1,778,034	\$2,151,191			\$1,778,034	\$2,151,191	21.0%
Loss on Disposal of Assets	\$0	\$1,047,679			\$0	\$1,047,679	
Bond Issuance Cost	\$276,400	\$385,586			\$276,400	\$385,586	39.5%
Food Service			\$4,955,338	\$4,945,601	\$4,955,338	\$4,945,601	-0.2%
Total Expenses	\$59,069,100	\$58,996,853	\$4,955,338	\$4,945,601	\$64,024,438	\$63,942,454	-0.1%

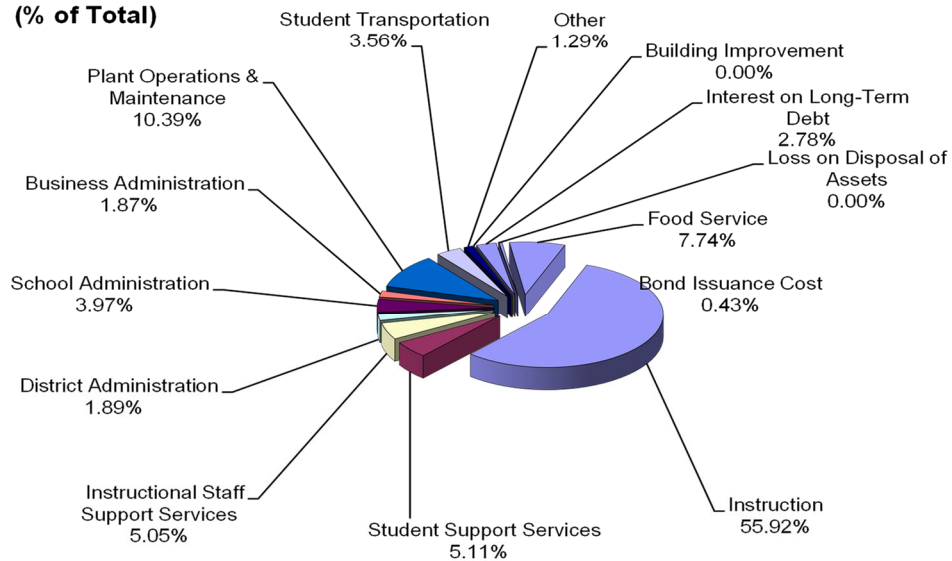
Expenses 2022

(% of Total)



Expenses 2021

(% of Total)



Total revenues during 2022 for the District were \$68,770,558 and the total expenses were \$63,942,454. Revenues exceeded Expenses by \$4,828,104.

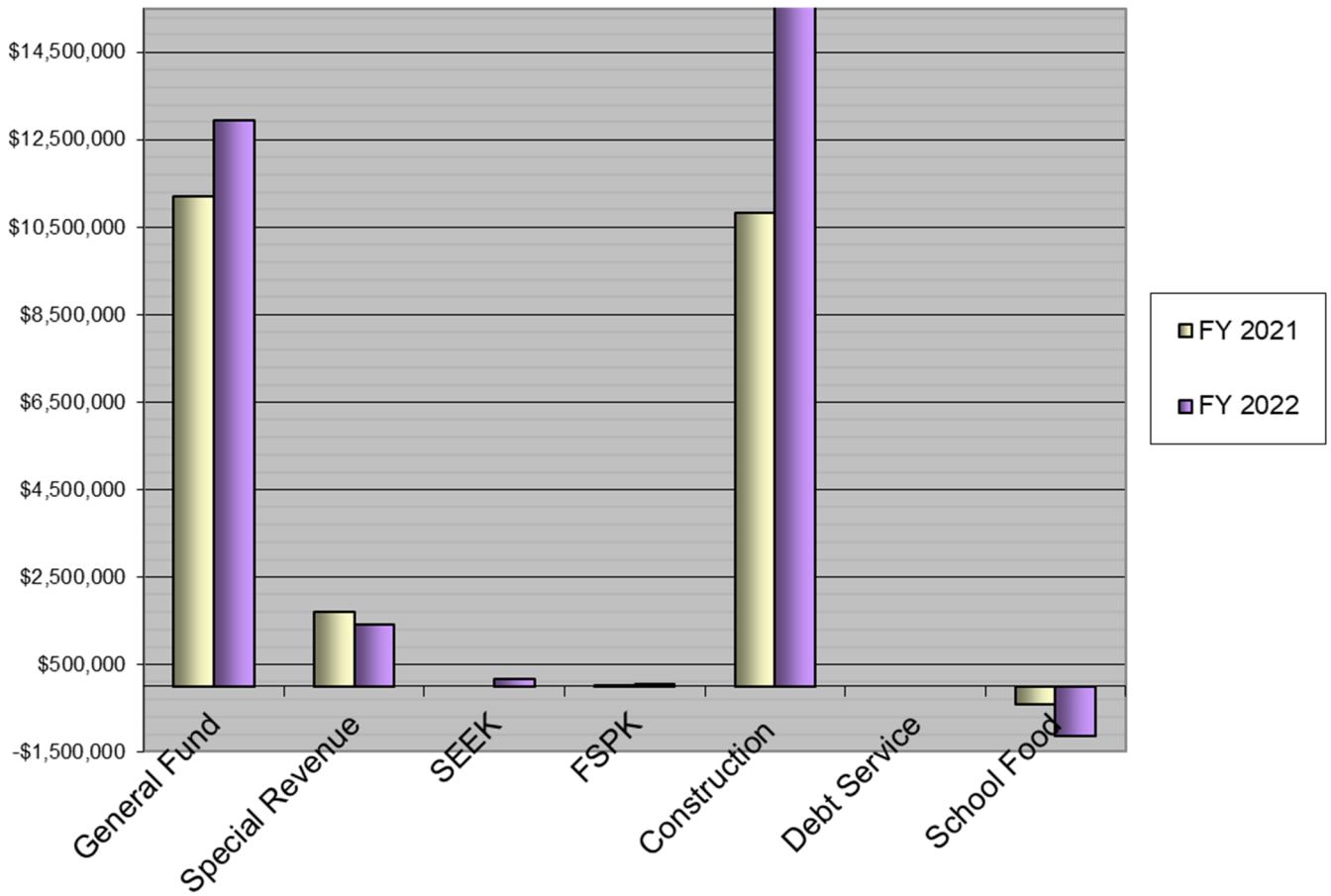
- State revenues accounted for 42.82% and local taxes accounted for 26.54% of the revenue.
- Instruction was the major expense category and accounted for 55.18% to the total.

- Food service expenses exceeded revenues by \$719,550 and Governmental revenues exceeded expenses by \$5,547,654.

Financial Analysis of the District Funds

Changes in End-of-Year Fund Balances	FY 2021	FY 2022	Amount of Change	% Change
General Fund	\$11,212,511	\$12,930,060	\$1,717,549	15.3%
Special Revenue	\$1,699,261	\$1,423,940	(\$275,321)	-16.2%
SEEK	\$0	\$161,500	\$161,500	
FSPK	\$24,842	\$36,109	\$11,267	45.4%
Construction	\$10,833,965	\$25,414,246	\$14,580,281	134.6%
Debt Service	\$0	\$0	\$0	
School Food	-\$424,359	-\$1,143,909	(\$719,550)	-169.6%
Total	\$23,346,220	\$38,821,946	\$15,475,726	66.3%

Changes in Year-End Fund Balances



- The General Fund’s fund balance increased \$1,717,549. This represents a current year excess of expenditures over revenues (deficit) of \$1,717,549, of which, a net \$1,685,789 was from a transfer to the Construction Fund, due to a Capital Funds Request. Excluding this transfer, Fund balance for the General Fund would have increased by \$3,403,338.
- The Special Revenue fund decreased \$275,321. All projects in the Special Revenue fund are zeroed at year end except for the technology projects and Sick Leave fund. The Sick Leave fund shows a decrease of \$118,501 due to a withdrawal from the Sick Leave Trust of \$14,211 (income from the year) and a decrease in market value. Sick leave payouts at retirement during fiscal year 2022 were \$132,136. These payouts were primarily made from the General Fund.
- The School Food’s fund balance decreased by \$719,550.

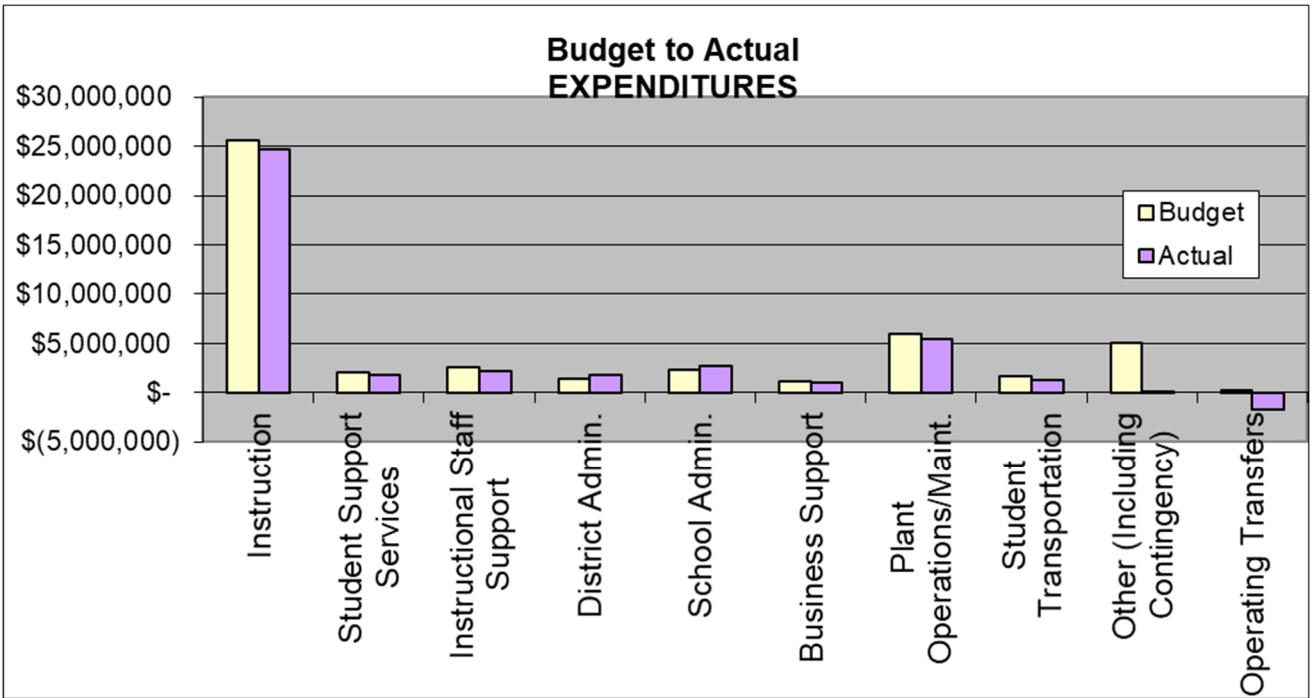
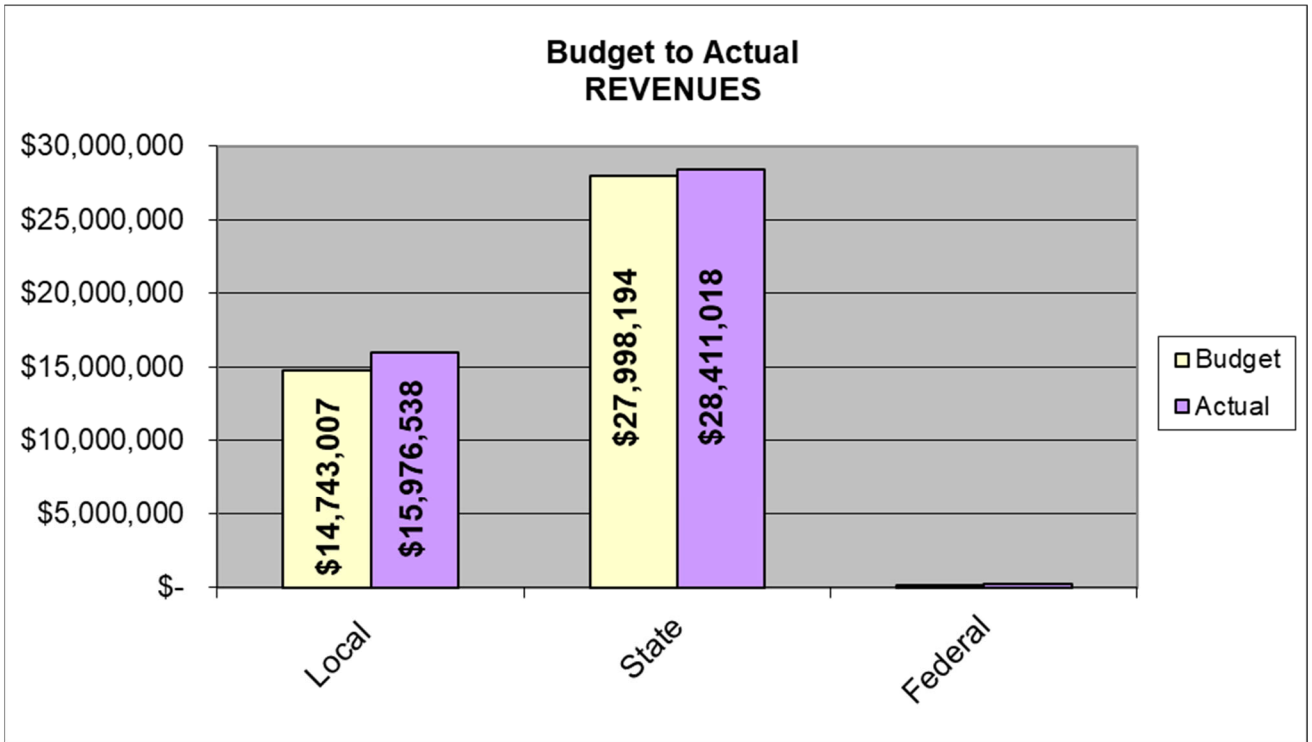
Comments on General Fund and Special Revenue Budget Comparisons

- The District’s General Fund total revenues of \$44,609,459 for the fiscal year ended June 30, 2022, included On Behalf payments from the state of \$11,510,119. Actual general fund revenue was \$8,143,386 more than was budgeted in the working budget. The district normally budgets conservatively. It is advisable to be conservative when estimating local and state revenue because there have been numerous state funding adjustments in the past that have decreased the amount of state revenue the district received. Also, local revenue for delinquent, omitted and utility taxes are inconsistent from year to year. A carry-forward balance of 8-10% is recommended.
- Expenditures were \$41,206,121. Excluding the contingency budget of \$5,016,555 actual expenditures were less than the budgeted amount by \$6,940,463. The district is required to budget 2% as contingency, but no expenditures are actually paid from this account. The district’s contingency budget for Fiscal Year 2021-2022 decreased \$1,252,647 over the previous fiscal year.
- The Special Revenue fund budget compared to actual will always differ slightly because the state budget report only shows current fiscal year grant awards. The Special Revenue expenditures will include current year grant expenditures and previous year grant expenditures that were not completed at the end of the previous year.

General Fund Budget to Actual Comparison FY 2022

GENERAL FUND REVENUES	Budget	Actual
Local	\$ 14,743,007	\$ 15,976,538
State	\$ 27,998,194	\$ 28,411,018
Federal	\$ 175,000	\$ 221,903
SUBTOTAL	\$ 42,916,201	\$ 44,609,459
Beginning Balance	\$ 4,762,383	\$ 11,212,511
Total	\$ 47,678,584	\$ 55,821,970
	difference	\$ 8,143,386

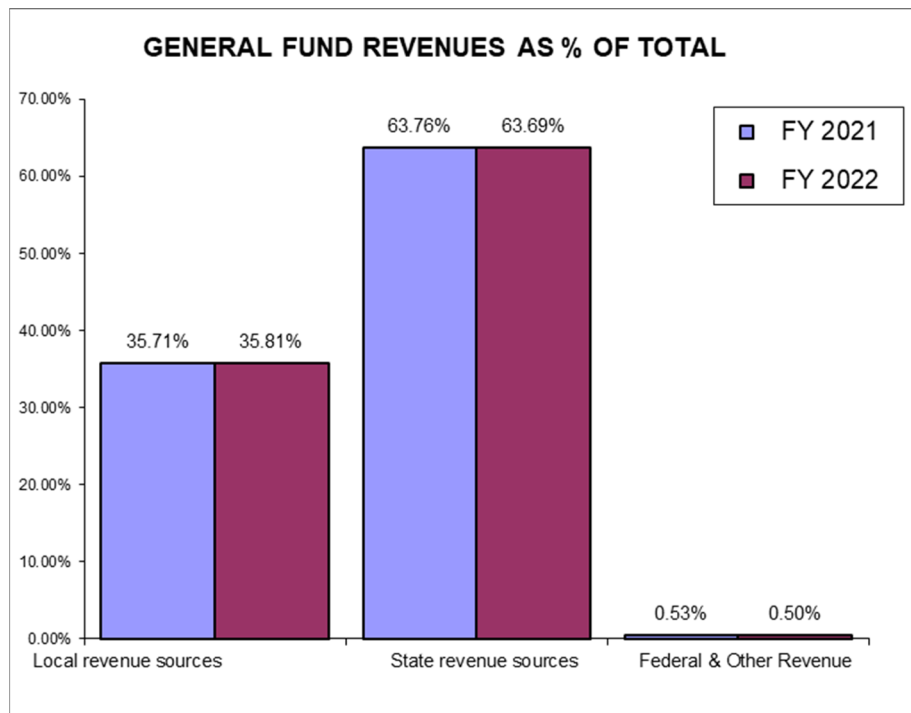
GENERAL FUND EXPENDITURES	Budget	Actual
Instruction	\$ 25,605,607	\$ 24,760,723
Student Support Services	\$ 2,113,290	\$ 1,847,856
Instructional Staff Support	\$ 2,582,025	\$ 2,144,648
District Admin.	\$ 1,468,095	\$ 1,781,679
School Admin.	\$ 2,377,084	\$ 2,748,890
Business Support	\$ 1,086,239	\$ 1,048,491
Plant Operations/Maint.	\$ 5,963,621	\$ 5,458,701
Student Transportation	\$ 1,700,068	\$ 1,262,841
Other (Including Contingency)	\$ 5,016,555	\$ 152,292
Operating Transfers	\$ 234,000	\$ (1,685,789)
Total	\$ 48,146,584	\$ 39,520,332
	difference	\$ (8,626,252)



The following tables present a summary of revenue and expenditures of the General Fund for the fiscal years ended June 30, 2021 and June 30, 2022.

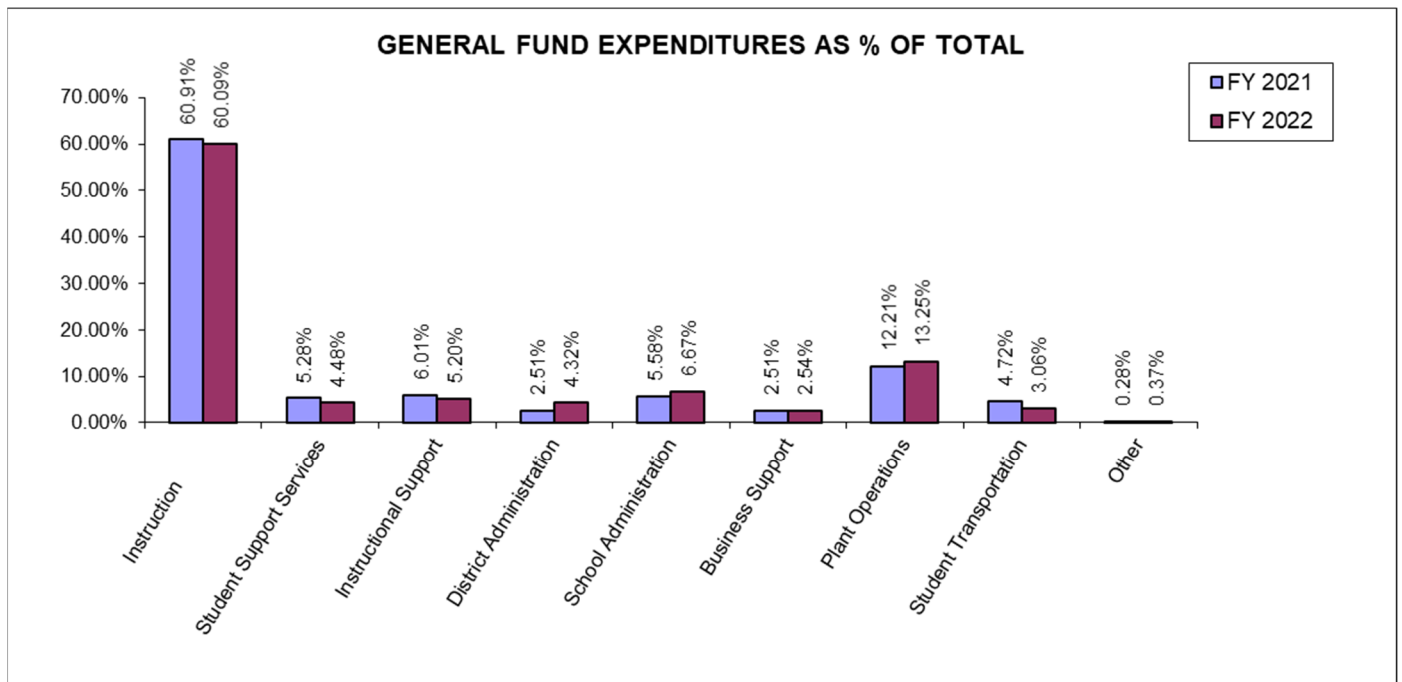
The majority of revenue was derived from state funding, 63.69%, with local revenue sources making up 35.81% of total revenue.

General Fund Revenues:	FY 2021	FY 2022
Local revenue sources	\$14,931,780	\$15,976,538
<i>Taxes</i>		
<i>Property</i>	\$11,391,309	\$12,179,038
<i>Motor Vehicle</i>	\$842,159	\$847,487
<i>Utilities</i>	\$1,485,988	\$1,657,382
<i>Other</i>	\$673,065	\$736,127
<i>Tuition and Fees</i>	\$314,855	\$350,797
<i>Earnings on Investments</i>	\$134,658	\$25,925
<i>Other Local Revenue</i>	\$89,746	\$179,782
State revenue sources	\$26,659,949	\$28,411,018
Federal Revenue	\$220,753	\$221,903
Total revenues	\$41,812,482	\$44,609,459



The majority, 60.09%, of General Fund expenditures were for direct instruction related activities.

General Fund Expenditures	FY 2021	FY 2022
Instruction	\$25,198,081	\$24,760,723
Support Services		
Student Support Services	\$2,184,512	\$1,847,856
Instructional Support	\$2,485,182	\$2,144,648
District Administration	\$1,037,006	\$1,781,679
School Administration	\$2,308,018	\$2,748,890
Business Support	\$1,037,681	\$1,048,491
Plant Operations	\$5,050,274	\$5,458,701
Student Transportation	\$1,950,560	\$1,262,841
Other	\$114,813	\$152,292
Total Expenditures	\$41,366,127	\$41,206,121
Excess of Revenue over Expenditures	\$446,355	\$3,403,338
Operating Transfers	\$ 2,290,628	\$ (1,685,789)
Net Change in Fund Balance	\$2,736,983	\$1,717,549



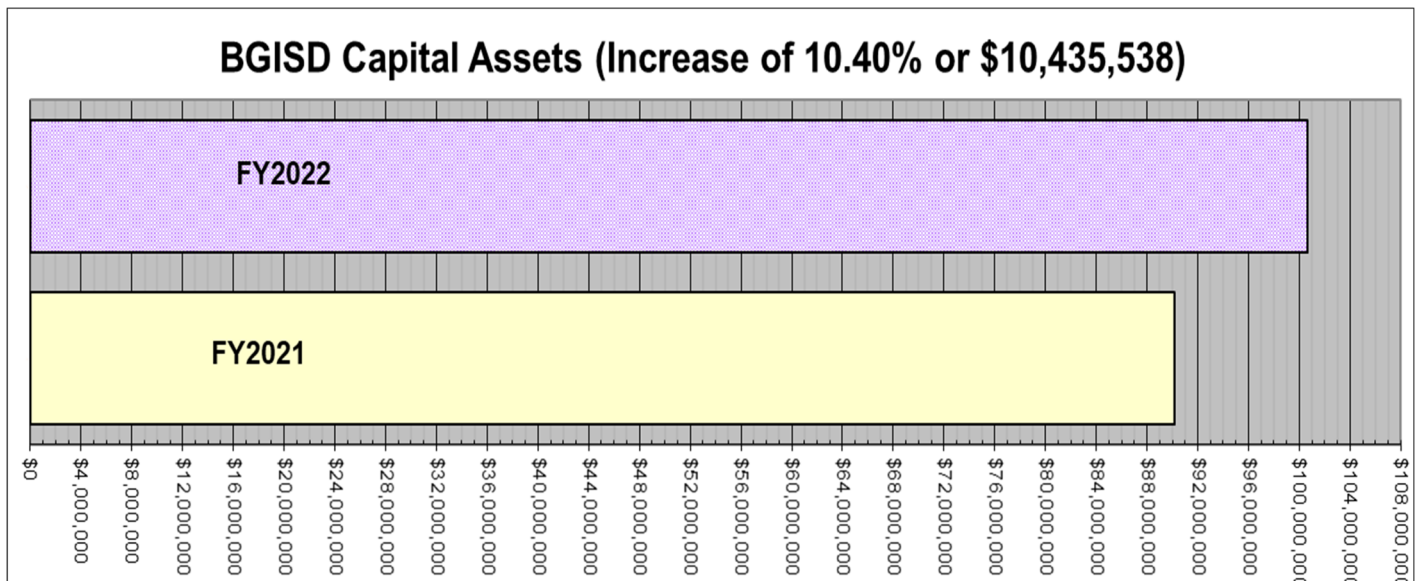
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2022, the district's cumulative total initial cost of assets increased by \$15,532,716 to \$137,908,478. This included land, school buildings, athletic facilities, maintenance facilities, computer equipment and administrative offices. Accumulated depreciation on these assets decreased by \$8,688,644 to \$37,280,931 due to disposals. Book value increased for capital assets by \$10,435,538 to \$100,627,547.

SUMMARY OF CAPITAL ASSETS

CAPITAL ASSETS (net of depreciation)	Governmental Activities		Proprietary Business-Type Activities		District Total		Total District Percentage Change
	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	2021 to 2022
	Land & Land Improvements	\$2,141,193	\$8,779,962	\$0	\$0	\$2,141,193	\$8,779,962
Buildings	\$83,131,867	\$86,126,727	\$0	\$0	\$83,131,867	\$86,126,727	3.5%
Equipment & Furniture	\$4,733,974	5,421,850	\$184,975	\$299,008	\$4,918,949	\$5,720,858	14.0%
Total Assets	\$90,007,034	\$100,328,539	\$184,975	\$299,008	\$90,192,009	\$100,627,547	10.4%

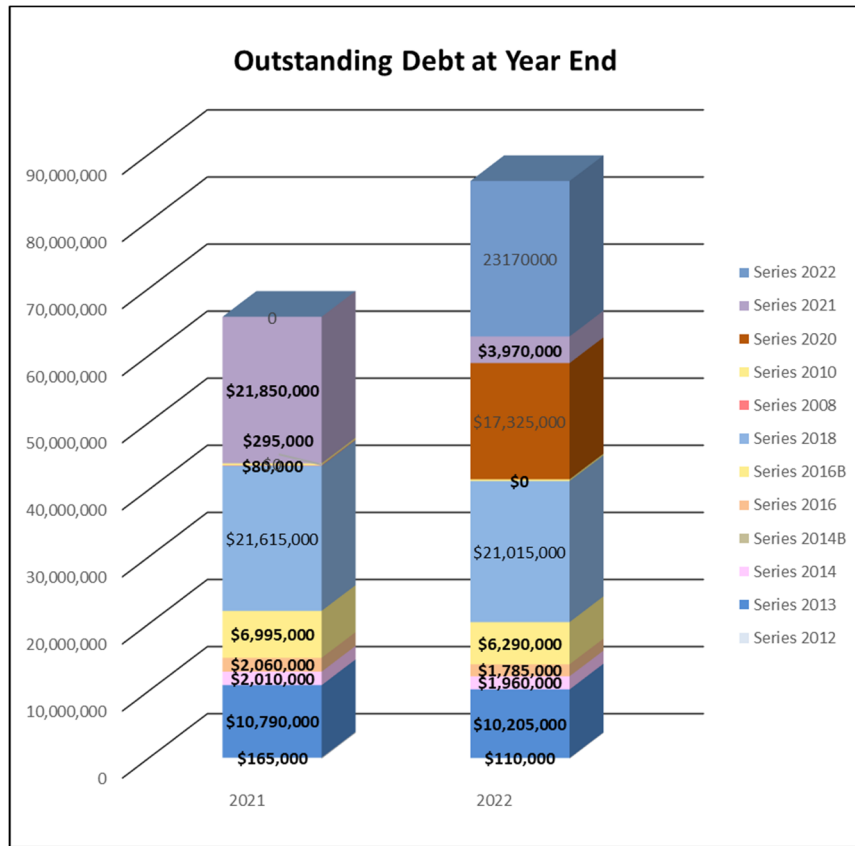


Long-Term Debt

At year-end the district had \$86,099,000 in general obligation bonds outstanding. This was an increase of \$20,239,000 from the previous year.

Outstanding Debt at Year End

		Governmental Activities 2021	Governmental Activities 2022
General Obligation Bonds:			
Series 2008	T.C. Cherry Construction	\$80,000	\$0
Series 2010	W.R McNeill Library Renovations	\$295,000	\$269,000
Series 2012	Refunding Issue 2004	\$165,000	\$110,000
Series 2013	Dishman-McGinnis Construction	\$10,790,000	\$10,205,000
Series 2014	W.R McNeill Kitchen/Cafeteria Renovations	\$2,010,000	\$1,960,000
Series 2014B	Refunding Issue 2005	\$0	\$0
Series 2016	Refunding Issue 2007	\$2,060,000	\$1,785,000
Series 2016B	Refunding Issue 2008	\$6,995,000	\$6,290,000
Series 2018	Phase 1 BGHS Re-Construction	\$21,615,000	\$21,015,000
Series 2020	Phase 2 BGHS Re-Construction	\$0	\$17,325,000
Series 2021	Phase 3 BGHS Re-Construction	\$21,850,000	\$3,970,000
Series 2022	Phase 4 BGHS Re-Construction	\$0	\$23,170,000
TOTAL		\$65,860,000	\$86,099,000



BUDGETARY IMPLICATIONS

As in the past, it is extremely important that the district continue to budget very conservatively. The district depends heavily on state support; 63.69% of the district’s General Fund Revenue during 2022. In the past, there have been significant adjustments in the SEEK funding, as well as, cuts in many state grants. The projected SEEK forecast received from the state should only be considered as an estimate of state revenue.

The major portion of the district’s property tax revenue does not come to the district until the fifth through the seventh months of the fiscal year. This means the general fund’s beginning fund balance must be used to absorb much of the first four months expenditures. Provisions must always be made to have a significant beginning balance to start each year. The district has an ending general fund balance of \$12,930,060 or 43.54% of the 2022 general fund budget, excluding On-behalf payments of \$11,510,119.

By law, the General Fund budget must have a minimum of 2% in contingency. The 2% is calculated on budgeted expenditures in Fund 1, Fund 2, Fund 310, Fund 320 and Fund 51. The district adopted a Fiscal Year 2022 working budget with a contingency of \$4,874,911 (13.01%).

For the 2021-2022 fiscal year, the Board reduced the discretionary staffing allocation percentage to zero percent (3%), with a 3% pay raise for employees. Other actions that will have a financial impact include additional spending on students with special needs, the Limited English Proficient (LEP) program and General Fund matching dollars for other grants. During fiscal year 2022, \$82,247 was needed from the general fund to subsidize special revenue funds (grants). The district currently participates in over 30 federal and state grants. The total budget for these grants is over \$5.1 million for 2022. Many of these grants are funded on a reimbursement basis. This requires the district to pay the expenses of the grant and then apply for reimbursement. The district must continue to monitor the grants constantly and get reimbursements in a

timely manner. The district must also maintain a significant cash balance in order to pay the expenses of these grants while waiting for reimbursements.

DISTRICT CHALLENGES FOR THE FUTURE

The primary challenges for Bowling Green Independent Schools are to continue to provide modern facilities, continue the excellence in education with a diverse population, monitor the impact of increasing employer contributions to both employee retirement systems, and to maintain the average daily attendance count.

The first challenge mentioned above is to provide modern facilities for our students and staff. Our district has in the past, and must continue in the future, to maintain an adequate maintenance budget to keep our facilities repaired and maintained. The district is currently in the process of completing a 4 phased construction project to replace the high school at the current location. The board adopted a recallable nickel tax rate in order to begin this project.

The second challenge mentioned above is to maintain the excellence our district has enjoyed with a growing diverse population. Our community has a growing immigrant population. This presents our district with the challenge of teaching many students who do not speak English. Our Limited English Proficient (LEP) population has grown to be over 18.29 % of the district's average daily attendance number with 49 languages spoken. We received \$72/LEP student in additional funding for a total of \$289,690 during Fiscal Year 2021-2022. It will be important to maintain this funding in the future.

The third challenge mentioned is preserving the average daily attendance count. The district receives funding through the SEEK formula based on this count. A very limited number of new homes are being constructed within the boundaries of the district; therefore, growth within the district is limited. It is vital that our schools have high attendance percentages, as well as, monitoring those student enrollments that continue to choose Bowling Green Independent Schools when they could be attending elsewhere. Maintaining excellence and emphasizing public service are the main factors influencing this district challenge.

This narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022 are designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report should be directed to Gary Fields, Superintendent, or to Shaunna Cornwell, Finance Director, located at, 1211 Center St., Bowling Green, KY, 42101, by phone at 270-746-2200, or by email at gary.fields@bgreen.kyschools.us or shaunna.cornwell@bgreen.kyschools.us.

Bowling Green Independent School District
Statement of Net Position

<i>June 30, 2022</i>	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 40,118,809	\$ 1,913,130	\$ 42,031,939
Investments	1,059,466	-	1,059,466
Accounts receivable:			
Taxes	461,143	-	461,143
Accounts	25,087	-	25,087
Intergovernmental	3,250,535	393,489	3,644,024
Inventory	-	82,266	82,266
Prepaid expenses	106,843	-	106,843
Non-depreciable capital assets	7,152,301	-	7,152,301
Depreciable capital assets	129,436,669	1,319,508	130,756,177
Less: accumulated depreciation	(36,260,431)	(1,020,500)	(37,280,931)
Total assets	145,350,422	2,687,893	148,038,315
Deferred Outflows of Resources			
Deferred loss on debt refundings	395,001	-	395,001
OPEB related	5,277,766	462,342	5,740,108
Pension related	2,359,178	502,148	2,861,326
Total deferred outflows of resources	8,031,945	964,490	8,996,435
Liabilities			
Accounts payable	3,412,633	1,747	3,414,380
Accrued liabilities	524,892	-	524,892
Unearned revenue	567,271	-	567,271
Accrued interest	761,368	-	761,368
Long-term obligations:			
Due within one year:			
Outstanding bonds	3,142,000	-	3,142,000
Compensated absences	477,408	30,028	507,436
Due beyond one year:			
Outstanding bonds	85,089,836	-	85,089,836
Compensated absences	1,325,685	7,231	1,332,916
Net OPEB liability	11,121,929	872,270	11,994,199
Net pension liability	13,650,826	2,905,556	16,556,382
Total liabilities	120,073,848	3,816,832	123,890,680

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Statement of Net Position

<i>June 30, 2022</i>	Governmental Activities	Business-type Activities	Total
Deferred Inflows of Resources			
OPEB related	7,142,123	451,282	7,593,405
Pension related	2,481,478	528,178	3,009,656
Total deferred inflows of resources	9,623,601	979,460	10,603,061
Net Position (Deficit)			
Net investment in capital assets	32,955,006	299,008	33,254,014
Restricted for:			
Grant programs	1,423,940	-	1,423,940
Capital projects	5,148,553	360,000	5,508,553
Compensated absences	1,059,466	-	1,059,466
Student Activities	551,232	-	551,232
Unrestricted (deficit)	(17,453,279)	(1,802,917)	(19,256,196)
Total net position (deficit)	\$ 23,684,918	\$ (1,143,909)	\$ 22,541,009

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Statement of Activities

Year Ended June 30, 2022	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	
Governmental Activities							
Instruction	\$ 35,283,658	\$ 1,429,968	\$ 7,511,120	\$ 195,737	\$ (26,146,833)	\$ -	\$ (26,146,833)
Support services:							
Student	2,967,946	-	741,227	-	(2,226,719)	-	(2,226,719)
Instructional staff	2,460,217	-	426,774	-	(2,033,443)	-	(2,033,443)
District administration	1,847,444	-	44,014	-	(1,803,430)	-	(1,803,430)
School administration	2,720,812	-	-	-	(2,720,812)	-	(2,720,812)
Business	1,112,038	-	40,004	-	(1,072,034)	-	(1,072,034)
Plant operations and maintenance	6,348,055	-	493,814	-	(5,854,241)	-	(5,854,241)
Student transportation	1,853,142	-	742,878	-	(1,110,264)	-	(1,110,264)
Other	742,011	-	567,474	-	(174,537)	-	(174,537)
Building acquisition and construction	53,089	-	-	3,149,727	3,096,638	-	3,096,638
Building improvement	23,985	-	-	-	(23,985)	-	(23,985)
Bond issuance cost	385,586	-	-	-	(385,586)	-	(385,586)
Loss on disposal of assets	1,047,679	-	-	-	(1,047,679)	-	(1,047,679)
Interest on long-term debt	2,151,191	-	-	403,086	(1,748,105)	-	(1,748,105)
Total governmental activities	58,996,853	1,429,968	10,567,305	3,748,550	(43,251,030)	-	(43,251,030)
Business-type activities							
Food services	4,945,601	117,579	4,736,567	-	-	(91,455)	(91,455)
Total business-type activities	4,945,601	117,579	4,736,567	-	-	(91,455)	(91,455)
Total school district	\$ 63,942,454	\$ 1,547,547	\$ 15,303,872	\$ 3,748,550	(43,251,030)	(91,455)	(43,342,485)

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Statement of Activities

<i>Year Ended June 30, 2022</i>	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business- type Activities	Total
General Revenues			
Taxes:			
Property	15,009,250	-	15,009,250
Motor vehicle	847,487	-	847,487
Utilities	1,657,382	-	1,657,382
Other	736,127	-	736,127
State aid	29,445,790	-	29,445,790
Investment earnings	26,539	5,056	31,595
Other	366,213	76,745	442,958
Transfers	709,896	(709,896)	-
Total general revenues and transfers	48,798,684	(628,095)	48,170,589
Change in net position (deficit)	5,547,654	(719,550)	4,828,104
Net position (deficit) - beginning of year	18,137,264	(424,359)	17,712,905
Net position (deficit) - end of year	\$ 23,684,918	\$ (1,143,909)	\$ 22,541,009

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Balance Sheet
Governmental Funds

<i>June 30, 2022</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 11,243,612	\$ -	\$ 28,137,848	\$ 737,349	\$ 40,118,809
Investments	-	1,059,466	-	-	1,059,466
Accounts receivable:					
Taxes	461,143	-	-	-	461,143
Accounts	-	-	-	25,087	25,087
Intergovernmental	12,431	3,238,104	-	-	3,250,535
Due from other funds	1,904,645	-	-	-	1,904,645
Prepaid expenses	106,843	-	-	-	106,843
Total assets	\$ 13,728,674	\$ 4,297,570	\$ 28,137,848	\$ 762,436	\$ 46,926,528

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Balance Sheet
Governmental Funds

<i>June 30, 2022</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 273,722	\$ 401,714	\$ 2,723,602	\$ 13,595	\$ 3,412,633
Accrued liabilities	524,892	-	-	-	524,892
Due to other funds	-	1,904,645	-	-	1,904,645
Unearned revenue	-	567,271	-	-	567,271
Total liabilities	798,614	2,873,630	2,723,602	13,595	6,409,441
Fund Balances					
Restricted	1,549,193	1,423,940	25,414,246	748,841	29,136,220
Assigned	10,305,027	-	-	-	10,305,027
Unassigned	1,075,840	-	-	-	1,075,840
Total fund balances	12,930,060	1,423,940	25,414,246	748,841	40,517,087
Total liabilities and fund balances	\$ 13,728,674	\$ 4,297,570	\$ 28,137,848	\$ 762,436	\$ 46,926,528

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position

<i>June 30,</i>	2022
Total fund balances - governmental funds	\$ 40,517,087
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 as assets in governmental funds. The cost of the assets is \$136,588,970 and the accumulated depreciation is (\$36,260,431).	100,328,539
Governmental funds record losses on debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are included on the government-wide financial statements as a deferred outflow.	395,001
Deferred outflows and inflows or resources related to pensions are applicable to future periods, therefore, are not reported in the funds statements.	(122,300)
Deferred outflows and inflows or resources related to OPEB are applicable to future periods, therefore, are not reported in the funds statements.	(1,864,357)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds payable	(88,231,836)
Accrued interest on the bonds	(761,368)
Net OPEB liability	(11,121,929)
Net pension liability	(13,650,826)
Compensated absences	(1,803,093)
Total net position - governmental activities	\$ 23,684,918

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Statement of Revenues, Expenditures and Changes in Funds Balances
Governmental Funds

<i>Year Ended June 30, 2022</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Taxes:					
Property	\$ 12,179,038	\$ -	\$ -	\$ 2,830,212	\$ 15,009,250
Motor vehicle	847,487	-	-	-	847,487
Utilities	1,657,382	-	-	-	1,657,382
Other	736,127	-	-	-	736,127
Tuition and fees	350,797	-	-	1,079,171	1,429,968
Earnings on investments	25,925	(96,535)	36,287	614	(33,709)
Other local revenue	179,782	82,950	-	-	262,732
Intergovernmental - state	28,411,018	2,272,987	-	3,516,526	34,200,531
Intergovernmental - federal	221,903	8,503,640	-	-	8,725,543
Total revenues	44,609,459	10,763,042	36,287	7,426,523	62,835,311
Expenditures					
Current:					
Instruction	24,760,723	6,835,583	-	1,027,077	32,623,383
Support services:					
Student	1,847,856	741,227	-	-	2,589,083
Instructional staff	2,144,648	426,774	-	-	2,571,422
District administration	1,781,679	44,014	-	-	1,825,693
School administration	2,748,890	-	-	-	2,748,890
Business	1,048,491	40,004	-	-	1,088,495
Plant operations and maintenance	5,458,701	493,814	-	-	5,952,515

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Statement of Revenues, Expenditures and Changes in Funds Balances
Governmental Funds

<i>Year Ended June 30, 2022</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Student transportation	1,262,841	742,878	-	-	2,005,719
Other	128,307	567,474	-	-	695,781
Debt service:					
Principal	-	-	-	2,931,000	2,931,000
Interest	-	-	-	1,925,324	1,925,324
Bond issuance cost	-	-	385,586	-	385,586
Building improvement	23,985	-	-	100,541	124,526
Building acquisition & construction	-	-	14,370,840	-	14,370,840
Total expenditures	41,206,121	9,891,768	14,756,426	5,983,942	71,838,257
Excess (deficiency) of revenues over expenditures	3,403,338	871,274	(14,720,139)	1,442,581	(9,002,946)
Other Financing Sources (Uses)					
Bond proceeds, net of discount	-	-	24,540,420	-	24,540,420
Operating transfers in	1,900,778	86,567	4,760,000	4,453,238	11,200,583
Operating transfers out	(3,586,567)	(1,233,162)	-	(5,670,958)	(10,490,687)
Total other financing sources (uses)	(1,685,789)	(1,146,595)	29,300,420	(1,217,720)	25,250,316
Net change in fund balances	1,717,549	(275,321)	14,580,281	224,861	16,247,370
Fund balances - beginning of year	11,212,511	1,699,261	10,833,965	523,980	24,269,717
Fund balances - end of year	\$ 12,930,060	\$ 1,423,940	\$ 25,414,246	\$ 748,841	\$ 40,517,087

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in
 Fund Balances to the Statement of Activities

<i>Year Ended June 30,</i>	2022
Total net change in fund balances - governmental funds	\$ 16,247,370
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$15,335,715) exceeds depreciation (\$3,931,059) in the period.	11,404,656
Gains and losses are not presented in governmental funds because they do not provide or use current financial resources. However, they are presented on the statement of activities. The difference between proceeds from the sale of assets and the actual gain (loss) from the sale net to this amount for the year.	(1,083,151)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	2,931,000
The issuance of a bond is shown as an other financing source in the governmental funds and provide current financial resources, but they increase long-term liabilities in the statement of net position.	(24,540,420)
Governmental funds report district OPEB contributions as expenditures. However, in the statements of activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.	
District OPEB contributions	885,537
Cost of benefits earned net of employee contributions	(74,708)
Governmental funds report district pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
District pension contributions	1,209,456
Cost of benefits earned net of employee contributions	(1,228,586)
Expenditures reported in the fund financial statements are recognized when the current financial resource is used. However, expenses in the statement of activities are recognized when they are incurred.	(203,500)
Change in net position - governmental activities	\$ 5,547,654

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Statement of Net Position
Proprietary Fund

<i>June 30, 2022</i>	Enterprise Fund Food Service
Assets	
Current Assets	
Cash	\$ 1,913,130
Accounts receivable	
Intergovernmental	393,489
Inventory	82,266
<hr/>	
Total current assets	2,388,885
<hr/>	
Noncurrent Assets	
Fixed assets - net	299,008
<hr/>	
Total assets	2,687,893
<hr/>	
Deferred Outflows of Resources	
OPEB related	462,342
Pension related	502,148
<hr/>	
Total deferred outflows of resources	964,490
<hr/>	
Liabilities	
Current Liabilities	
Accounts payable	1,747
Compensated absences due within one year	30,028
<hr/>	
Total current liabilities	31,775
<hr/>	
Long-Term Liabilities	
Compensated absences due beyond one year	7,231
Net OPEB liability	872,270
Net pension liability	2,905,556
<hr/>	
Total long-term liabilities	3,785,057
<hr/>	
Deferred Inflows of Resources	
OPEB related	451,282
Pension related	528,178
<hr/>	
Total deferred inflows of resources	979,460
<hr/>	
Net Position (Deficit)	
Net investment in capital assets	299,008
Restricted	360,000
Unrestricted (deficit)	(1,802,917)
<hr/>	
Total net position (deficit)	\$ (1,143,909)
<hr/>	

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund

<i>Year Ended June 30, 2022</i>	Enterprise Fund Food Service
<hr/>	
Operating Revenues	
Lunchroom sales	\$ 117,579
<hr/>	
Total operating revenues	117,579
<hr/>	
Operating Expenses	
Salaries and wages	2,441,286
Contract services	88,803
Materials and supplies	2,305,226
Depreciation expense	110,286
<hr/>	
Total operating expenses	4,945,601
<hr/>	
Operating loss	(4,828,022)
<hr/>	
Non-Operating Revenues	
State operating grants	314,429
Federal operating grants	4,257,318
Donated commodities	164,820
Interest income	5,056
Other	76,745
<hr/>	
Total non-operating revenues	4,818,368
<hr/>	
Income before transfers	(9,654)
<hr/>	
Transfers	(709,896)
<hr/>	
Change in net position	(719,550)
<hr/>	
Net position (deficit) - beginning of year	(424,359)
<hr/>	
Net position (deficit) - end of year	\$ (1,143,909)
<hr/> <hr/>	

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Statement of Cash Flows
Proprietary Fund

<i>Year Ended June 30, 2022</i>	Enterprise Fund Food Service
<hr/>	
Cash flows from operating activities	
Cash received from user charges	\$ 117,579
Cash payments to employees for services	(1,720,693)
Cash payments for contract services	(88,803)
Cash payments to suppliers for goods and services	(2,180,584)
<hr/>	
Net cash used in operating activities	(3,872,501)
<hr/>	
Cash flows from non-capital financing activities	
Transfer to the construction fund	(709,896)
Nonoperating grants received	4,127,794
Other	76,745
<hr/>	
Net cash provided by non-capital financing activities	3,494,643
<hr/>	
Cash flows from capital and related financing activities	
Acquisition of capital assets	(224,319)
<hr/>	
Net cash used in capital and related financing activities	(224,319)
<hr/>	
Cash flows from investing activities	
Interest on investments	5,056
<hr/>	
Net cash provided by investing activities	5,056
<hr/>	
Decrease in cash	(597,121)
<hr/>	
Cash - Beginning of Year	2,510,251
<hr/>	
Cash - End of Year	\$ 1,913,130
<hr/>	

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Statement of Cash Flows
Proprietary Fund

<i>Year Ended June 30, 2022</i>	Enterprise Fund Food Service
Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating loss	\$ (4,828,022)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	110,286
Commodities received	164,820
On-behalf payments	289,790
Pension contributions in excess of pension expense	313,313
OPEB contributions in excess of OPEB expense	125,548
Changes in assets and liabilities:	
Inventories	11,188
Accounts payable	(51,366)
Accrued benefits	(8,058)
Net cash used in operating activities	\$ (3,872,501)

Noncash Activities

- The food service fund received \$164,820 of donated commodities from the federal government.
- The District received on-behalf payments of \$289,790 relating to fringe benefits from the state government.
- The District reclassified \$257,431 related to pension expense to deferred outflows of resources.
- The District reclassified \$70,091 related to OPEB expense to deferred outflows of resources.

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Statement of Fiduciary Net Position
Fiduciary Funds

<i>June 30, 2022</i>	Deferred Compensation	Private Purpose Trust Fund
Assets		
Cash	\$ 66,686	\$ 254,270
Total assets	\$ 66,686	\$ 254,270
Liabilities		
Deferred compensation payable	\$ 66,686	\$ -
Total liabilities	66,686	-
Net Position		
Held in trust for scholarships	-	110,355
Held in trust for district support	-	143,915
Total net position	\$ -	\$ 254,270

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

<i>Year Ended June 30, 2022</i>	Private Purpose Trust Fund
Additions	
Interest revenue	\$ 580
Contributions	49,681
<hr/>	
Total additions	50,261
<hr/>	
Deductions	
Scholarships	18,148
District support	29,760
<hr/>	
Total deductions	47,908
<hr/>	
Change in net position	2,353
<hr/>	
Net position - beginning of year	251,917
<hr/>	
Net position - end of year	\$ 254,270
<hr/> <hr/>	

The accompanying notes are an integral part of these financial statements.

Bowling Green Independent School District Notes to the Financial Statements

NOTE 1: DESCRIPTION OF THE ENTITY

Reporting Entity

The Bowling Green Independent Board of Education (the "Board"), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Bowling Green Independent School District (the "District"). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, as Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds relevant to the operation of the Bowling Green Independent School District. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc., except for those funds administered as an activity in the agency funds.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. The criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization and there is potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units.

Blended Component Unit

Based on the foregoing criteria, the financial statements of the following organizations are included in the accompanying financial statements as blended component units:

Bowling Green Independent School District Finance Corporation — The Bowling Green Independent Board of Education resolved to authorize the establishment of the Bowling Green Independent School District Finance Corporation (a nonprofit, nonstock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Bowling Green Independent School District also comprise the Corporation's Board of Directors.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 1: DESCRIPTION OF THE ENTITY (CONTINUED)

Reporting Entity (continued)

Bowling Green Independent School District Foundation- The Foundation is used to benefit the District and to provide scholarships to students based on donor designation. Two Board Members of the Bowling Green Independent Board of Education are members of the Foundation's Board of Directors. The Foundation also shares like management with the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Government-Wide Financial Statements — The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements — Fund financial statements report detailed information about the District's funds, including fiduciary funds. Separate statements for each fund category — governmental, proprietary and fiduciary — are presented. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District has the following funds:

Governmental Fund Types

The *General Fund* is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unassigned fund balance is considered as resources available for use. The general fund is a major fund.

The *Special Revenue Fund* accounts for proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the schedule of expenditures of federal awards. The Sick Leave Trust is to solely benefit the District. The corpus and any earnings of the Trust are restricted for payment of compensated absences of the District as stated in the trust agreement. The sick leave trust is included within the special revenue fund. The special revenue fund is a major fund.

The *Special Revenue District Activity Fund* is used to account for proceeds collected by the District's individual schools which are not raised by students or parents and are swept to the District's finance office. Funds can be spent on operating expenses as directed by the District's schools.

The *Special Revenue Student Activity Fund* is used to account for student activity funds of the District's individual schools. The student funds are maintained in accordance with the Uniform Program of Accounting for School Activity Funds, which is performed by the District.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Governmental Fund Types (continued)

The *Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund* receives those funds designated by the state as capital outlay funds and is restricted for use in financing projects identified in the District's facility plan and certain operating costs.

The *Facility Support Program of Kentucky (FSPK) Fund* accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds are restricted for use in financing projects identified in the District's facility plan.

The *Construction Fund* accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The construction fund is a major fund.

The *Debt Service Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and other debt related costs.

Proprietary Fund Types

Enterprise Fund

The *Food Service Fund* is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contributions of commodities from the USDA. The food service fund is a major fund.

Fiduciary Fund Types (includes custodial funds and private purpose trust funds)

Fiduciary funds account for assets held by the District in a trustee's capacity or in a custodial capacity for others that cannot be used to support the District's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations. Trust funds account for assets held by the District under the terms of a formal trust agreement.

Custodial Funds

Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private purpose trust funds.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fiduciary Fund Types (continued)

Private Purpose Trust Fund

The Private Purpose Trust Fund is used to report trust arrangements under which principal and income benefit individuals and the District's operations.

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary and fiduciary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This approach differs from the manner in which the government-wide financial statements are prepared. The governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balance. On this basis of accounting, revenues are recognized when they become measurable and available as assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is interest on general long-term debt, which is recognized as an expenditure when paid.

The records of the District and the budgetary process are based on the modified accrual basis of accounting. This practice is the accounting method prescribed by the Committee for School District Audits. The District is required by state law to adopt annual budgets for the general fund, special revenue fund and capital projects funds.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Investments

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Inventory

Supplies and materials are charged to expenditures when purchased (purchases method) with the exception of the proprietary funds, which record inventory at the lower of cost, determined by first-in first-out ("FIFO") method, or net realizable value.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000 with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Rolling stock	15 years
Other	10 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Outflows of Resources – Debt Related

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The deferred outflows of resources reported in the financial statements include the deferred amount arising from the refunding of bonds. The amount by which the reacquisition price of the refunding debt exceeds the carrying amount of the refunded debt is being amortized over the remaining life of the refunding bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows and Outflows of Resources – Pension Related

The District's statement of net position and proprietary funds statements of net position report a separate section for deferred inflows and outflows of resources related to pension which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District's contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Deferred inflows of resources also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost sharing plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows and Outflows of Resources – OPEB Related

The District's statement of net position and proprietary funds statements of net position report a separate section for deferred inflows and outflows of resources related to OPEB which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District's contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS)/Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from CERS/KTRS fiduciary net position have been determined on the same basis as they are reported by CERS/KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The District proportionate share of pension amounts were further allocated to each participating employer based on the contributions paid by each employer. Pension investments are reported at fair value. Note 8 provides further detail on the net pension liability.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS)/Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from CERS/KTRS fiduciary net position have been determined on the same basis as they are reported by CERS/KTRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. OPEB investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Note 9 provides further detail on the net OPEB liability.

Post-Employment Health Care Benefits

Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advanced-funded on an actuarially determined basis through the CERS and the KTRS plans.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

Compensated Absences

The District uses the vesting method to compute compensated absences for sick leave. Sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits at termination. The District records a liability for accumulated unused sick leave when earned for all employees with more than five years of service.

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

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the funds from which the employees will be paid.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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 received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Net Position

The District classifies its net position into the following three categories:

Net investment in capital assets - This represents the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (continued)

Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September board meeting. Assuming property tax bills are timely mailed, the collection date is the period from September 15 through December 31. Collections from the period September 15 through November 1 receive a two percent discount. The due date is the period from November 2 through December 31 in which no discount is allowed. Property taxes received subsequent to December 31 are considered to be delinquent and subject to a lien being filed by the City Attorney.

Revenues — Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions are where each party receives equal value. On the modified accrual basis of accounting, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Assets from property taxes are normally recognized when an enforceable legal claim arises. However, for the District, an enforceable legal claim arises after the period for which taxes are levied. Property taxes receivable are recognized in the same period that the revenues are recognized. The property taxes are normally levied in September.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues — Exchange and Nonexchange Transactions (continued)

On the modified accrual basis of accounting, assets and revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Revenues from nonexchange transactions must also be available before they can be recognized.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as non-operating revenues/expenses in proprietary funds.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Subsequent Events

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through November 15, 2022 which was the date the financial statements were made available.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Issued and Adopted Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (as modified by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2022, which resulted in no impact on the beginning net position and fund balance of the District.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (as modified by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2022, which resulted in no impact on the beginning net position and fund balance of the District.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans— an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Issued and Adopted Accounting Pronouncements (continued)

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The District has implemented the new requirements of this statement for the fiscal year ended June 30, 2022, which resulted in no impact on the beginning net position and fund balance of the District.

Recent Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The District is evaluating the requirements of this Statement.

NOTE 3: CASH AND INVESTMENTS

Deposits

At June 30, 2022, the carrying amounts of the District's deposits reflected in cash and investments were \$42,352,895 and the bank balances were \$43,904,334, which were covered by federal depository insurance or by collateral held by the bank's agent in the District's name.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 3: CASH AND INVESTMENTS

Deposits (continued)

The carrying amounts are reflected in the financial statements as follows:

<u>June 30,</u>	<u>2022</u>
Governmental funds	\$ 40,118,809
Proprietary funds	1,913,130
Fiduciary funds	320,956
	<u>\$ 42,352,895</u>

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. However, the District is required by state statute that bank deposits must be collateralized. The District’s bank balance of \$43,904,334 was not exposed to custodial credit risk as of June 30, 2022.

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principal. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2022:

<u>Special Revenue Fund</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<i>June 30, 2022</i>				
Sick Leave Trust				
Mutual funds	\$ 174,994	\$ 174,994	\$ -	\$ -
Certificates of Deposit	150,479	150,479	-	-
Municipal securities	241,602	-	241,602	-
U.S government securities	492,391	-	492,391	-
Total	\$ 1,059,466	\$ 325,473	\$ 733,993	\$ -

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

June 30, 2022

Sick Leave Trust Investments	Rating	Maturities	Fair Value
Trust Insured Cash Account	N/R	-	\$ 41,355
Barclays Bk/Delaware CD 3.35%	N/R	10/10/2023	15,109
Capital One Natl CD 2.6%	N/R	12/20/2022	25,078
Sallie Mae Bank CD 1.7%	N/R	2/23/2024	49,024
Synchrony Bank CD 2.45%	N/R	10/27/2023	19,913
Kentucky St Ppty & Bldgs	N/R	11/1/2030	13,695
Caldwell Co Ky 2.00%	N/R	4/1/2031	29,542
Louisville Jefferson Cnty KY 3.5%	AAA	5/1/2025	14,663
Northern KY Univ Gen 2.938%	A1	9/1/2036	39,128
Henry Co Ky Sch 1.80%	A1	8/1/2030	29,374
Williston ND 3.25%	Ba2	5/1/2029	24,490
Ky Assoc Of Counties 2.625%	AA	2/1/2035	40,710
Washington St ISS 4%	AAA	7/1/2022	50,000
Fannie Mae 1.20%	AAA	8/27/2031	40,587
Fannie Mae 1.26%	AAA	12/30/2030	41,266
Federal Home Loan Banks 1.375%	AAA	2/17/2023	49,646
Federal Farm CR 1.38%	AAA	1/14/2031	20,834
Federal Farm CR 1.60%	AAA	11/1/2023	49,099
Federal Farm CR 1.700%	AAA	4/19/2029	44,104
Federal Farm CR 1.390%	AAA	12/29/2026	46,193
Federal Farm CR 3.5%	AAA	4/4/2029	34,232
Federal Home Loan 2.64%	AAA	2/7/2035	30,279
Federal Home Loan Bank 1.50%	AAA	2/25/2031	20,962
Federal Home Loan Bank 2.69%	AAA	9/26/2034	21,796
Federal Home Loan Bank 1.000%	AAA	1/10/2025	47,451
Federal Home Loan Bank 1.005%	AAA	7/21/2026	45,942
Ishares 20 Year Trsy Bond	N/R	-	22,974
Vanguard Fixed Income Inflation Admiral Fund	N/R	-	43,938
Vanguard GNMA Admiral 536	N/R	-	108,082
			\$ 1,059,466

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations of any corporation of the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and securities in mutual funds shall be eligible investments pursuant to this section. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. More than five percent of the District’s investments are in Vanguard GNMA Admiral 536 and this investment is 10.20% of the District’s total investments.

Risks and Uncertainties

The District invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the account balances and the amounts reported in the financial statements.

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consist of the following:

<i>June 30, 2022</i>		
Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	\$ 1,904,645

The amounts represent interfund loans between the general fund and special revenue fund and student activity funds and general fund that are necessary to fulfill the current cash requirements of the special revenue fund and student activity funds.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

<i>June 30, 2022</i>	Capital Cost			Ending Balance
	Beginning Balance	Additions	Retirements/ Reclassifications	
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 2,054,993	\$ -	\$ -	\$ 2,054,993
Construction in progress	15,349,690	14,293,766	24,546,148	5,097,308
Total non-depreciable historical cost	17,404,683	14,293,766	24,546,148	7,152,301
Capital assets that are depreciated:				
Land improvements	1,478,465	6,704,085	581,520	7,601,030
Buildings and improvements	102,735,818	17,180,838	9,916,470	110,000,186
Technology equipment	5,882,578	829,786	3,001,595	3,710,769
Vehicles	3,966,012	284,604	173,041	4,077,575
General	3,571,521	588,784	113,196	4,047,109
Total depreciable historical cost	117,634,394	25,588,097	13,785,822	129,436,669
Less accumulated depreciation for:				
Land improvements	1,392,265	54,956	571,160	876,061
Buildings and improvements	34,953,641	2,955,657	8,938,531	28,970,767
Technology equipment	4,491,641	599,078	2,981,021	2,109,698
Vehicles	2,778,234	183,878	132,738	2,829,374
General	1,416,262	137,490	79,221	1,474,531
Total accumulated depreciation	45,032,043	3,931,059	12,702,671	36,260,431
Total depreciable historical cost, net	72,602,351	21,657,038	1,083,151	93,176,238
Governmental activities, capital assets, net	\$ 90,007,034	\$ 35,950,804	\$ 25,629,299	\$ 100,328,539

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 5: CAPITAL ASSETS (CONTINUED)

<i>June 30, 2022</i>	Capital Cost			
	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Business-Type Activities:				
Capital assets that are depreciated:				
Technology equipment	\$ 61,502	\$ -	\$ 22,670	\$ 38,832
General	1,061,005	224,319	4,648	1,280,676
Total depreciable historical cost	1,122,507	224,319	27,318	1,319,508
Less accumulated depreciation for:				
Technology equipment	40,587	6,249	22,670	24,166
General	896,945	104,037	4,648	996,334
Total accumulated depreciation	937,532	110,286	27,318	1,020,500
Business-type activities, capital assets, net	\$ 184,975	\$ 114,033	\$ -	\$ 299,008

Depreciation expense was charged to governmental functions as follows:

<i>Year Ended June 30,</i>	<u>2022</u>
Instruction	\$ 2,510,776
Support services:	
Student	376,308
Instructional staff	35,502
District administration	31,331
School administration	9,096
Business	26,491
Facilities operations	766,879
Student transportation	171,777
Other	2,899
Total depreciation expense	\$ 3,931,059

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 6: LONG-TERM OBLIGATIONS

The original amount of each issue, the issue date and interest rates are summarized below:

Issue Date	Proceeds	Rates
2008	\$ 9,970,000	3.50% - 4.125%
2010	510,000	3.65%
2012	1,730,000	1.150% - 1.625%
2013	11,840,000	2.125% - 3.500%
2014	2,190,000	0.85%-3.70%
2016	2,670,000	2.00%
2016B	7,330,000	3.80% - 4.00%
2018	22,575,000	3.00% - 5.00%
2020	17,700,000	2.00%-4.00%
2021	4,150,000	2.00%
2022	23,170,000	3.50%-5.00%

On April 19, 2022 the District issued \$23,170,000 in series 2022 school Building Revenue Bonds with interest rates ranging from 3.50% to 5.00% for the Bowling Green High School replacement and addition project.

The District, through the General Fund, including utility taxes and the SEEK Capital Outlay Fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Bowling Green Independent School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The District has entered into "participation agreements" with the School Facility Construction Commission (SFCC). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2022 for debt service (principal and interest) are as follows:

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)

Year	Bowling Green Independent School District		School Facility Construction Commission		Total Debt Service
	Principal	Interest	Principal	Interest	
2022—2023	\$ 2,843,838	\$ 2,637,592	\$ 298,162	\$ 104,921	\$ 5,884,513
2023—2024	2,876,687	2,603,738	306,313	96,794	5,883,532
2024—2025	2,963,412	2,516,113	255,588	87,892	5,823,005
2025—2026	3,051,628	2,425,580	263,372	80,107	5,820,687
2026—2027	3,104,547	2,331,898	271,453	72,025	5,779,923
2027—2028	3,206,617	2,230,496	280,383	63,097	5,780,593
2028—2029	3,308,605	2,127,030	264,395	54,675	5,754,705
2029—2030	3,344,814	2,047,412	214,186	47,241	5,653,653
2030—2031	3,453,596	1,936,457	211,404	40,092	5,641,549
2031—2032	3,567,266	1,824,428	192,734	33,343	5,617,771
2032—2033	3,680,476	1,709,621	199,524	26,753	5,616,374
2033—2034	3,824,795	1,565,208	125,205	19,912	5,535,120
2034—2035	3,949,626	1,440,437	120,374	15,538	5,525,975
2035—2036	4,083,713	1,308,867	86,287	11,606	5,490,473
2036—2037	4,220,332	1,173,910	89,668	8,225	5,492,135
2037—2038	4,356,811	1,033,355	93,189	4,706	5,488,061
2038—2039	2,816,577	916,120	73,423	1,630	3,807,750
2039—2040	2,896,877	835,142	8,123	254	3,740,396
2040—2041	2,963,375	761,101	6,625	82	3,731,183
2041—2042	2,980,000	714,100	-	-	3,694,100
2042—2043	3,085,000	609,800	-	-	3,694,800
2043—2044	3,210,000	486,400	-	-	3,696,400
2044—2045	3,340,000	358,000	-	-	3,698,000
2045—2046	2,750,000	224,400	-	-	2,974,400
2046—2047	2,860,000	114,400	-	-	2,974,400
	<u>\$ 82,738,592</u>	<u>\$ 35,931,605</u>	<u>\$ 3,360,408</u>	<u>\$ 768,893</u>	<u>\$ 122,799,498</u>

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)

Changes in long-term obligations are as follows:

<i>June 30, 2022</i>	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Amounts Due within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds	\$ 65,860,000	\$ 23,170,000	\$ (2,931,000)	\$ 86,099,000	\$ 3,142,000
Less: deferred issuance discounts and premiums - net	801,529	1,370,420	(39,113)	2,132,836	-
Total bonds and notes payable	66,661,529	24,540,420	(2,970,113)	88,231,836	3,142,000
Other Liabilities:					
Compensated absences	1,825,459	117,829	(140,195)	1,803,093	477,408
Total other liabilities	1,825,459	117,829	(140,195)	1,803,093	477,408
Total long-term liabilities	\$ 68,486,988	\$ 24,658,249	\$ (3,110,308)	\$ 90,034,929	\$ 3,619,408
Business-type/proprietary activities					
Other Liabilities:					
Compensated absences	\$ 45,317	\$ -	\$ (8,058)	\$ 37,259	\$ 7,231
Total other liabilities	\$ 45,317	\$ -	\$ (8,058)	\$ 37,259	\$ 7,231

NOTE 7: FUND BALANCES

The Board follows GASB Statement Number 54. Under this statement, fund balance is separated into five categories, as follows:

Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District did not have nonspendable fund balance at June 30, 2022.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 7: FUND BALANCES (CONTINUED)

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2022, the District had \$1,423,940 restricted in the special revenue fund (\$206,857 for technology grants and \$1,059,466 for compensated absences), \$25,414,246 as restricted for capital projects in the construction fund, \$1,549,193 as restricted for capital projects in the general fund, and \$748,841 restricted in the nonmajor funds (\$551,232 for student activity fund, \$161,500 for SEEK fund and \$36,109 for FSPK fund).

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had no commitments at June 30, 2022.

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. The amount assigned related to encumbrances at June 30, 2022 was \$442,049. The general fund had \$3,270,000 assigned for future construction and \$6,592,978 for minimum fund balance. Assigned fund balances also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations using restricted funds first, followed by committed funds, assigned funds and then unassigned funds. Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically rebudgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2022 in the governmental funds balance sheet.

Bowling Green Independent School District Notes to the Financial Statements

NOTE 8: PENSION PLANS

Pensions

Bowling Green Independent School District participates in the Teachers' Retirement System of the State of Kentucky (KTRS), a blended component unit of the Commonwealth of Kentucky and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the KTRS and the CERS and additions to/deductions from KTRS's and CERS's fiduciary net position have been determined on the same basis as they are reported by KTRS and CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information About the KTRS Pension Plan

Plan Description

The KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Sections 220 through 990 of the Kentucky Revised Statutes (KRS). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS is a cost-sharing multiple-employer defined benefit plan with a special funding situation established to provide retirement, health and life benefits for specified employees of local school districts and other public educational agencies in the Commonwealth.

KRS 161.250 provides that the general administration and management of KTRS, and the responsibility for its proper operation, is vested in a board of trustees. The board of trustees consists of the chief state school officer, the State Treasurer, two trustees appointed by the governor, and seven elected trustees. Four of the elected trustees are active teachers, two are not members of the teaching profession, and one is an annuitant of the retirement system.

Any regular or special teacher or professional occupying a position requiring certification or graduation from a four year college or university is eligible to participate in the system. KTRS issues a publicly available financial report that can be found on the KTRS website.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided

KTRS provides retirement, medical, disability, annual cost of living adjustments, and death benefits to plan members. Plan members are divided into the following two categories:

For Members Hired Before July 1, 2008:

Members become vested when they complete 5 years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age 55 and complete 5 years of Kentucky service, or
- 2.) Complete 27 years of Kentucky service.

Members receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. Members hired on or after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than 10 years. New members hired after July 1, 2002 who retires with 10 or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first 10 years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have a multiplier for all years over 30 of 3%.

The final average salary is the member's 5 highest annual salaries except members at least age 55 with 27 or more years of service may use their 3 highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.

For Members Hired On or After July 1, 2008:

Members become vested when they complete 5 years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age 60 and complete 5 years of Kentucky service, or
- 2.) Complete 27 years of Kentucky service, or
- 3.) Attain age 55 and complete 10 years of Kentucky service.

The annual retirement allowance for members is equal to: (a) 1.7% of final average salary for each year of credited service if their service is 10 years or less; (b) 2.0% of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) 2.3% of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) 2.5% of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) 3.0% of final average salary for years of credited service greater than 30 years.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided (continued)

The final average salary is the member's 5 highest annual salaries except members at least age 55 with 27 or more years of service may use their 3 highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

KTRS also provides disability benefits for vested members at the rate of 60% of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members.

Cost of living increases are 1.5% annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions

Contribution rates are established by Kentucky Revised Statutes. KTRS members are required to contribute 12.855% of their salaries to the KTRS effective July 1, 2015. For members employed by local school districts, the State, as a non-employer contributing entity, contributes 13.105% of salary for those who joined before July 1, 2008 and 14.105% for those joined thereafter.

Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

The member and employer contributions consist of retirement annuity contributions and OPEB contributions to the medical and life insurance trusts.

Pension Liabilities and Pension Expense

At June 30, 2022, the amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth of Kentucky (State) support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the District		79,963,411
Total	\$	<u>79,963,411</u>

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures.

For the year ended June 30, 2022, the District recognized pension expense of \$12,456,983 and revenue of \$12,456,983 for support provided by the State in the government wide financial statements.

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment rate of return	7.10% net of pension plan investment expense, including inflation
Projected salary increases	3.00% - 7.50%, including inflation
Inflation rate	2.50%
Municipal bond index rate	2.13%
Discount rate	7.10%

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3.0% to 2.5%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by KTRS's investment consultant, are summarized in the following table:

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Actuarial Assumptions (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	37.4%	4.20%
Small Cap U.S. Equity	2.6%	4.70%
Developed International Equity	16.5%	5.30%
Emerging Markets Equity	5.5%	5.40%
Fixed Income	15.0%	-0.01%
High Yield Bonds	2.0%	1.70%
Other Additional Categories	5.0%	2.20%
Real Estate	7.0%	4.00%
Private Equity	7.0%	6.90%
Cash	2.0%	-0.30%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made in full at the current contribution rates and the employer contributions will be made at the Actuarially Determined Contribution rates for all future fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

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

General Information About the CERS Pension Plan

Plan Description

The District contributes to the Non-Hazardous CERS plan, a cost-sharing multiple-employer defined benefit pension plan that covers all regular full-time members of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the plan. CERS is

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Plan Description (*continued*)

administered by the Board of Trustees of the Kentucky Retirement System. CERS issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

Benefits Provided

CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009, Cost of Living Adjustments (COLAs) 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. After July 1, 2009, the COLAs were limited to 1.5%. No COLA has been granted since July 1, 2011.

Tier 1 - Non-Hazardous Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 - Non-Hazardous Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute a total of 6% of their annual creditable compensation, while 1% of these contributions are deposited in an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see Kentucky Administrative Regulation 105 KAR 1:420).

These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

Tier 3 - Non-Hazardous Tier 3 plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Non-hazardous members contribute 5% of their monthly creditable compensation, which is deposited into their account, and an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see 105 KAR1:420), which is not refundable. Non-hazardous Tier 3 member accounts are also credited with an employer pay credit in the amount of 4% of the member's monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Contributions

Employers participating in the CERS were required to contribute at an actuarially determined rate, per Kentucky Revised Statute Section 78.545(33). The KRS Board of Trustees establishes the employer contribution rate based on KRS Section 78.545(33) each year following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year for local governments in Kentucky. For the fiscal year ended June 30, 2022 participating employers contributed a percentage of each employee's creditable compensation. The actuarially determined rate set by the KRS Board of Trustees for the fiscal year ended June 30, 2022 was 21.17%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability of \$16,556,382 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2021 contributions to the pension plan relative to the 2021 contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.259676%.

For the year ended June 30, 2022, the District recognized pension expense of \$1,788,030. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 190,118	\$ 160,691
Net difference between projected and actual investment earnings on pension plan investments	642,277	2,848,965
Change of assumptions	222,206	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	339,838	-
District contributions subsequent to the measurement date	<u>1,466,887</u>	<u>-</u>
Total	<u>\$ 2,861,326</u>	<u>\$ 3,009,656</u>

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (*continued*)

\$1,466,887 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2022	\$ (53,545)
2023	(384,229)
2024	(486,422)
2025	(691,021)
2026	-

Actuarial Assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2021 were based on an actuarial valuation date of June 30, 2020. The total pension liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2020. The actuarial assumptions are:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Long-Term Expected Rate of Return

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 below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Special Credit/High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
	<u>100.00%</u>	
Expected Real Return		5.00%
Long Term Inflation Assumption		2.30%

Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018) over the remaining 30 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 KRS plan's Annual Comprehensive Financial Report (ACFR).

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 21,234,345	\$ 16,556,382	\$ 12,685,477

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CERS financial report.

Deferred Compensation Plans

The District offers its employees to defer compensation in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permit them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities in the financial statements.

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the KTRS OPEB Plan

Plan Description

District employees, in positions requiring a four-year degree are provided OPEBs through the Teachers’ Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement, health and life insurance benefits for specified employees of local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Sections 220 through 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description (*continued*)

financial statements. TRS issues a publicly available financial report that can be obtained on the TRS website.

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS Health Insurance Trust and Life Insurance Plans. The following information is about the TRS plans:

Health Insurance Trust

Plan Description

In addition to the OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The TRS Health Insurance Trust is a cost-sharing multiple-employer defined benefit plan with a special funding situation, funded by employer and member contributions. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits Provided

To be eligible for medical benefits, the member must have retired either for service or disability and a required amount of service credit. The TRS medical plan offers coverage to members under the age of 65 and not eligible for Medicare through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan (MEHP) administered by TRS.

Contributions

The member and employer contributions consist of retirement annuity contributions and OPEB contributions to the medical and life insurance trusts. The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is 0.75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

At June 30, 2022, the District reported a liability of \$7,024,000 for its proportionate share of collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.327354%.

The amount recognized by the District as its proportionate share of the OPEB liability, the related state support and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$	7,024,000
State's proportionate share of the net OPEB liability associated with the District		5,704,000
Total	\$	12,728,000

For the year ended June 30, 2022, the District recognized OPEB expense of (\$236,000), which included \$84,000 related to changes in proportion and differences between employer contributions and proportionate share of contributions. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,177,000
Changes of assumptions	1,837,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	749,000
Changes in proportion and differences between District contributions and proportionate share of contributions	507,000	96,000
District contributions subsequent to measurement date	556,247	-
Total	\$ 2,900,247	\$ 5,022,000

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Of the total amount reported as deferred outflows of resources related to OPEB, \$556,247 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ended June 30,</u>	
2022	\$ (674,000)
2023	(678,000)
2024	(627,000)
2025	(583,000)
2026	(131,000)
Thereafter	15,000

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Projected Salary Increases	3.00% - 7.50%, including wage inflation
Investment Rate of Return	7.10%, net of OPEB plan investment expense, including inflation
Municipal Bond Index Rate	2.13%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation
Discount Rate	7.10%
Healthcare Cost Trends:	
KEHP group	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
MEHP group	5.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by 2034

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions (continued)

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees and active members.

The demographic actuarial assumptions for retirement disability, incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2020 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The healthcare cost trend rate assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the Total OPEB Liability (TOL) roll forward while the change in initial per capita claims costs were included with the experience in the TOL roll forward. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	58.00%	5.10%
Fixed Income	9.00%	-0.10%
Real Estate	6.50%	4.00%
Private Equity	8.50%	6.90%
Additional Categories: High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.20%
Cash (LIBOR)	1.00%	-0.30%
Total	100.00%	

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District'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 (6.10%) or 1-percentage-point higher (8.10%) than the current discount rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the collective net OPEB liability	\$ 8,993,000	\$ 7,024,000	\$ 5,397,000

Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Healthcare Cost Trends Rates

The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the collective net OPEB liability	\$ 5,103,000	\$ 7,024,000	\$ 9,415,000

OPEB Plan Fiduciary Net Position

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

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Life Insurance Trust

Plan Description

TRS administers the Life Insurance Trust as provided by KRS 161.655 to provide life insurance benefits to retired and active members. The TRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits Provided

TRS provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability. TRS provides a life insurance benefit of \$2,000 payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

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

At June 30, 2022, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the state of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related Commonwealth of Kentucky (state) support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the District		<u>76,000</u>
Total	\$	<u><u>76,000</u></u>

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Projected Salary Increases	3.00% - 7.50%, including wage inflation
Investment Rate of Return	7.10%, net of OPEB plan investment expense, including inflation
Municipal Bond Index Rate	2.13%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation
Discount Rate	7.10%

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results for the most recent actuarial experience studies for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions (continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Equity	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	-0.10%
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Other Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	-0.30%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position

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

General Information about the County Employees Retirement System's (CERS) OPEB Plan

Plan Description

The District's employees are provided OPEB under the provisions of Kentucky Revised Statutes, the Kentucky Retirement Systems (KRS) board administers the KRS Insurance Fund. The KRS Insurance Fund is a cost sharing, multiple employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are all regular full-time members employed in non-hazardous duty positions of the District. OPEB may be extended to beneficiaries of the plan members under certain circumstances. The CERS Insurance Fund is included in a publicly available financial report that can be obtained at www.kyret.ky.gov.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Benefits Provided

The KRS Insurance Fund provides hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI and Humana. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The KRS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

Contributions

Employers participating in the CERS contribute a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS board is a percentage of each employee's creditable compensation. For the year ended June 30, 2022, the required CERS contribution was 5.78% of each employee's covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2022, were \$399,381. The KRS board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan members contribute 1% of creditable compensation to an account created for the payment of health insurance benefits.

Implicit Subsidy

The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

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

At June 30, 2022, the District reported a liability of \$4,970,199 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on the District's share of 2021 contributions to the OPEB plan relative to the 2021 contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.259615%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$644,201.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 781,564	\$ 1,483,936
Net difference between projected and actual investment earnings on OPEB plan investments	250,413	1,027,932
Change of assumptions	1,317,694	4,622
Changes in proportion and differences between employer contributions and proportionate share of contribution	90,809	54,915
District contributions subsequent to the measurement date	399,381	-
Total	\$ 2,839,861	\$ 2,571,405

For the year ended June 30, 2022, \$399,381 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year ended June 30,</i>	
2022	\$ 126,665
2023	8,536
2024	8,289
2025	(274,415)
Thereafter	-

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2021 were based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles. The plan adopted new actuarial assumptions since June 30, 2020, which were used to determine the total OPEB liability as follows:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality (Pre-retirement)	PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
Mortality (Post-retirement; non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Mortality (Post-retirement; disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Long-Term Expected Rate of Return

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 tables below.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Special Credit/High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Real Return	10.00%	4.50%
	100.00%	
Expected Real Return		5.00%
Long Term Inflation Assumption		2.30%

Discount Rate

Single discount rates of 5.20% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of the cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be 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 retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Discount Rate (Continued)

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 the Insurance Fund contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. This includes the phase-in provisions from House Bill 362 (passed during the 2018 legislative session) which limits the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability as of June 30, 2022, calculated using the discount rate of 5.20%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
District's proportionate share of the collective net OPEB liability	\$ 6,824,046	\$ 4,970,199	\$ 3,448,811

Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District'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 rate:

	1% Decrease	Current Healthcare Rate	1% Increase
District's proportionate share of the collective net OPEB liability	\$ 3,577,953	\$ 4,970,199	\$ 6,650,663

OPEB Plan Fiduciary Net Position

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

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 10: CONTINGENCIES

The District receives funding from federal, state and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

NOTE 11: RISK MANAGEMENT

The District is exposed to various forms of loss of assets associated with the risks related to torts; theft of, damage to and destruction of assets; fire, personal liability, vehicular accidents; errors and omissions; injuries to employees; fiduciary responsibility; and natural disasters. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which include workers' compensation insurance.

The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12: LITIGATIONS

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of the cases presently in progress.

NOTE 13: EXCESS EXPENDITURES OVER APPROPRIATIONS

The District has one fund with a deficit net position, Food Service (\$1,143,909). Also, the following funds had excess current year expenditures over current year appropriated revenues:

<i>Year Ended June 30, 2022</i>	
Fund	Amount
Special revenue	\$ 275,321
Food service	719,550

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 14: FUND TRANSFERS

Fund transfers for the year ended June 30, 2022 consist of the following:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special revenue	Matching	\$ 84,463
Operating	General	Construction	Construction	3,500,000
Operating	Special revenue	General	Indirect Costs	960,416
Operating	FSPK	Debt service	Debt service	4,212,533
Operating	FSPK	Construction	Construction	650,000
Operating	SEEK	Debt service	Debt service	240,705
Operating	FSPK	General	Expenditures	567,720
Operating	General	Special revenue	Expenditures	2,104
Operating	Special revenue	Construction	Construction	210,000
Operating	Food Service	General	Indirect Costs	309,896
Operating	Food Service	Construction	Construction	400,000
Operating	Special revenue	General	Expenditures	62,746

NOTE 15: ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amount received for the fiscal year ended June 30, 2022 was \$12,202,995. These payments were recorded as follows:

Year Ended June 30, 2022

Fund	Amount
General fund	\$ 11,510,119
Debt service fund	403,086
Food service fund	289,790
Total	\$ 12,202,995

Year Ended June 30, 2022

Technology	\$ 117,096
Health Insurance less Federal Reimbursements	4,519,437
Life Insurance	7,101
Administrative Fees	56,720
HRA/Dental/Vision Insurance	233,100
SFCC Debt Service	403,087
KTRS	6,866,454
Total	\$ 12,202,995

Bowling Green Independent School District
Budgetary Comparison Schedule for the General Fund

<i>Year Ended June 30, 2022</i>	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Local and intermediate sources	\$ 15,361,910	\$ 14,743,007	\$ 15,976,538	\$ 1,233,531
State programs	28,048,087	27,998,194	28,411,018	412,824
Federal programs	175,000	175,000	221,903	46,903
Total revenues	43,584,997	42,916,201	44,609,459	1,693,258
Expenditures				
Current:				
Instruction	26,378,756	25,605,607	24,760,723	844,884
Support services:				
Student	2,328,193	2,113,290	1,847,856	265,434
Instructional staff	2,672,965	2,582,025	2,144,648	437,377
District administration	1,369,359	1,468,095	1,781,679	(313,584)
School administration	2,427,949	2,377,084	2,748,890	(371,806)
Business	1,025,455	1,086,239	1,048,491	37,748
Plant operations and maintenance	5,637,816	5,963,621	5,458,701	504,920
Student transportation	2,102,512	1,700,068	1,262,841	437,227
Other	3,282,453	5,016,555	128,307	4,888,248
Building improvement	-	-	23,985	(23,985)
Total expenditures	47,225,458	47,912,584	41,206,121	6,706,463
Excess (deficiency) of revenues over expenditures	(3,640,461)	(4,996,383)	3,403,338	8,399,721

Bowling Green Independent School District
Budgetary Comparison Schedule for the General Fund

<i>Year Ended June 30, 2022</i>	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Other Financing Sources (Uses)				
Operating transfers - net	68,983	234,000	(1,685,789)	(1,919,789)
Total other financing sources (uses)	68,983	234,000	(1,685,789)	(1,919,789)
Net change in fund balance	(3,571,478)	(4,762,383)	1,717,549	6,479,932
Fund balance - beginning of year	3,571,478	4,762,383	11,212,511	6,450,128
Fund balance - end of year	\$ -	\$ -	\$ 12,930,060	\$ 12,930,060

Bowling Green Independent School District
Budgetary Comparison Schedule for the Special Revenue Fund

<i>Year Ended June 30, 2022</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local and intermediate sources	\$ -	\$ -	\$ (13,585)	\$ (13,585)
State programs	1,516,397	1,525,107	2,272,987	747,880
Federal programs	3,144,871	3,656,123	8,503,640	4,847,517
<hr/>				
Total revenues	4,661,268	5,181,230	10,763,042	5,581,812
<hr/>				
Expenditures				
Current:				
Instruction	3,662,407	3,843,936	6,835,583	(2,991,647)
Support services:				
Student	400,969	465,849	741,227	(275,378)
Instructional staff	169,501	62,915	426,774	(363,859)
District administration	-	-	44,014	(44,014)
Business	-	19,666	40,004	(20,338)
Plant operations and maintenance	-	-	493,814	(493,814)
Student transportation	45,562	-	742,878	(742,878)
Other	413,846	788,864	567,474	221,390
<hr/>				
Total expenditures	4,692,285	5,181,230	9,891,768	(4,710,538)
<hr/>				
Excess (deficiency) of revenues over expenditures	(31,017)	-	871,274	871,274

Bowling Green Independent School District
Budgetary Comparison Schedule for the Special Revenue Fund

<i>Year Ended June 30, 2022</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Other Financing Sources (Uses)				
Operating transfers - net	31,017	-	(1,146,595)	(1,146,595)
Total other financing sources (uses)	31,017	-	(1,146,595)	(1,146,595)
Net change in fund balance	-	-	(275,321)	(275,321)
Fund balance - beginning of year	-	-	1,699,261	1,699,261
Fund balance - end of year	\$ -	\$ -	\$ 1,423,940	\$ 1,423,940

**Bowling Green Independent School District
Schedule of the District's Proportionate Share of the
Net Pension Liability and Schedule of District's Contributions
Kentucky Teachers' Retirement System**

Schedule of the District's Proportionate Share of the Net Pension Liability - KTRS									
<i>As of June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015	
District's proportion of the net pension liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 79,963,411	\$ 85,674,089	\$ 82,430,429	\$ 77,192,883	\$ 158,791,831	\$ 175,088,745	\$ 133,993,190	\$ 113,440,258	
District's covered payroll	\$ 20,346,823	\$ 20,097,243	\$ 19,565,902	\$ 18,978,684	\$ 18,909,873	\$ 18,978,047	\$ 17,974,584	\$ 16,374,918	
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%	

Schedule of District's Contribution - KTRS									
<i>For the Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 21,124,108	\$ 20,346,823	\$ 20,097,243	\$ 19,565,902	\$ 18,978,684	\$ 18,909,873	\$ 18,978,047	\$ 17,974,584	
Contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Bowling Green Independent School District
Schedule of the District's Proportionate Share of the
Net Pension Liability and Schedule of District's Contributions
Kentucky Teachers' Retirement System

Changes of Benefit Terms

None noted.

Changes of Assumptions

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

2020: No changes in assumptions.

2019: No changes in assumptions.

In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.

In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

Bowling Green Independent School District
Schedule of the District's Proportionate Share of the
Net Pension Liability and Schedule of District's Contributions
County Employees' Retirement System

Schedule of the District's Proportionate Share of the Net Pension Liability - CERS

<i>As of June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.259676%	0.254255%	0.254176%	0.250418%	0.255967%	0.254709%	0.241265%	0.234929%
District's proportionate share of the net pension liability	\$ 16,556,382	\$ 19,501,148	\$ 17,876,311	\$ 15,251,219	\$ 14,982,535	\$ 12,540,919	\$ 10,373,261	\$ 7,622,000
District's covered payroll	\$ 6,691,347	\$ 6,565,482	\$ 6,578,631	\$ 6,303,584	\$ 6,405,110	\$ 6,130,645	\$ 5,720,275	\$ 5,394,299
District's proportionate share of the net pension liability as a percentage of its covered payroll	247.43%	297.03%	271.73%	241.95%	233.92%	204.56%	181.34%	141.30%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

Schedule of District's Contribution - CERS

<i>For the Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,466,887	\$ 1,291,430	\$ 1,267,138	\$ 1,067,054	\$ 912,759	\$ 893,513	\$ 761,426	\$ 729,335
Contributions in relation to the contractually required contribution	(1,466,887)	(1,291,430)	(1,267,138)	(1,067,054)	(912,759)	(893,513)	(761,426)	(729,335)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,929,084	\$ 6,691,347	\$ 6,565,482	\$ 6,578,631	\$ 6,303,584	\$ 6,405,110	\$ 6,130,645	\$ 5,720,275
Contributions as a percentage of covered payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

Bowling Green Independent School District
Schedule of the District's Proportionate Share of the
Net Pension Liability and Schedule of District's Contributions
County Employees' Retirement System

Changes of Benefit Terms

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

- 2021: No changes in benefit terms.
- 2020: No changes in benefit terms.
- 2019: No changes in benefit terms.
- 2018: No changes in benefit terms.
- 2017: No changes in benefit terms.
- 2016: No changes in benefit terms.
- 2015: No changes in benefit terms.

Changes of Assumptions

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted which removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the Total Pension Liability to reflect this legislation

Bowling Green Independent School District
Schedule of the District's Proportionate Share of the
Net Pension Liability and Schedule of District's Contributions
County Employees' Retirement System

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2018: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2018 is determined using these updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2016: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2015: No changes in assumptions.

**Bowling Green Independent School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
Kentucky Teachers' Retirement System – Medical Insurance Fund**

Schedule of the District's Proportionate share of the Collective Net OPEB Liability - KTRS					
<i>As of June 30,</i>	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.327354%	0.323952%	0.322099%	0.304048%	0.311170%
District's proportionate share of the collective net OPEB liability	\$ 7,024,000	\$ 8,176,000	\$ 9,427,000	\$ 10,550,000	\$ 11,096,000
District's covered payroll	\$ 20,346,823	\$ 20,097,243	\$ 19,565,902	\$ 18,978,684	\$ 18,909,873
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	34.52%	40.68%	48.18%	55.59%	58.68%
Plan fiduciary net position as a percentage of the total OEPB liability	51.74%	39.05%	32.58%	25.50%	21.18%

Schedule of the District's Contributions - KTRS					
<i>For the years ended June 30,</i>	2022	2021	2020	2019	2018
Contractually required contribution	\$ 556,247	\$ 586,988	\$ 584,037	\$ 535,215	\$ 513,840
Contributions in relation to the contractually required contribution	556,247	586,988	584,037	535,215	513,840
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 21,124,108	\$ 20,346,823	\$ 20,097,243	\$ 19,565,902	\$ 18,978,684
Contributions as percentage of covered payroll	2.63%	2.88%	2.91%	2.74%	2.71%

Changes of Benefit Terms

2021: No changes of benefit terms.

2020: No changes of benefit terms.

2019: No changes of benefit terms.

2018: No changes of benefit terms.

2017: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of Assumptions

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

**Bowling Green Independent School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
Kentucky Teachers' Retirement System – Life Insurance Fund**

Schedule of the District's Proportionate share of the Collective Net OPEB Liability - KTRS					
<i>As of June 30,</i>	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 20,346,823	\$ 20,097,243	\$ 19,565,902	\$ 18,978,684	\$ 18,909,873
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OEPB liability	89.15%	71.57%	73.40%	75.00%	79.99%

Schedule of the District's Contributions - KTRS					
<i>For the years ended June 30,</i>	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 21,124,108	\$ 20,346,823	\$ 20,097,243	\$ 19,565,902	\$ 18,978,684
Contributions as percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Changes of Benefit Terms

No changes of benefit terms.

Changes of Assumptions

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

**Bowling Green Independent School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
County Employees Retirement System**

Schedule of District's Proportionate Share of the Collective Net OPEB Liability - CERS

<i>As of June 30,</i>	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.259615%	0.254181%	0.254141%	0.250408%	0.255967%
District's proportionate share of the net OPEB liability	\$ 4,970,199	\$ 6,137,698	\$ 4,274,537	\$ 4,445,944	\$ 5,145,812
District's covered payroll	\$ 6,691,347	\$ 6,565,482	\$ 6,578,631	\$ 6,303,584	\$ 6,405,110
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	74.28%	93.48%	64.98%	70.53%	80.34%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%

Schedule of District Contributions - CERS

<i>For the years ended June 30,</i>	2022	2021	2020	2019	2018
Contractually required contribution	\$ 399,381	\$ 318,831	\$ 312,834	\$ 346,262	\$ 296,193
Contributions in relation to the contractually required contribution	399,381	318,831	312,834	346,262	296,193
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,929,084	\$ 6,691,347	\$ 6,565,482	\$ 6,578,631	\$ 6,303,584
Contributions as a percentage of covered payroll	5.78%	4.75%	4.76%	5.26%	4.70%

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

Changes of Benefit Terms

No changes of benefit terms.

Changes of Assumptions

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

Bowling Green Independent School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
County Employees Retirement System

2018: There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which update the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018 is determined using the updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25%.

Bowling Green Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds

<i>June 30, 2022</i>	SEEK Fund	FSPK Fund	District Activity Fund	Student Activity Fund	Debt Service Fund	Total Other Governmental Funds
Assets						
Cash	\$ 161,500	\$ 36,109	\$ -	\$ 539,740	\$ -	\$ 737,349
Accounts receivable:						
Accounts	-	-	-	25,087	-	25,087
Total assets	\$ 161,500	\$ 36,109	\$ -	\$ 564,827	\$ -	\$ 762,436
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 13,595	\$ -	\$ 13,595
Total liabilities	-	-	-	13,595	-	13,595
Fund Balances						
Restricted	161,500	36,109	-	551,232	-	748,841
Total fund balances	161,500	36,109	-	551,232	-	748,841
Total liabilities and fund balances	\$ 161,500	\$ 36,109	\$ -	\$ 564,827	\$ -	\$ 762,436

Bowling Green Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds

<i>Year Ended June 30, 2022</i>	SEEK Fund	FSPK Fund	District Activity Fund	Student Activity Fund	Debt Service Fund	Total Other Governmental Funds
Revenues						
From local sources:						
Taxes:						
Property	\$ -	\$ 2,830,212	\$ -	\$ -	\$ -	\$ 2,830,212
Tuition and fees	-	-	-	1,079,171	-	1,079,171
Earnings on investments	-	614	-	-	-	614
Intergovernmental - state	402,205	2,711,235	-	-	403,086	3,516,526
Total revenues	402,205	5,542,061	-	1,079,171	403,086	7,426,523
Expenditures						
Current:						
Instruction	-	-	-	1,027,077	-	1,027,077
Debt service:						
Principal	-	-	-	-	2,931,000	2,931,000
Interest	-	-	-	-	1,925,324	1,925,324
Building improvement	-	100,541	-	-	-	100,541
Total expenditures	-	100,541	-	1,027,077	4,856,324	5,983,942
Excess (deficiency) of revenues over expenditures	402,205	5,441,520	-	52,094	(4,453,238)	1,442,581
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	-	4,453,238	4,453,238
Operating transfers out	(240,705)	(5,430,253)	-	-	-	(5,670,958)
Total other financing sources (uses)	(240,705)	(5,430,253)	-	-	4,453,238	(1,217,720)

Bowling Green Independent School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Governmental Funds

<i>Year Ended June 30, 2022</i>	Seek Fund	FSPK Fund	District Activity Fund	Student Activity Fund	Debt Service Fund	Total Other Governmental Funds
Net change in fund balances	161,500	11,267	-	52,094	-	224,861
Fund balances - beginning of year	-	24,842	-	499,138	-	523,980
Fund balances - end of year	\$ 161,500	\$ 36,109	\$ -	\$ 551,232	\$ -	\$ 748,841

Bowling Green Independent School District
Combining Statement of School Activity Funds

<i>Year ended June 30, 2022</i>	Cash	Cash	Cash	Cash	Accounts	Accounts	Fund Balance
	July 1, 2021	Receipts & Transfers In	Disbursements & Transfers Out	June 30, 2022	Receivable	Payable	June 30, 2022
Bowling Green High School	\$ 304,478	\$ 784,334	\$ 776,674	\$ 312,138	\$ 23,359	\$ 6,890	\$ 328,607
Bowling Green Junior High School	93,275	179,344	163,632	108,987	1,696	5,792	104,891
Parker Bennett Curry Elementary School	8,417	18,817	14,245	12,989	-	-	12,989
T.C. Cherry Elementary School	14,839	15,466	17,086	13,219	32	-	13,251
Potter Gray Elementary School	35,866	123,053	123,460	35,459	-	380	35,079
Dishman-McGinnis Elementary School	15,051	24,373	9,666	29,758	-	-	29,758
W.R. McNeil Elementary School	21,353	39,309	33,472	27,190	-	533	26,657
Total	\$ 493,279	\$ 1,184,696	\$ 1,138,235	\$ 539,740	\$ 25,087	\$ 13,595	\$ 551,232

Bowling Green Independent School District
Statement of School Activity Funds
Bowling Green High School

<i>Year ended June 30, 2022</i>	Cash July 1, 2021	Cash Receipts & Transfers In	Cash Disbursements & Transfers Out	Cash June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
General Fund	\$ 2,058	\$ 11,424	\$ 2,614	\$ 10,868	\$ -	\$ 81	\$ 10,787
Lost Technology	-	4,625	4,625	-	-	-	-
Youth Services Center	538	1,460	1,160	838	-	-	838
IEAD Academy	459	-	337	122	-	-	122
Faculty Fund	29	637	-	666	-	-	666
Student Fund	3,051	590	3,641	-	-	-	-
College Cohort	5,950	976	2,108	4,818	-	-	4,818
Beta Club	2,617	10,109	10,751	1,975	-	-	1,975
CEC	19	-	19	-	-	-	-
Disc Golf Club	657	-	657	-	-	-	-
Speech Drama Club	1,208	4,987	5,069	1,126	-	-	1,126
FBLA	75	2,900	2,515	460	-	-	460
FCA	284	-	236	48	-	-	48
FCCLA	1,474	1,881	2,826	529	-	-	529
FCCLA/Regional	7,881	-	7,881	-	-	-	-
FEA	284	-	284	-	-	-	-
German Trip	1,213	3,559	300	4,472	-	-	4,472
German Club	229	30	259	-	-	-	-
HI-Y Club	2,736	-	2,736	-	-	-	-
HOSA	7,916	2,300	4,390	5,826	-	-	5,826

Bowling Green Independent School District
Statement of School Activity Funds
Bowling Green High School

<i>Year ended June 30, 2022</i>	Cash	Cash	Cash	Cash	Accounts	Accounts	Fund Balance
	July 1, 2021	Receipts & Transfers In	Disbursements & Transfers Out	June 30, 2022	Receivable	Payable	June 30, 2022
Jr. Beta Club	170	-	170	-	-	-	-
Junior Class	10,313	5,371	5,635	10,049	-	-	10,049
Literary Club	31	-	31	-	-	-	-
National Honor Society	2,568	-	-	2,568	-	-	2,568
Quiz Bowl Club	3	-	3	-	-	-	-
Spanish Club	42	-	42	-	-	-	-
Student Government	79	2,521	200	2,400	-	-	2,400
STLP	1,905	-	647	1,258	14,000	-	15,258
Young Democrats	247	-	247	-	-	-	-
Young Republicans	69	-	69	-	-	-	-
Math Club	874	-	-	874	-	-	874
Science NHS	598	995	1,225	368	-	-	368
Bee Lords of BG	2,065	-	2,065	-	-	-	-
Spanish NHS	324	-	324	-	-	-	-
Prowess	621	-	-	621	-	-	621
4-H Club	70	-	70	-	-	-	-

Bowling Green Independent School District
Statement of School Activity Funds
Bowling Green High School

<i>Year ended June 30, 2022</i>	Cash	Cash	Cash	Cash	Accounts	Accounts	Fund Balance
	July 1, 2021	Receipts & Transfers In	Disbursements & Transfers Out	June 30, 2022	Receivable	Payable	June 30, 2022
Spirit Club	1,133	-	-	1,133	-	-	1,133
AP World History	80	310	390	-	-	-	-
Art Department	87	-	87	-	-	-	-
Band	-	650	2,069	(1,419)	1,469	-	50
Business Department	325	-	325	-	-	-	-
Choir	26,378	21,022	43,115	4,285	-	-	4,285
DC Trip	2,718	-	2,718	-	-	-	-
Multimedia	666	-	-	666	-	-	666
English Department	3,022	2,000	5,022	-	-	-	-
Math Department	6,469	-	6,469	-	-	-	-
ESL	63	-	63	-	-	-	-
Fashion Design	2	-	2	-	-	-	-
Foods Fund	679	500	528	651	-	-	651
FMD Fund	583	-	583	-	-	-	-
Foreign Language	153	-	153	-	-	-	-
World Language Showcase	48	-	48	-	-	-	-
Greenhouse	287	-	287	-	-	-	-
PSAT Preparation	364	816	918	262	-	-	262
Purple GEM	466	-	-	466	-	-	466
CTE-Career & Tech Ed Fund	2,862	40	2,902	-	-	-	-
Science Department	36	-	36	-	-	-	-
Social Studies Department	1,140	1,260	2,400	-	-	-	-

Bowling Green Independent School District
Statement of School Activity Funds
Bowling Green High School

<i>Year ended June 30, 2022</i>	Cash	Cash	Cash	Accounts	Accounts	Fund Balance	
	Cash	Receipts &	Disbursements	Cash	Receivable	Payable	June 30, 2022
	July 1, 2021	Transfers In	& Transfers Out	June 30, 2022			
Yearbook	8,015	7,440	8,800	6,655	-	-	6,655
Guidance Department	1,551	980	1,631	900	-	-	900
HBCU Tour	1,698	-	1,675	23	-	-	23
Library Club	62	-	-	62	-	-	62
AP Testing	14,586	7,664	5,096	17,154	-	-	17,154
Athletics General	(15,465)	126,394	114,952	(4,023)	6,820	-	2,797
Archery	-	1,800	1,800	-	-	-	-
Bowling	-	744	280	464	-	-	464
Baseball	6,205	10,849	17,054	-	-	-	-
Bowling	-	4,009	4,009	-	-	-	-
Boys Basketball	-	11,348	11,348	-	-	-	-
Girls Basketball	-	8,585	8,585	-	-	-	-
Cross Country	-	1,385	1,385	-	-	-	-
Football	-	63,757	63,757	-	-	-	-
Boys Golf	-	3,295	3,295	-	-	-	-
Girls Golf	-	4,480	4,480	-	-	-	-
Boys Soccer	-	8,742	8,742	-	-	-	-
Girls Soccer	-	19,586	19,586	-	-	-	-
Softball	-	3,546	3,546	-	-	-	-
Swimming	-	3,142	3,142	-	-	-	-
Tennis	-	3,429	3,429	-	-	-	-
Track	-	1,680	1,680	-	-	-	-
Volleyball	-	8,359	8,359	-	-	-	-
Boys Lacrosse	-	6,964	6,964	-	-	-	-
Girls Lacrosse	-	3,750	3,750	-	-	-	-
PTO Fund	114	-	114	-	-	-	-
Track & Field	-	7,913	1,278	6,635	-	-	6,635
Baseball Tournament	209	-	475	(266)	-	-	(266)

Bowling Green Independent School District
Statement of School Activity Funds
Bowling Green High School

<i>Year ended June 30, 2022</i>	Cash July 1, 2021	Cash Receipts & Transfers In	Cash Disbursements & Transfers Out	Cash June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Region 3 Boys Golf	6,496	2,975	5,577	3,894	-	-	3,894
Softball	6,968	9,460	11,992	4,436	-	1,082	3,354
Cross Country	4,268	650	2,940	1,978	-	-	1,978
Basketball Concessions	4,263	9,353	13,432	184	-	-	184
Girls Basketball	9,046	22,389	28,907	2,528	-	-	2,528
Girls Golf	6,154	15,290	12,104	9,340	-	-	9,340
Boys Golf	6,619	25,559	16,956	15,222	-	-	15,222
Boys Basketball	17,510	23,121	31,460	9,171	-	2,609	6,562
Cheerleading	35,491	141,362	128,341	48,512	-	-	48,512
Tennis	5,251	1,410	4,192	2,469	-	-	2,469
Archery	3,211	13,129	12,536	3,804	-	-	3,804
Lacrosse Club	6,567	13,844	12,315	8,096	-	-	8,096
Volleyball	-	52,373	28,485	23,888	-	-	23,888
Boys Soccer	2,645	344	861	2,128	-	-	2,128
3 Point Boys Basketball	469	-	469	-	-	-	-
Orchestra	49	827	876	-	-	-	-
SKY Football Conference	6,224	2,600	1,152	7,672	-	-	7,672
Girls Soccer	24,360	19,749	13,793	30,316	-	-	30,316
Girls Lacrosse Club	1,331	14,009	7,323	8,017	-	2,048	5,969
Bill Hoagland Schools	410	-	-	410	-	-	410
Florence Jean Memo	1,000	-	-	1,000	-	-	1,000
Jon Clark Scholarship	1,330	100	2,500	(1,070)	1,070	1,070	(1,070)
Cecil Karrick Scholarship	3,505	-	-	3,505	-	-	3,505
Dr. Rebecca Shadowen Scholarship	-	1,000	-	1,000	-	-	1,000
CD Jon Clark Scholarship	28,118	-	-	28,118	-	-	28,118
DAF Sweep	-	13,986	-	13,986	-	-	13,986
Total	\$ 304,478	\$ 784,334	\$ 776,674	\$ 312,138	\$ 23,359	\$ 6,890	\$ 328,607

Bowling Green Independent School District Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Child Nutrition Cluster				
Direct Program:				
Food Distribution Program - noncash	10.555	-	\$ -	\$ 164,820
Passed-Through State Department of Education:				
School Breakfast Program	10.553	7760005 22	-	824,688
Summer Food Service Program for Children	10.559	7690024 22	-	361,734
National School Lunch Program	10.555	7750002 22	-	2,173,618
Fresh Fruits and Vegetables Program	10.582	7720012 22	-	99,571
Subtotal				\$ 3,624,431
COVID -19 -State Administrative Expenses for Child				
Nutrition	10.560	7700001 21	-	861
COVID-19 Pandemic EBT Administrative Costs	10.649	9990000 21	-	3,063
Child and Adult Care Food Program	10.558	7800016 21	-	793,783
Total U.S. Department of Agriculture				4,422,138
U.S. Department of Defense				
Direct Program				
ROTC	12.000	-	-	33,947
Total U.S. Department of Defense				33,947
U.S. Department of Education				
Passed-Through State Department of Education:				
Title I - Part A				
Title I Grants to Local Educational Agencies - 2019	84.010	3100002 18	-	(12,003)
Title I Grants to Local Educational Agencies - 2020	84.010	3100002 19	-	(59,595)
Title I Grants to Local Educational Agencies - 2021	84.010	3100002 20	-	427,493
Title I Grants to Local Educational Agencies - 2022	84.010	3100002 21	-	735,433
Title I Grants to Local Educational Agencies - Parent Involvement 2020	84.010	3100002 19	-	71
Title I Grants to Local Educational Agencies - Parent Involvement 2021	84.010	3100002 20	-	643
Title I Grants to Local Educational Agencies - Non Public 2022	84.010	3100002 21	-	12,067
Title I Grants to Local Educational Agencies - Non Public 2021	84.010	3100002 20	-	1,401
Title I Grants to Delinquent Children in LEA - 2019	84.010	3100102 18	-	17,301
Title I Grants to Delinquent Children in LEA - 2020	84.010	3100102 19	-	790
Title I Grants to Delinquent Children in LEA - 2021	84.010	3100102 20	-	8,438
Title I Grants to Delinquent Children in LEA - 2022	84.010	3100102 21	-	52,390
Subtotal				1,184,429
Special Education Cluster				
Special Education Grants to States - 2019	84.027	3810002 18	-	(740)
Special Education Grants to States - 2020	84.027	3810002 19	-	22,008
Special Education Grants to States - 2021	84.027	3810002 20	-	217,659
Special Education Grants to States - 2022	84.027	3810002 21	-	538,337
COVID-19 Special Education Grants to States - 2021	84.027	4910002 21	-	79,417
Special Education Preschool Grants - 2021	84.173	3800002 20	-	42,119
Special Education Preschool Grants - 2022	84.173	3800002 21	-	29,120
Subtotal				927,920

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Bowling Green Independent School District Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures	
English Language Acquisition State Grants - 2021	84.365	3300002 20	-	75,293	
English Language Acquisition State Grants - 2022	84.365	3300002 21	-	<u>64,862</u>	
Subtotal					140,155
Career and Technical Education - Basic Grants to State - 2020	84.048	3710002 19	-	3,417	
Career and Technical Education - Basic Grants to State - 2021	84.048	3710002 20	-	(3,417)	
2Career and Technical Education - Basic Grants to State - 2021	84.048	3710002 21	-	<u>45,378</u>	
Subtotal					45,378
Migrant Education State Grant Program - 2021	84.011	3110002 20	-	206,297	
Migrant Education State Grant Program - 2022	84.011	3110002 21	-	<u>17,956</u>	
Subtotal					224,253
Supporting Effective Instruction State Grants - 2019	84.367	3230002 18	-	654	
Supporting Effective Instruction State Grants - 2020	84.367	3230002 19	-	9,041	
Supporting Effective Instruction State Grants - 2021	84.367	3230002 20	-	29,270	
Supporting Effective Instruction State Grants - 2022	84.367	3230002 21	-	<u>156,284</u>	
Subtotal					195,249
Student Support & Academic Enrichment Program - 2019	84.424	3420002 18	-	(6,627)	
Student Support & Academic Enrichment Program - 2020	84.424	3420002 19	-	5,342	
Student Support & Academic Enrichment Program - 2021	84.424	3420002 20	-	69,655	
Student Support & Academic Enrichment Program - 2022	84.424	3420002 21	-	<u>11,495</u>	
Subtotal					79,865
COVID-19 Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425D	4200002 21	-	2,807,566	
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (Homeless Children and Youth)	84.425U	4300002 21	-	2,568,795	
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (Homeless Children and Youth)	84.425U	49800002 21	-	6,863	
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (GEER II)	84.425C	4200002 21	-	114,200	
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425C	4200002 21	-	7,651	
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	4200002 21	-	<u>88,874</u>	
Subtotal					5,593,949
Total U.S. Department of Education					8,391,198

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Bowling Green Independent School District
Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
Passed-Through State Department of Education:				
Refugee and Entrant Assistance - Discretionary Grants - 2020	93.576	420F	-	2,542
Refugee and Entrant Assistance - Discretionary Grants - 2021	93.576	420G		11,912
Refugee and Entrant Assistance - Discretionary Grants - 2022	93.576	420I	-	<u>64,042</u>
Subtotal				78,496
Total U.S. Department of Health and Human Services				78,496
Total expenditures of federal awards			\$ -	\$ 12,925,779

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Bowling Green Independent School District
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of Bowling Green Independent School District (the “District”) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Nonmonetary assistance is reported in the schedule of fair value of the goods received.

NOTE 3: INDIRECT COST RATE

The District has elected to use indirect cost rate as defined by the grantor in the following programs:

- Child Nutrition Cluster
- Special Education Cluster
- Education Stabilization Fund

NOTE 4: SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE 5: LOANS AND LOAN GUARANTEES

The District did not have any loans or loan guarantee programs required to be reported on the schedule.

Bowling Green Independent School District
Summary Schedule of Prior Audit Findings

No findings were reported in the June 30, 2021 audit.



Carr, Riggs & Ingram, LLC
922 State Street
Suite 100
Bowling Green, KY 42101

Mailing Address:
PO Box 104
Bowling Green, KY 42102

270.782.0700
270.782.0932 (fax)
CRICpa.com

**Independent Auditors' Report 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***

Kentucky State Committee for School District Audits
Members of the Board of Education
Bowling Green Independent School District
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, and the audit requirements prescribed by the Kentucky State Committee for School District Audits as defined in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bowling Green Independent School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Bowling Green Independent School District's basic financial statements, and have issued our report thereon dated November 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *Independent Auditor's Contract – State Compliance Requirements*.

We noted certain matters that we reported to management of the District in a separate letter dated November 15, 2022.

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 entity'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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Bowling Green, Kentucky
November 15, 2022



Carr, Riggs & Ingram, LLC
922 State Street
Suite 100
Bowling Green, KY 42101

Mailing Address:
PO Box 104
Bowling Green, KY 42102

270.782.0700
270.782.0932 (fax)
CRICpa.com

**Independent Auditors' Report on Compliance
for Each Major Program and on Internal Control
over Compliance Required by the Uniform Guidance**

Kentucky State Committee for School District Audits
Members of the Board of Education
Bowling Green Independent School District
Bowling Green, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bowling Green Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Bowling Green, Kentucky
November 15, 2022

Bowling Green Independent School District
Schedule of Findings and Questioned Costs

Section I — Summary of Auditors' Results

■ **Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified Yes None reported

Noncompliance material to financial statements noted? Yes No

■ **Federal Awards**

Internal control over major Federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified Yes None reported

Type of auditors' report issued on compliance for major Federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR 200.516(a))? Yes No

Identification of major Federal programs:

Federal Assistance Listing Numbers	Name of Federal Program of Cluster
10.558	Child and Adult Care Food Program
84.425	COVID-19 Education Stabilization Fund
84.027; 84.173	Special Education Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Bowling Green Independent School District
Schedule of Findings and Questioned Costs

Section II — Financial Statement Findings

None reported.

Section III — Federal Award Findings and Questioned Costs

None reported.



Carr, Riggs & Ingram, LLC
922 State Street
Suite 100
Bowling Green, KY 42101

Mailing Address:
PO Box 104
Bowling Green, KY 42102

270.782.0700
270.782.0932 (fax)
CRICpa.com

Kentucky State Committee for School District Audits
Members of the Board of Education
Bowling Green Independent School District
Bowling Green, Kentucky

In planning and performing our audit of the financial statements of Bowling Green Independent School District (the "District") for the year ended June 30, 2022, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum accompanying this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated November 15, 2022 contains our report on the District's internal control. This letter does not affect our report dated November 15, 2022 on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Bowling Green, Kentucky
November 15, 2022

Bowling Green Independent School District Comments and Recommendations

Prior Year Comments

- **Parker Bennett Curry**

- Prior year findings were corrected.

- **Dishman McGinnis**

- Prior year findings were corrected.

- **Bowling Green Junior High**

- Prior year findings were corrected.

- **Bowling Green High**

- Prior year findings were corrected.

- **Potter Gray**

- Prior year findings were corrected.

- **Central Office**

- Prior year findings were corrected.

Bowling Green Independent School District Comments and Recommendations

Current Year Comments

• Parker Bennett Curry

- During our sampling procedures over daily receipts, we noted one of one sampled where the deposit slip lacked dual signatures and date received could not be determined. We recommend all deposit slips contain dual signatures and include receipt dates.
- During our sampling procedures over disbursements, we noted one of one sampled where the invoice was not marked paid. We recommend all paid invoices be marked paid.

• Bowling Green Junior High

- During our sampling procedures over daily receipts, we noted one of seven sampled where the deposits were not made timely. Additionally, one of seven did not list the receipt number on the deposit. We recommend all deposits be made in accordance with Redbook.
- During our sampling procedures over daily receipts, we noted two of seven sampled where the deposits slips could not be located for testing. We recommend all deposit slips be maintained in accordance with Redbook.
- During our sampling procedures over disbursements, we noted two of seven sampled where the supporting invoices could not be located for testing. We recommend all invoices be maintained in accordance with Redbook.

Bowling Green High

- During our sampling procedures over disbursements, we noted one of eleven sampled where the invoices were not marked paid and one where the standard invoice was not completed for proof of payment. We recommend all disbursements be made in accordance with Redbook.
- In our procedures over the school activity report, we noted 2 of the activity accounts ended the year with a negative balance. We recommend activity accounts have transfers to ensure they do not have a negative balance at year-end.

Central Office

- In our procedures over procurement testing, we noted the District had not bid out fuel. We recommend the District review procedures to ensure items are bid in line with their procurement policy.

Bowling Green Independent School District Client Responses

Board of Education

FRANK H. "HAM" MOORE, JR., Chair
MICHAEL K. BISHOP, Vice Chair
CHRISTINE DRESSLER, Member
DEBORAH WILLIAMS, Member
JANE G. WILSON, Member
GARY FIELDS, Superintendent/Secretary to the Board



Administrators

Director of Instructional Programs, ELISA BETH BROWN
Director of Operations, CEDRIC BROWNING
Director of Finance/Treasurer, SHAUNNA CORNWELL
Director of Personnel, KENNETH MAY
Director of Special Education, CANDICE PEAY
Director of Pupil Personnel, D.G. SHERRILL

• Parker Bennett Curry

- During our sampling procedures over daily receipts, we noted one of one sampled where the deposit slip lacked dual signatures and date received could not be determined. We recommend all deposit slips contain dual signatures and include receipt dates.
 - Management concurs and will stress to the principal and bookkeeper that all deposit slips must have dual signatures and include receipt numbers and dates in accordance with Redbook guidance
- During our sampling procedures over disbursements, we noted one of one sampled where the invoice was not marked paid. We recommend all paid invoices be marked paid.
 - Management concurs and will stress to the principal and bookkeeper that all invoices must be marked paid in accordance with Redbook guidance

• Bowling Green Junior High

- During our sampling procedures over daily receipts, we noted one of seven sampled where the deposits were not made timely. Additionally, one of seven did not list the receipt number on the deposit. We recommend all deposits be made in accordance with Redbook.
 - Management agrees and will ask the principal and bookkeeper that all deposits be made in a timely manner. Management will also stress to the principal and bookkeeper that all deposit slips must include receipt numbers and dates in accordance with Redbook guidance
- During our sampling procedures over daily receipts, we noted two of seven sampled where the deposits slips could not be located for testing. We recommend all deposit slips be maintained in accordance with Redbook.
 - Management concurs and will stress to the principal and bookkeeper that all documentation be properly maintained in accordance with Redbook guidance. The BGJHS's bookkeeper was on intermittent leave throughout the school year. In FY2022 BGISD created a "School Support Liason" position that is designed to offer support for all schools and will be available to assist when substitute bookkeepers and additional supports are needed.
- During our sampling procedures over disbursements, we noted two of seven sampled where the supporting invoices could not be located for testing. We recommend all invoices be maintained in accordance with Redbook.
 - Management concurs and will stress to the principal and bookkeeper that all documentation be properly maintained in accordance with Redbook guidance. The BGJHS's bookkeeper was on intermittent leave throughout the school year. In FY2022 BGISD created a "School Support Liason" position that is designed to offer support for all schools and will be available to assist when substitute bookkeepers and additional supports are needed.

Bowling Green Independent School District Client Responses

- **Bowling Green High**
 - During our sampling procedures over disbursements, we noted one of eleven sampled where the invoices were not marked paid and one where the standard invoice was not completed for proof of payment. We recommend all disbursements be made in accordance with Redbook.
 - Management concurs and will stress to the principal and bookkeeper that all invoices must be completed in full and marked paid in accordance with Redbook guidance
 - In our procedures over the school activity report, we noted 2 of the activity accounts ended the year with a negative balance. We recommend activity accounts have transfers to ensure they do not have a negative balance at year-end.
 - Management concurs and will stress to the principal and bookkeeper that no activity fund balance shall have a negative balance at year end. Management will further communicate that a monthly review of all activity fund balances is a good practice.
- **Central Office**
 - In our procedures over procurement testing, we noted the District had not bid out fuel. We recommend the District review procedures to ensure items are bid in line with their procurement policy.
 - Management has been working on training and refreshing all Administrators on all procurement compliance requirements. BGISD has drafted a BGISD Purchasing Manual and a BGISD Child Nutrition Purchasing Manual to provide further guidance to Administrators on these regulations.



THOUGHT LEADERSHIP



JOIN OUR CONVERSATION



We know that some information that makes perfect sense to a CPA may not be as clear to our clients. Therefore, we produce original content in the form of articles, videos, white papers, webinars, and more to provide timely, down-to-earth translations of complex subjects. We publish this original content on [CRlcpa.com](https://www.crilcpa.com) and across all our many social channels.

FOLLOW CRI ON SOCIAL MEDIA @CRICPA



SUBSCRIBE TO THE CRI E-NEWSLETTER

[CRICPA.COM/NEWSLETTER-SIGNUP](https://www.crilcpa.com/newsletter-signup)



IT FIGURES: THE CRI PODCAST

Created to provide insight into the latest developments and regulations in the accounting and finance space, It Figures is an accounting and advisory focused podcast for business and organization leaders, entrepreneurs, and anyone who is looking to go beyond the status quo.

Listen on Apple Podcasts, Spotify, iHeart Radio, and more.

itfigurespodcast.com



CRI's CEO ACTION FOR DIVERSITY AND INCLUSION

Carr, Riggs & Ingram is committed to fostering an inclusive and diverse place for all employees to work in and engage. When our managing partner and chairman, Bill Carr, signed the CEO Action for Diversity & Inclusion™ pledge, he made a public commitment to building a productive, diverse, and inclusive workplace. [Learn more about CRI's commitment to Diversity and Inclusion.](#)