



**Bowling Green Independent School
District**

FINANCIAL STATEMENTS

June 30, 2023



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	22
Statement of Activities	24
Fund Financial Statements:	
Balance Sheet — Governmental Funds	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	28
Statement of Revenues, Expenditures and Changes in Fund Balances — Governmental Funds	29
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	31
Statement of Net Position — Proprietary Fund	32
Statement of Revenues, Expenses and Changes in Fund Net Position — Proprietary Fund	33
Statement of Cash Flows — Proprietary Fund	34
Statement of Fiduciary Net Position — Fiduciary Funds	36
Statement of Changes in Fiduciary Net Position — Fiduciary Funds	37
Notes to Financial Statements	38

**Required Supplementary Information:**

Budgetary Comparison Schedule for the General Fund	89
Budgetary Comparison Schedule for the Special Revenue Fund	91
Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District's Contributions – Kentucky Teachers' Retirement System	93
Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District's Contributions – County Employees Retirement System	95
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	98
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	100
Schedule of the District's Proportionate Share of the Collective Net OPEB Liability and Schedule of District's Contributions – County Employees Retirement System	102

Supplementary Information:

Combining Balance Sheet — Nonmajor Governmental Funds	105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances — Nonmajor Governmental Funds	106
Combining Statement of School Activity Funds	108
Statement of School Activity Funds — Bowling Green High School	109
Schedule of Expenditures of Federal Awards	112
Notes to the Schedule of Expenditures of Federal Awards	115
Summary Schedule of Prior Audit Findings	116



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>	117
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	119
Schedule of Findings and Questioned Costs	122
Corrective Action Plan	124
Management Letter	126
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, 2023, 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, 2023, 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 21 and 89 through 104 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 December 15, 2023 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.

Carr, Riggs & Ingram, LLC
Bowling Green, Kentucky
December 15, 2023



FINANCIAL STATEMENTS





**BOWLING GREEN INDEPENDENT SCHOOL DISTRICT
BOWLING GREEN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

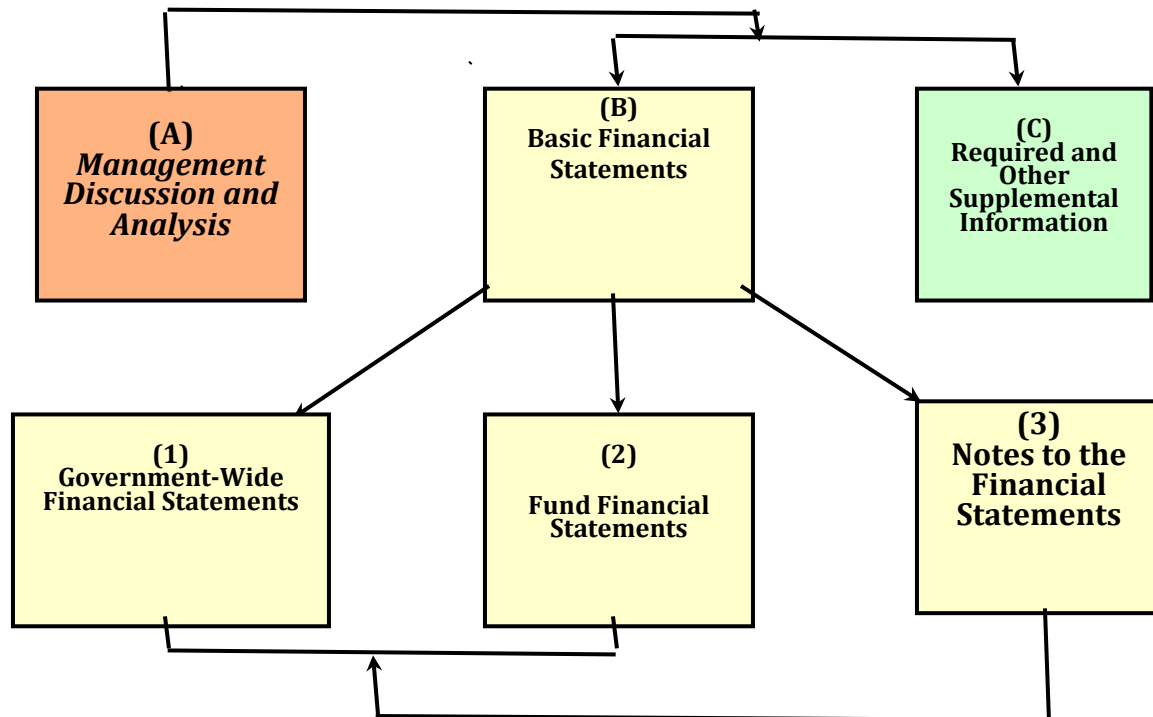
FINANCIAL HIGHLIGHTS

- The District's net position increased by \$15,958,849 or 70.80% (from \$22,541,009 to \$38,499,858). Governmental activities net position increased by \$15,181,208 and Food Service activities net position increased by \$517,641.
- The fund balance at the beginning of Fiscal Year 2023 for the District's General Fund was \$12,930,060. Fund balance at fiscal year-end was \$12,286,299. This represents a current year deficit of expenditures over revenues of \$643,761. A primary reason for this decrease is due to a transfer of \$5,877,659 from the General Fund to the Construction Fund.
- The Building (FSPK) Fund decreased by \$36,109.
- District revenues increased by 17.19%, while district expenditures increased by 2.21%. Revenues still exceeded expenditures by \$15,441,208. District expenditures directly related to student instruction (Instruction, Student Support; Instructional Staff Support) accounted to 61.30% of total district expenditures; if school administration was included that percentage jumps to 64.21% of total district expenditures.
- Property assessments certified by the Commissioner of Education for the Fiscal Year 2022-23 showed total real estate and personal property valuation at \$1,752,246,893. The 2022-23 real estate and personal property tax rates remained the same as 2022 at a rate of 84.2 cents per \$100 of assessed property. At this rate, the calculated collection should yield \$14,756,611. The actual collections were \$15,003,405 for a collection rate of 101.67%.

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, 2023 was \$38,499,858. This was an increase of \$15,958,849 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 \$35,718,005. 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 [22](#) through [25](#) 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 \$484,782 (a decrease of \$50,395 over the previous year). Bowling Green Independent School District Foundation, Inc. balance at year-end was \$243,793 (a decrease of \$10,477 over the previous year).

The basic governmental fund financial statements can be found on pages 26 through 37 of this report.

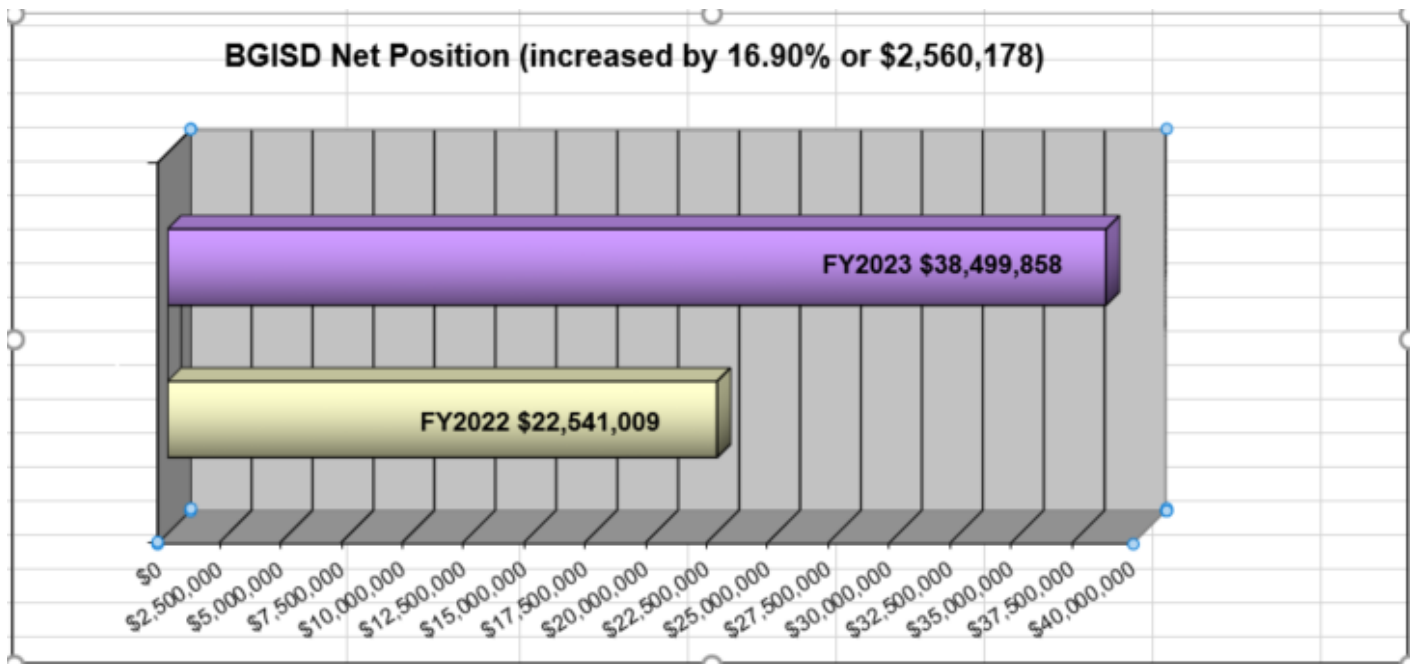
Notes to the Financial Statements

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 38 through 88 of this report.

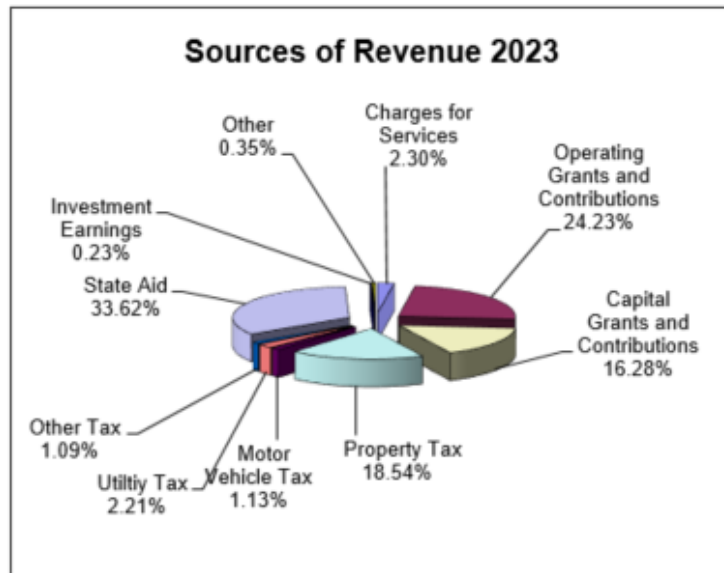
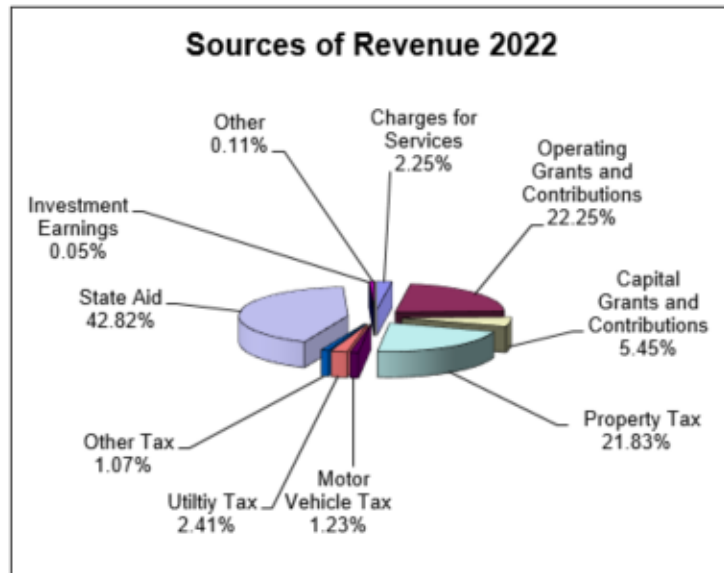
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

	Governmental Activities		Proprietary Business-Type Activities		District Total		Total District Percentage Change
	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	2022 to 2023
Current and Other Assets	\$52,174,184	\$45,209,781	\$2,388,885	\$2,181,879	\$54,563,069	\$47,391,660	-13.1%
Capital Assets	\$93,176,238	\$117,844,164	\$299,008	\$683,992	\$93,475,246	\$118,528,156	26.8%
Total Assets	\$145,350,422	\$163,053,945	\$2,687,893	\$2,865,871	\$148,038,315	\$165,919,816	12.1%
Deferred loss on debt refunding	\$395,001	\$318,117	\$0	\$0	\$395,001	\$318,117	-19.5%
OPEB related	\$5,277,766	\$8,741,925	\$462,342	\$392,511	\$5,740,108	\$9,134,436	59.1%
Pension related	\$2,359,178	\$3,609,898	\$502,148	\$696,355	\$2,861,326	\$4,306,253	50.5%
Total Deferred Outflows of Resources	\$8,031,945	\$12,669,940	\$964,490	\$1,088,866	\$8,996,435	\$13,758,806	52.9%
Long Term Liabilities	\$86,415,521	\$83,114,290	\$7,231	\$11,469	\$86,422,752	\$83,125,759	-3.8%
Net OPEB Liability	\$11,121,929	\$14,918,749	\$872,270	\$763,797	\$11,994,199	\$15,682,546	30.8%
Net Pension Liability	\$13,650,826	\$14,507,034	\$2,905,556	\$2,798,429	\$16,556,382	\$17,305,463	4.5%
Other Liabilities	\$8,885,572	\$14,593,553	\$31,775	\$81,190	\$8,917,347	\$14,674,743	64.6%
Total Liabilities	\$120,073,848	\$127,133,626	\$3,816,832	\$3,654,885	\$123,890,680	\$130,788,511	5.6%
OPEB related	\$7,142,123	\$6,968,976	\$451,282	\$444,800	\$7,593,405	\$7,413,776	-2.4%
Pension related	\$2,481,478	\$2,495,157	\$528,178	\$481,320	\$3,009,656	\$2,976,477	-1.1%
Total Deferred Inflows of Resources	\$9,623,601	\$9,464,133	\$979,460	\$926,120	\$10,603,061	\$10,390,253	-2.0%
Investment in Capital Assets (net of debt)	\$32,955,006	\$35,034,013	\$299,008	\$683,992	\$33,254,014	\$35,718,005	7.4%
Restricted	\$8,183,191	\$21,992,596	\$360,000	\$725,000	\$8,543,191	\$22,717,596	165.9%
Unrestricted Fund (restated for 2017)	-\$17,453,279	-\$17,900,483	-\$1,802,917	-\$2,035,260	-\$19,256,196	-\$19,935,743	3.5%
Total Net Position (restated for 2017)	\$23,684,918	\$39,126,126	-\$1,143,909	-\$626,268	\$22,541,009	\$38,499,858	70.80%



Changes in Net Position for June 30, 2022 and June 30, 2023

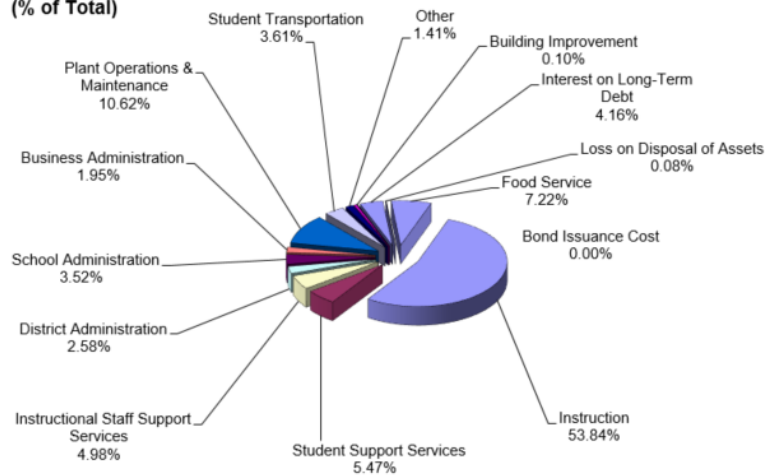
Revenues	Governmental Activities		Proprietary Business-Type Activities		District Total		District Total Percentage Change 2022 to 2023
	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	
Program Revenues							
Charges for Services	\$1,429,968	\$1,709,259	\$117,579	\$155,194	\$1,547,547	\$1,864,453	20.48%
Operating Grants and Contributions	\$10,567,305	\$14,318,976	\$4,736,567	\$5,286,827	\$15,303,872	\$19,605,803	28.11%
Capital Grants and Contributions	\$3,748,550	\$13,175,527	\$0	\$0	\$3,748,550	\$13,175,527	251.48%
General Revenue							
Taxes						\$0	
Property Tax	\$15,009,250	\$15,003,405	\$0	\$0	\$15,009,250	\$15,003,405	-0.04%
Motor Vehicle Tax	\$847,487	\$915,201	\$0	\$0	\$847,487	\$915,201	7.99%
Utility Tax	\$1,657,382	\$1,791,469	\$0	\$0	\$1,657,382	\$1,791,469	8.09%
Other Tax	\$736,127	\$881,739	\$0	\$0	\$736,127	\$881,739	19.78%
State Aid	\$29,445,790	\$27,198,398	\$0	\$0	\$29,445,790	\$27,198,398	-7.63%
Investment Earnings	\$26,539	\$172,826	\$5,056	\$15,081	\$31,595	\$187,907	494.74%
Gain on disposal of Assets	\$366,213	\$0	\$0	\$0	\$366,213	\$0	-100.00%
Other	\$0	\$251,083	\$76,745	\$32,463	\$76,745	\$283,546	269.47%
Transfers	\$709,896	\$280,000	-\$709,896	-\$280,000	\$0	\$0	
Total Revenues	\$64,544,507	\$75,697,883	\$4,226,051	\$5,209,565	\$68,770,558	\$80,907,448	17.65%



Expenses	Governmental Activities		Proprietary Business-Type Activities		District Total		District Total Percentage Change
	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	2022 to 2023
Instruction	\$35,283,658	\$34,968,977			\$35,283,658	\$34,968,977	-0.892%
Support Services					\$0	\$0	
Student Support Services	\$2,967,946	\$3,549,892			\$2,967,946	\$3,549,892	19.608%
Instructional Staff	\$2,460,217	\$3,233,656			\$2,460,217	\$3,233,656	31.438%
District Administration	\$1,847,444	\$1,675,700			\$1,847,444	\$1,675,700	-9.296%
School Administration	\$2,720,812	\$2,286,162			\$2,720,812	\$2,286,162	-15.975%
Business Administration	\$1,112,038	\$1,268,528			\$1,112,038	\$1,268,528	14.072%
Plant Operations & Maintenance	\$6,348,055	\$6,900,061			\$6,348,055	\$6,900,061	8.696%
Student Transportation	\$1,853,142	\$2,347,587			\$1,853,142	\$2,347,587	26.681%
Other	\$742,011	\$916,071			\$742,011	\$916,071	23.458%
Building Acquisition and Const.	\$53,089	\$291,930			\$53,089	\$291,930	449.888%
Building Improvement	\$23,985	\$62,065			\$23,985	\$62,065	158.766%
Interest on Long-Term Debt	\$2,151,191	\$2,701,861			\$2,151,191	\$2,701,861	25.598%
Loss on Disposal of Assets	\$1,047,679	\$54,185			\$1,047,679	\$54,185	-94.828%
Bond Issuance Cost	\$385,586	\$0			\$385,586	\$0	-100.000%
Food Service			\$4,945,601	\$4,691,924	\$4,945,601	\$4,691,924	-5.129%
Total Expenses	\$58,996,853	\$60,256,675	\$4,945,601	\$4,691,924	\$63,942,454	\$64,948,599	1.574%

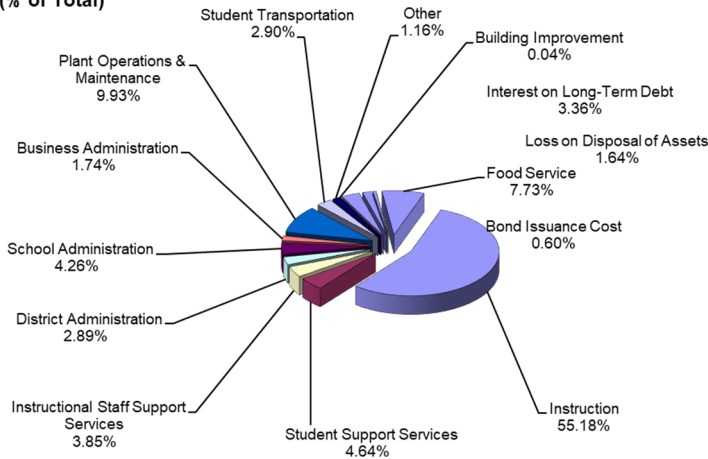
Expenses 2023

(% of Total)



Expenses 2022

(% of Total)

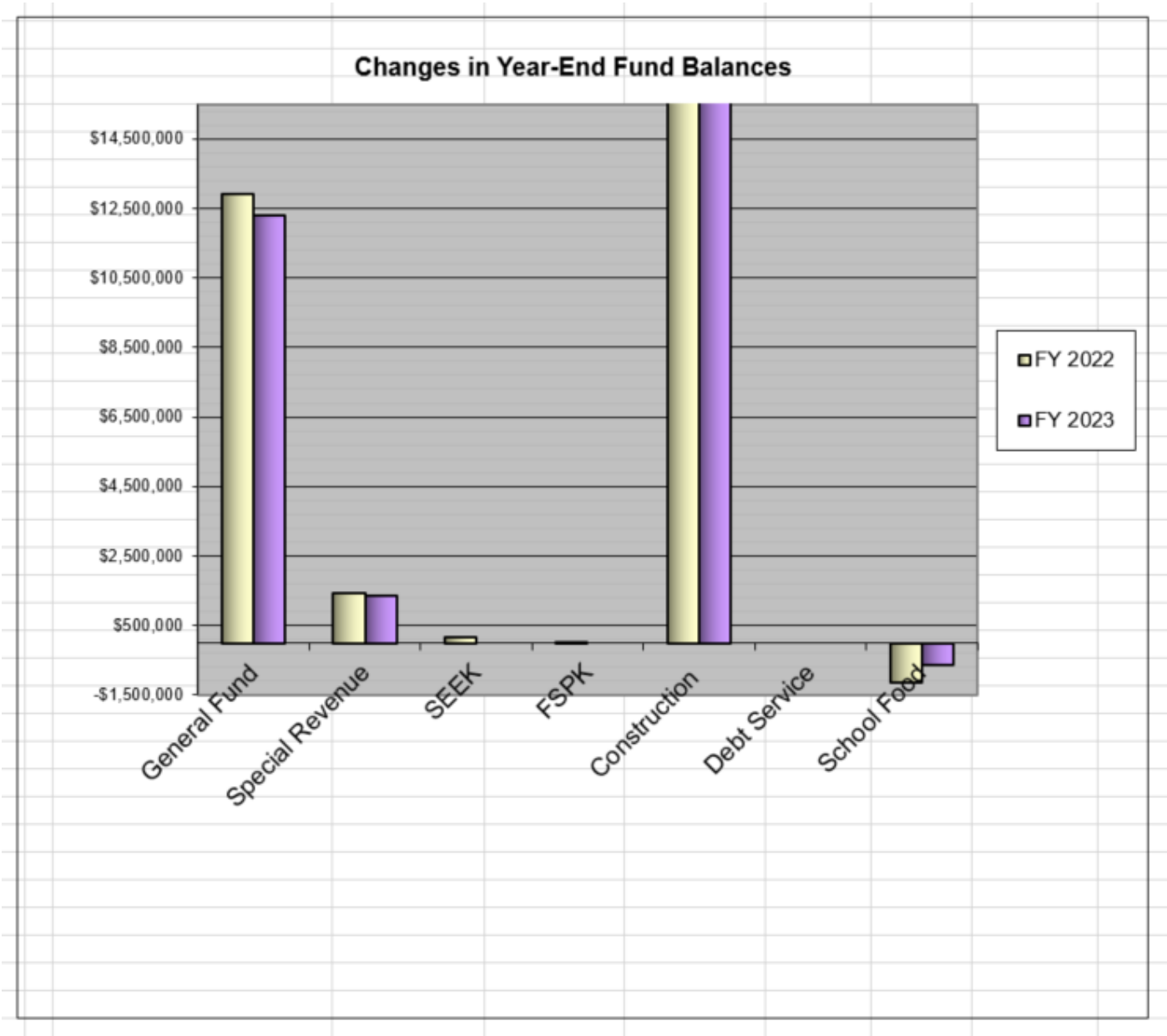


Total revenues during 2023 for the District were \$80,593,263 and the total expenses were \$63,359,783. Revenues exceeded Expenses by \$15,233,480.

- State revenues accounted for 33.70% and local taxes accounted for 23.03% of the revenue.
- Instruction was the major expense category and accounted for 53.50% to the total.
- Food service revenues exceeded expenses by \$52,272 and Governmental revenues exceeded expenses by \$15,181,208.

Financial Analysis of the District Funds

Changes in End-of-Year Fund Balances	FY 2022	FY 2023	Amount of Change	% Change
General Fund	\$12,930,060	\$12,286,299	(\$643,761)	-5.0%
Special Revenue	\$1,423,940	\$1,374,446	(\$49,494)	-3.5%
SEEK	\$161,500	\$0	(\$161,500)	-100.0%
FSPK	\$36,109	\$0	(\$36,109)	-100.0%
Construction	\$25,414,246	\$20,838,304	(\$4,575,942)	-18.0%
Debt Service	\$0	\$0	\$0	
School Food	-\$1,143,909	-\$626,268	\$517,641	45.3%
Total	\$38,821,946	\$33,872,781	-\$4,949,165	-12.7%



- The General Fund’s fund balance decreased \$643,761. This represents a current year excess of expenditures over revenues (deficit) of \$643,761. The reason for this is primarily due to a transfer of \$5,877,659 from the General Fund to the Construction Fund. Excluding this transfer, Fund balance for the General Fund would have increased by \$5,233,898.
- The Special Revenue fund decreased \$49,494. 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 \$3,644 due to a withdrawal from the Sick Leave Trust of \$20,792 (income from the year) and a decrease in market value. Sick leave payouts at retirement during fiscal year 2023 were \$236,520. These payouts were primarily made from the General Fund.
- The School Food’s fund balance increased by \$517,641.

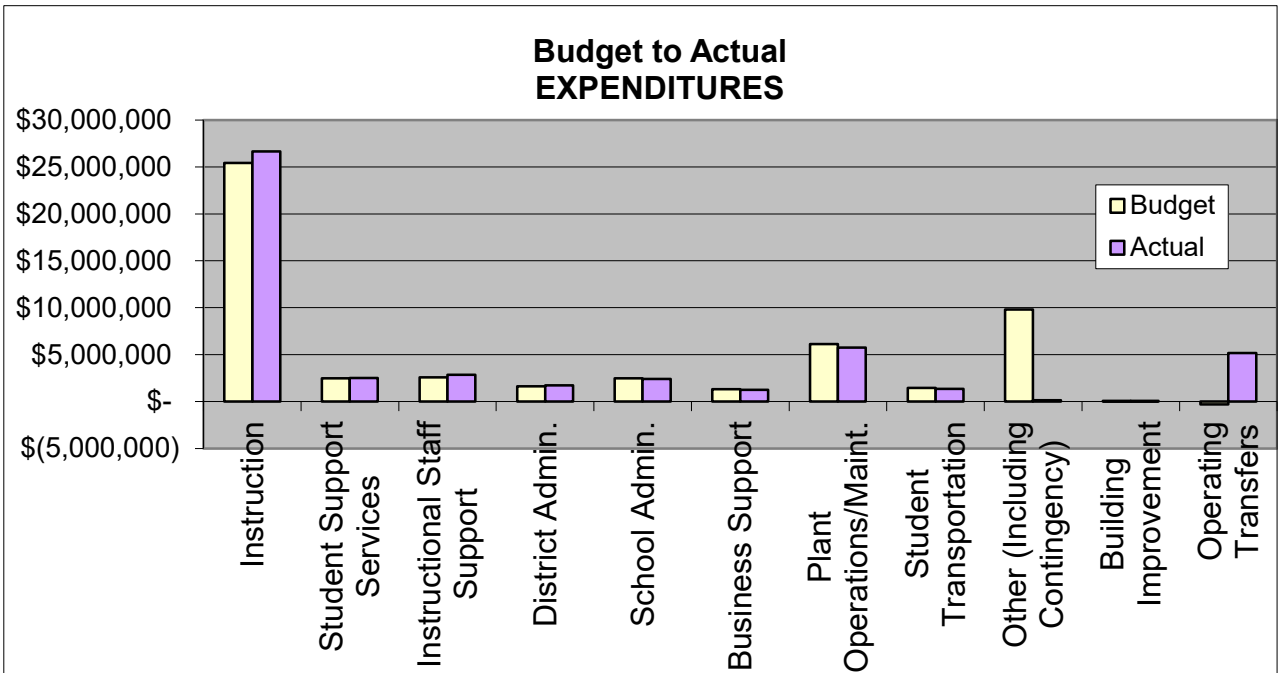
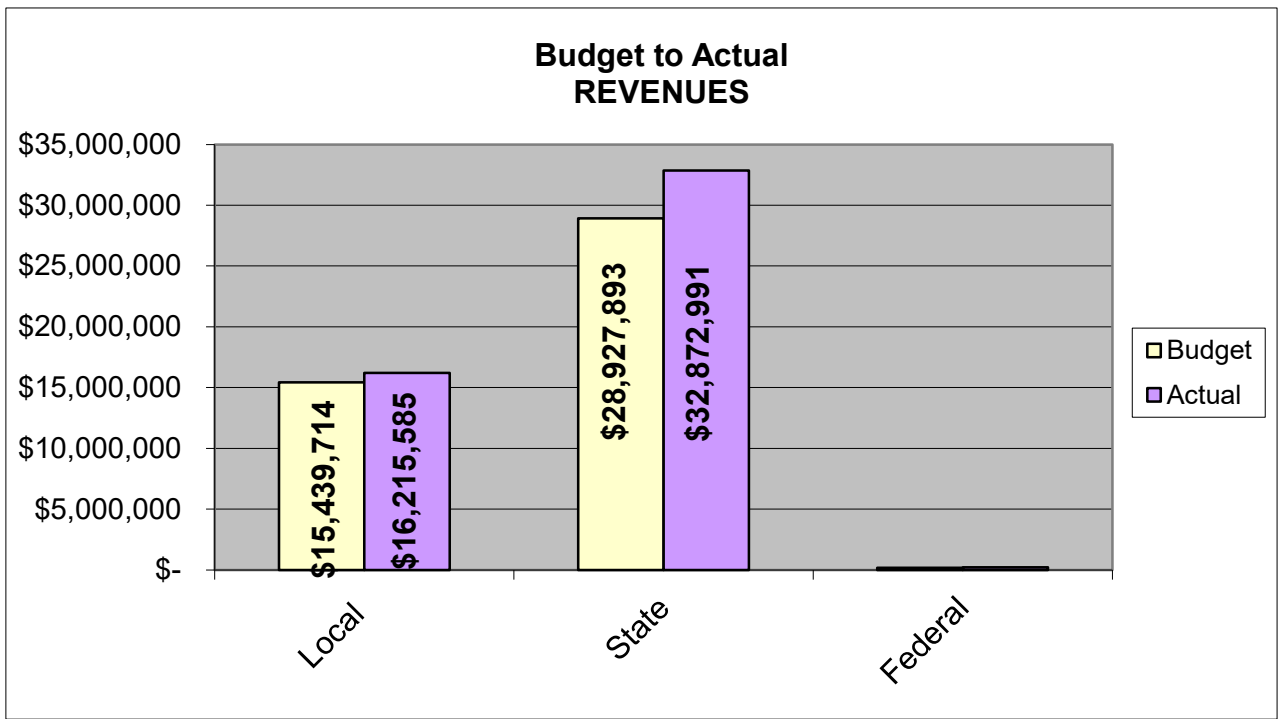
Comments on General Fund and Special Revenue Budget Comparisons

- The District’s General Fund total revenues of \$49,319,914 for the fiscal year ended June 30, 2023, included On Behalf payments from the state of \$14,610,658. Actual general fund revenue was \$9,142,651 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 \$44,778,115. Excluding the contingency budget of \$9,697,942 actual expenditures were less than the budgeted amount by \$1,052,756. 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 2022-2023 increased \$4,681,387 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 2023

GENERAL FUND REVENUES	Budget	Actual
Local	\$ 15,439,714	\$ 16,215,585
State	\$ 28,927,893	\$ 32,872,991
Federal	\$ 175,000	\$ 231,338
SUBTOTAL	\$ 44,542,607	\$ 49,319,914
Beginning Balance	\$ 8,564,716	\$ 12,930,060
Total	\$ 53,107,323	\$ 62,249,974
	difference	\$ 9,142,651

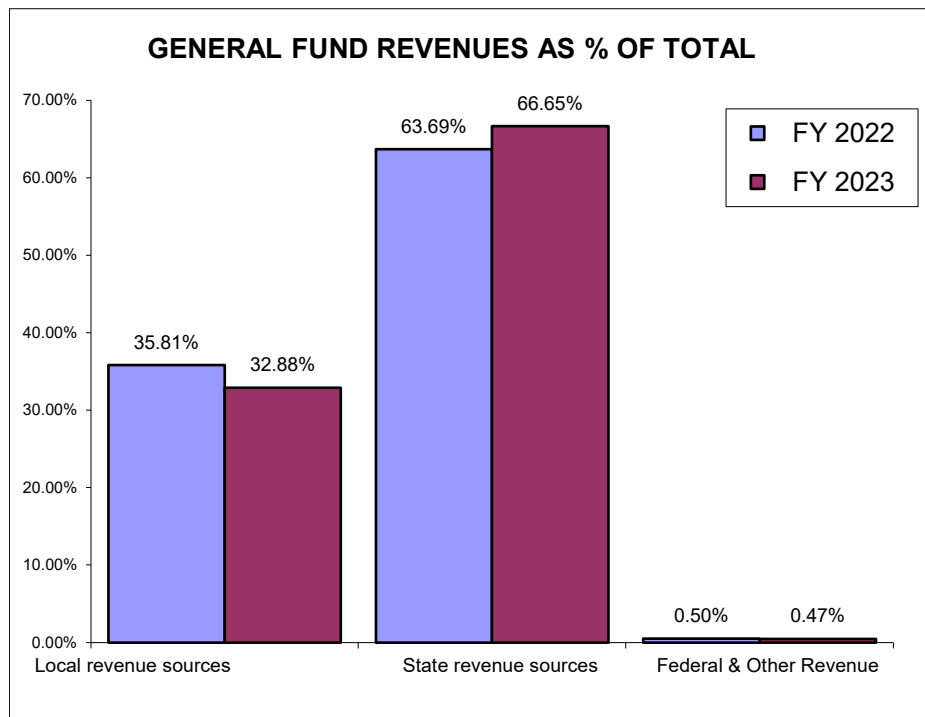
GENERAL FUND EXPENDITURES	Budget	Actual
Instruction	\$ 25,446,671	\$ 26,680,450
Student Support Services	\$ 2,474,880	\$ 2,522,053
Instructional Staff Support	\$ 2,596,971	\$ 2,840,466
District Admin.	\$ 1,641,210	\$ 1,745,126
School Admin.	\$ 2,470,873	\$ 2,422,753
Business Support	\$ 1,334,188	\$ 1,259,673
Plant Operations/Maint.	\$ 6,141,306	\$ 5,747,778
Student Transportation	\$ 1,443,853	\$ 1,367,723
Other (Including Contingency)	\$ 9,808,349	\$ 130,028
Building Improvement	\$ 65,000	\$ 62,065
Operating Transfers	\$ (315,978)	\$ 5,185,560
Total	\$ 53,107,323	\$ 49,963,675



The following tables present a summary of revenue and expenditures of the General Fund for the fiscal years ended June 30, 2022 and June 30, 2023.

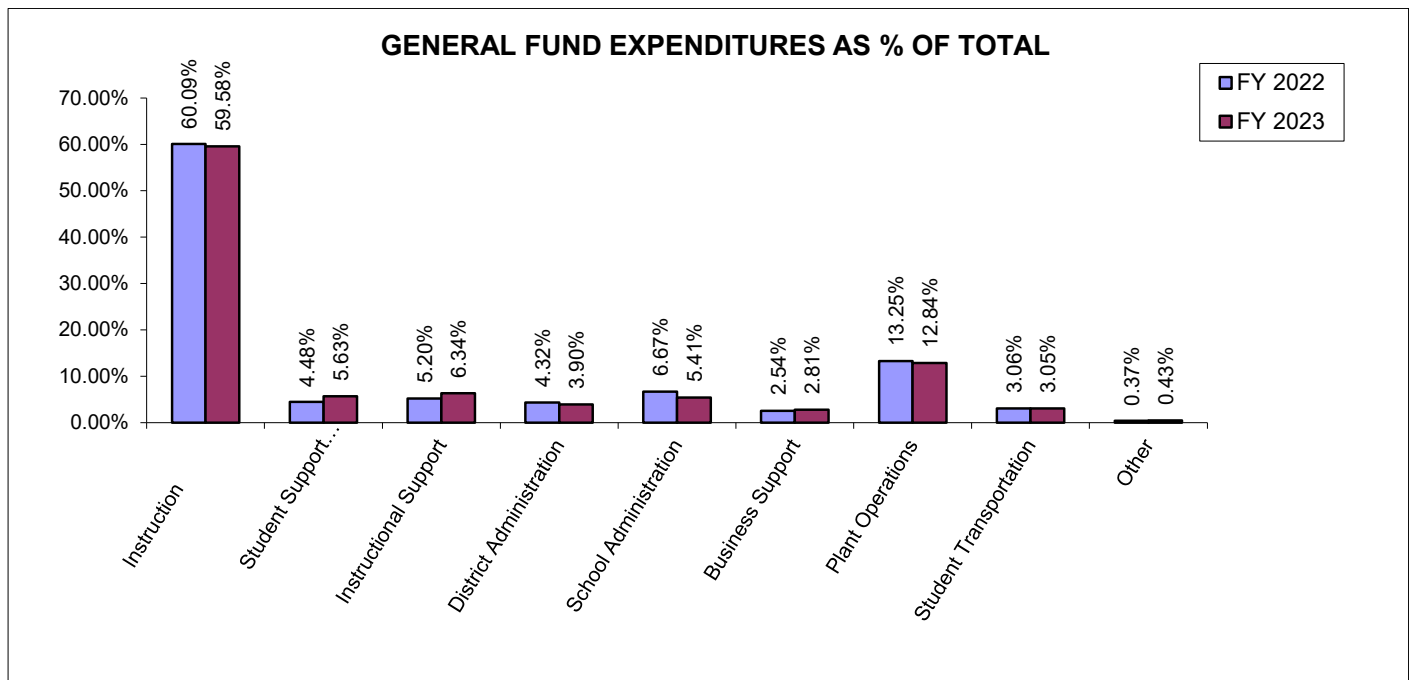
The majority of revenue was derived from state funding, 66.65%, with local revenue sources making up 32.88% of total revenue.

General Fund Revenues:	FY 2022	FY 2023
Local revenue sources	\$15,976,538	\$16,215,585
<i>Taxes</i>		
<i>Property</i>	\$12,179,038	\$12,111,474
<i>Motor Vehicle</i>	\$847,487	\$915,201
<i>Utilities</i>	\$1,657,382	\$1,791,469
<i>Other</i>	\$736,127	\$881,739
<i>Tuition and Fees</i>	\$350,797	\$316,581
<i>Earnings on Investments</i>	\$25,925	\$171,636
<i>Other Local Revenue</i>	\$179,782	\$27,485
State revenue sources	\$28,411,018	\$32,872,991
Federal Revenue	\$221,903	\$231,338
Total revenues	\$44,609,459	\$49,319,914



The majority, 59.58%, of General Fund expenditures were for direct instruction related activities.

General Fund Expenditures	FY 2022	FY 2023
Instruction	\$24,760,723	\$26,680,450
Support Services		
Student Support Services	\$1,847,856	\$2,522,053
Instructional Support	\$2,144,648	\$2,840,466
District Administration	\$1,781,679	\$1,745,126
School Administration	\$2,748,890	\$2,422,753
Business Support	\$1,048,491	\$1,259,673
Plant Operations	\$5,458,701	\$5,747,778
Student Transportation	\$1,262,841	\$1,367,723
Other	\$152,292	\$192,093
Total Expenditures	\$41,206,121	\$44,778,115
Excess of Revenue over Expenditures	\$3,403,338	\$4,541,799
Operating Transfers	\$ (1,685,789)	\$ (5,185,560)
Net Change in Fund Balance	\$1,717,549	-\$643,761



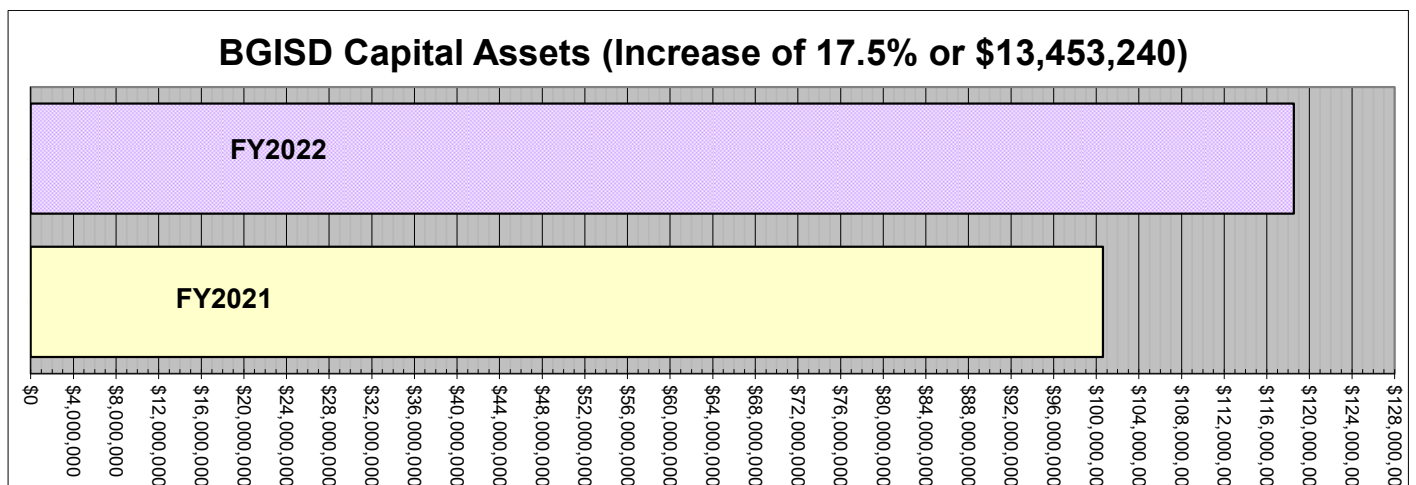
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2023, the district's cumulative total initial cost of assets increased by \$20,651,800 to \$158,560,278. This included land, school buildings, athletic facilities, maintenance facilities, computer equipment and administrative offices. Accumulated depreciation on these assets decreased by \$2,751,191 to \$40,032,122 due to disposals. Book value increased for capital assets by \$17,900,609 to \$118,528,156.

SUMMARY OF CAPITAL ASSETS

CAPITAL ASSETS (net of depreciation)	Governmental Activities		Proprietary Business-Type Activities		District Total		Total District Percentage Change
	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	2022 to 2023
	Land & Land Improvements	\$8,779,962	\$8,737,415	\$0	\$0	\$8,779,962	\$8,737,415
Buildings	\$86,126,727	\$102,494,236	\$0	\$0	\$86,126,727	\$102,494,236	15.97%
Equipment & Furniture	\$5,421,850	6,612,513	\$299,008	\$683,992	\$5,720,858	\$7,296,505	21.59%
Total Assets	\$100,328,539	\$117,844,164	\$299,008	\$683,992	\$100,627,547	\$118,528,156	15.10%

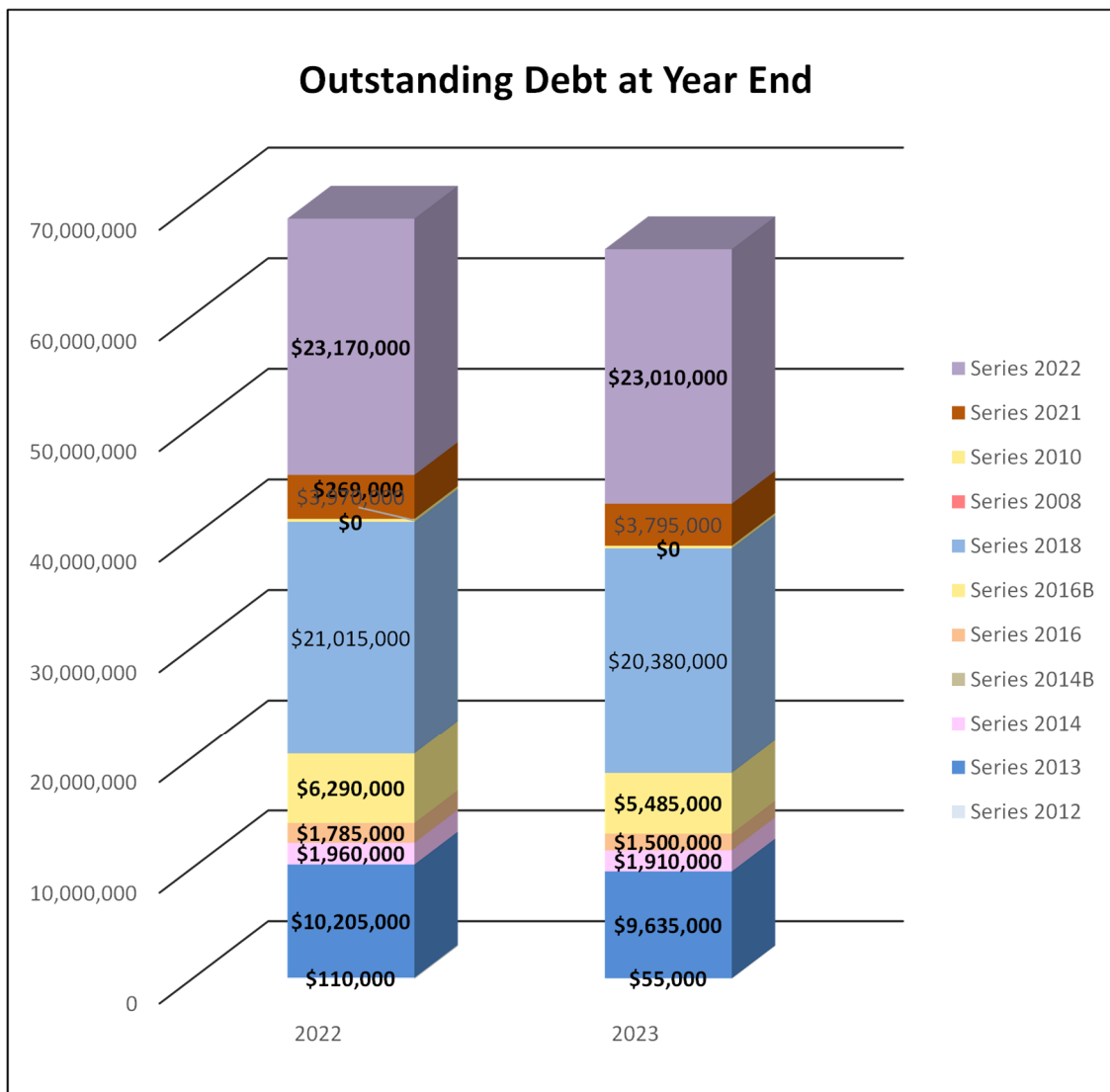


Long-Term Debt

At year-end the district had \$82,957,000 in general obligation bonds outstanding. This was a decrease of \$3,142,000 from the previous year.

Outstanding Debt at Year End

		Governmental Activities 2022	Governmental Activities 2023
General Obligation Bonds:			
Series 2008	T.C. Cherry Construction	\$0	\$0
Series 2010	W.R McNeill Library Renovations	\$269,000	\$242,000
Series 2012	Refunding Issue 2004	\$110,000	\$55,000
Series 2013	Dishman-McGinnis Construction	\$10,205,000	\$9,635,000
Series 2014	W.R McNeill Kitchen/Cafeteria Renovations	\$1,960,000	\$1,910,000
Series 2014B	Refunding Issue 2005	\$0	\$0
Series 2016	Refunding Issue 2007	\$1,785,000	\$1,500,000
Series 2016B	Refunding Issue 2008	\$6,290,000	\$5,485,000
Series 2018	Phase 1 BGHS Re-Construction	\$21,015,000	\$20,380,000
Series 2020	Phase 2 BGHS Re-Construction	\$17,325,000	\$16,945,000
Series 2021	Phase 3 BGHS Re-Construction	\$3,970,000	\$3,795,000
Series 2022	Phase 4 BGHS Re-Construction	\$23,170,000	\$23,010,000
TOTAL		\$86,099,000	\$82,957,000



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; 66.65% of the district’s General Fund Revenue during 2023. 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 \$12,286,299 or 42.66% of the 2023 general fund budget, excluding On-behalf payments of \$14,610,657.

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 2023 working budget with a contingency of \$9,697,942 (18.26%).

For the 2022-2023 fiscal year, the Board kept the discretionary staffing allocation percentage at zero percent (3%), with a 4% 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 2023, \$86,582 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 \$11.8 million for 2023. 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 finalizing the completion of a 4 phased construction project which has been built 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 18.3 % of the district's average daily attendance number with 49 languages spoken. We received \$393/LEP student in additional funding for a total of \$289,690 during Fiscal Year 2022-2023. 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, 2023 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, 2023</i>	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 14,740,184	\$ 1,936,863	\$ 16,677,047
Investments	25,727,249	-	25,727,249
Accounts receivable:			
Taxes	380,713	-	380,713
Accounts	8,655	-	8,655
Intergovernmental	3,606,792	153,608	3,760,400
Inventory	-	91,408	91,408
Prepaid expenses	746,188	-	746,188
Non-depreciable capital assets	25,061,592	-	25,061,592
Depreciable capital assets	131,965,873	1,532,813	133,498,686
Less: accumulated depreciation	(39,183,301)	(848,821)	(40,032,122)
Total assets	163,053,945	2,865,871	165,919,816
Deferred Outflows of Resources			
Deferred loss on debt refundings	318,117	-	318,117
OPEB related	8,741,925	392,511	9,134,436
Pension related	3,609,898	696,355	4,306,253
Total deferred outflows of resources	12,669,940	1,088,866	13,758,806
Liabilities			
Accounts payable	4,143,467	53,909	4,197,376
Accrued liabilities	639,143	-	639,143
Unearned revenue	5,211,653	-	5,211,653
Accrued interest	760,573	-	760,573
Long-term obligations:			
Due within one year:			
Outstanding bonds	3,183,000	-	3,183,000
Compensated absences	655,717	27,281	682,998
Due beyond one year:			
Outstanding bonds	81,790,093	-	81,790,093
Compensated absences	1,324,197	11,469	1,335,666
Net OPEB liability	14,918,749	763,797	15,682,546
Net pension liability	14,507,034	2,798,429	17,305,463
Total liabilities	127,133,626	3,654,885	130,788,511

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

Bowling Green Independent School District
Statement of Net Position

<i>June 30, 2023</i>	Governmental Activities	Business-type Activities	Total
Deferred Inflows of Resources			
OPEB related	6,968,976	444,800	7,413,776
Pension related	2,495,157	481,320	2,976,477
Total deferred inflows of resources	9,464,133	926,120	10,390,253
Net Position (Deficit)			
Net investment in capital assets	35,034,013	683,992	35,718,005
Restricted for:			
Grant programs	1,374,446	-	1,374,446
Capital projects	19,093,775	725,000	19,818,775
Compensated absences	1,035,030	-	1,035,030
Student Activities	489,345	-	489,345
Unrestricted (deficit)	(17,900,483)	(2,035,260)	(19,935,743)
Total net position (deficit)	\$ 39,126,126	\$ (626,268)	\$ 38,499,858

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

Bowling Green Independent School District
Statement of Activities

Year Ended June 30, 2023	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	\$ 34,968,977	\$ 1,709,259	\$ 9,345,631	\$ 84,464	\$ (23,829,623)	\$ -	\$ (23,829,623)
Support services:							
Student	3,549,892	-	1,210,110	-	(2,339,782)	-	(2,339,782)
Instructional staff	3,233,656	-	835,252	-	(2,398,404)	-	(2,398,404)
District administration	1,675,700	-	27,480	-	(1,648,220)	-	(1,648,220)
School administration	2,286,162	-	111,034	-	(2,175,128)	-	(2,175,128)
Business	1,268,528	-	32,680	-	(1,235,848)	-	(1,235,848)
Plant operations and maintenance	6,900,061	-	753,876	-	(6,146,185)	-	(6,146,185)
Student transportation	2,347,587	-	1,088,330	-	(1,259,257)	-	(1,259,257)
Other	916,071	-	904,331	-	(11,740)	-	(11,740)
Building acquisition and construction	291,930	-	10,252	12,687,979	12,406,301	-	12,406,301
Building improvement	62,065	-	-	-	(62,065)	-	(62,065)
Bond issuance cost	-	-	-	-	-	-	-
Loss on disposal of assets	54,185	-	-	-	(54,185)	-	(54,185)
Interest on long-term debt	2,701,861	-	-	403,084	(2,298,777)	-	(2,298,777)
Total governmental activities	60,256,675	1,709,259	14,318,976	13,175,527	(31,052,913)	-	(31,052,913)
Business-type activities							
Food services	4,691,924	155,194	5,286,827	-	-	750,097	750,097
Total business-type activities	4,691,924	155,194	5,286,827	-	-	750,097	750,097
Total school district	\$ 64,948,599	\$ 1,864,453	\$ 19,605,803	\$ 13,175,527	(31,052,913)	750,097	(30,302,816)

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

Bowling Green Independent School District
Statement of Activities

<i>Year Ended June 30, 2023</i>	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business- type Activities	Total
General Revenues			
Taxes:			
Property	15,003,405	-	15,003,405
Motor vehicle	915,201	-	915,201
Utilities	1,791,469	-	1,791,469
Other	881,739	-	881,739
State aid	27,198,398	-	27,198,398
Investment earnings	172,826	15,081	187,907
Other	251,083	32,463	283,546
Transfers	280,000	(280,000)	-
Total general revenues and transfers	46,494,121	(232,456)	46,261,665
Change in net position (deficit)	15,441,208	517,641	15,958,849
Net position (deficit) - beginning of year	23,684,918	(1,143,909)	22,541,009
Net position (deficit) - end of year	\$ 39,126,126	\$ (626,268)	\$ 38,499,858

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

Bowling Green Independent School District
Balance Sheet
Governmental Funds

<i>June 30, 2023</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 3,981,561	\$ 5,135,000	\$ 5,037,872	\$ 585,751	\$ 14,740,184
Investments	5,060,382	1,035,030	19,631,837	-	25,727,249
Accounts receivable:					
Taxes	380,713	-	-	-	380,713
Accounts	-	-	-	8,655	8,655
Intergovernmental	66,200	3,540,592	-	-	3,606,792
Due from other funds	3,050,046	-	-	-	3,050,046
Prepaid expenses	619,360	-	-	-	619,360
Total assets	\$ 13,158,262	\$ 9,710,622	\$ 24,669,709	\$ 594,406	\$ 48,132,999

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

Bowling Green Independent School District
Balance Sheet
Governmental Funds

<i>June 30, 2023</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 232,820	\$ 74,477	\$ 3,831,405	\$ 4,765	\$ 4,143,467
Accrued liabilities	639,143	-	-	-	639,143
Due to other funds	-	3,050,046	-	-	3,050,046
Unearned revenue	-	5,211,653	-	-	5,211,653
Total liabilities	871,963	8,336,176	3,831,405	4,765	13,044,309
Fund Balances					
Restricted	1,395,641	1,374,446	20,838,304	589,641	24,198,032
Assigned	10,271,298	-	-	-	10,271,298
Nonspendable	619,360	-	-	-	619,360
Unassigned	-	-	-	-	-
Total fund balances	12,286,299	1,374,446	20,838,304	589,641	35,088,690
Total liabilities and fund balances	\$ 13,158,262	\$ 9,710,622	\$ 24,669,709	\$ 594,406	\$ 48,132,999

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>	2023
Total fund balances - governmental funds	\$ 35,088,690
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 \$157,027,465 and the accumulated depreciation is (\$39,183,301).	117,844,164
Prepaid expenses are not financial resources and therefore are not reported as assets in the governmental funds.	126,828
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.	318,117
Deferred outflows and inflows or resources related to pensions are applicable to future periods, therefore, are not reported in the funds statements.	1,114,741
Deferred outflows and inflows or resources related to OPEB are applicable to future periods, therefore, are not reported in the funds statements.	1,772,949
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	(84,973,093)
Accrued interest on the bonds	(760,573)
Net OPEB liability	(14,918,749)
Net pension liability	(14,507,034)
Compensated absences	(1,979,914)
Total net position - governmental activities	\$ 39,126,126

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, 2023</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Taxes:					
Property	\$ 12,111,474	\$ -	\$ -	\$ 2,891,931	\$ 15,003,405
Motor vehicle	915,201	-	-	-	915,201
Utilities	1,791,469	-	-	-	1,791,469
Other	881,739	-	-	-	881,739
Tuition and fees	316,581	-	-	1,392,678	1,709,259
Earnings on investments	171,636	4,583	588,379	1,190	765,788
Other local revenue	27,485	88,211	-	-	115,696
Intergovernmental - state	32,872,991	4,512,511	8,332,300	4,170,384	49,888,186
Intergovernmental - federal	231,338	9,798,135	-	-	10,029,473
Total revenues	49,319,914	14,403,440	8,920,679	8,456,183	81,100,216
Expenditures					
Current:					
Instruction	26,680,450	8,807,490	-	1,351,155	36,839,095
Support services:					
Student	2,522,053	1,210,110	-	-	3,732,163
Instructional staff	2,840,466	835,252	-	-	3,675,718
District administration	1,745,126	27,480	-	-	1,772,606
School administration	2,422,753	111,034	-	-	2,533,787
Business	1,259,673	32,680	-	-	1,292,353
Plant operations and maintenance	5,747,778	753,876	-	-	6,501,654

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, 2023</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Student transportation	1,367,723	1,088,330	-	3,114	2,459,167
Other	130,028	904,331	-	-	1,034,359
Debt service:					
Principal	-	-	-	3,142,000	3,142,000
Interest	-	-	-	2,742,515	2,742,515
Bond issuance cost	-	-	-	-	-
Building improvement	62,065	-	-	-	62,065
Building acquisition & construction	-	10,252	21,010,879	-	21,021,131
Total expenditures	44,778,115	13,780,835	21,010,879	7,238,784	86,808,613
Excess (deficiency) of revenues over expenditures	4,541,799	622,605	(12,090,200)	1,217,399	(5,708,397)
Other Financing Sources (Uses)					
Operating transfers in	778,933	86,834	7,514,258	5,635,167	14,015,192
Operating transfers out	(5,964,493)	(758,933)	-	(7,011,766)	(13,735,192)
Total other financing sources (uses)	(5,185,560)	(672,099)	7,514,258	(1,376,599)	280,000
Net change in fund balances	(643,761)	(49,494)	(4,575,942)	(159,200)	(5,428,397)
Fund balances - beginning of year	12,930,060	1,423,940	25,414,246	748,841	40,517,087
Fund balances - end of year	\$ 12,286,299	\$ 1,374,446	\$ 20,838,304	\$ 589,641	\$ 35,088,690

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>	2023
Total net change in fund balances - governmental funds	\$ (5,428,397)
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 (\$21,876,468) exceeds depreciation (\$4,298,918) in the period.	17,577,550
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.	(61,925)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	3,142,000
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	755,092
Cost of benefits earned net of employee contributions	(914,606)
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	1,492,022
Cost of benefits earned net of employee contributions	(1,111,189)
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.	(9,339)
Change in net position - governmental activities	\$ 15,441,208

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, 2023</i>	Enterprise Fund Food Service
Assets	
Current Assets	
Cash	\$ 1,936,863
Accounts receivable	
Intergovernmental	153,608
Inventory	91,408
<hr/>	
Total current assets	2,181,879
<hr/>	
Noncurrent Assets	
Fixed assets - net	683,992
<hr/>	
Total assets	2,865,871
<hr/>	
Deferred Outflows of Resources	
OPEB related	392,511
Pension related	696,355
<hr/>	
Total deferred outflows of resources	1,088,866
<hr/>	
Liabilities	
Current Liabilities	
Accounts payable	53,909
Compensated absences due within one year	27,281
<hr/>	
Total current liabilities	81,190
<hr/>	
Long-Term Liabilities	
Compensated absences due beyond one year	11,469
Net OPEB liability	763,797
Net pension liability	2,798,429
<hr/>	
Total long-term liabilities	3,573,695
<hr/>	
Deferred Inflows of Resources	
OPEB related	444,800
Pension related	481,320
<hr/>	
Total deferred inflows of resources	926,120
<hr/>	
Net Position (Deficit)	
Net investment in capital assets	683,992
Restricted	725,000
Unrestricted (deficit)	(2,035,260)
<hr/>	
Total net position (deficit)	\$ (626,268)
<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, 2023</i>	Enterprise Fund Food Service
<hr/>	
Operating Revenues	
Lunchroom sales	\$ 155,194
<hr/>	
Total operating revenues	155,194
<hr/>	
Operating Expenses	
Salaries and wages	1,660,442
Contract services	4,977
Materials and supplies	2,873,380
Depreciation expense	111,673
<hr/>	
Total operating expenses	4,650,472
<hr/>	
Operating loss	(4,495,278)
<hr/>	
Non-Operating Revenues	
State operating grants	357,571
Federal operating grants	4,732,021
Donated commodities	197,235
Interest income	15,081
Loss on disposal of assets	(41,452)
Other	32,463
<hr/>	
Total non-operating revenues	5,292,919
<hr/>	
Income before transfers	797,641
<hr/>	
Transfers	(280,000)
<hr/>	
Change in net position	517,641
<hr/>	
Net position (deficit) - beginning of year	(1,143,909)
<hr/>	
Net position (deficit) - end of year	\$ (626,268)
<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, 2023</i>	Enterprise Fund Food Service
<hr/>	
Cash flows from operating activities	
Cash received from user charges	\$ 155,194
Cash payments to employees for services	(1,766,077)
Cash payments for contract services	(4,977)
Cash payments to suppliers for goods and services	(2,633,125)
<hr/>	
Net cash used in operating activities	(4,248,985)
<hr/>	
Cash flows from non-capital financing activities	
Transfer to the construction fund	(280,000)
Nonoperating grants received	5,043,282
Other	32,463
<hr/>	
Net cash provided by non-capital financing activities	4,795,745
<hr/>	
Cash flows from capital and related financing activities	
Acquisition of capital assets	(538,108)
<hr/>	
Net cash used in capital and related financing activities	(538,108)
<hr/>	
Cash flows from investing activities	
Interest on investments	15,081
<hr/>	
Net cash provided by investing activities	15,081
<hr/>	
Increase in cash	23,733
Cash - Beginning of Year	1,913,130
<hr/>	
Cash - End of Year	\$ 1,936,863
<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, 2023</i>	Enterprise Fund Food Service
Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating loss	\$ (4,495,278)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	111,673
Commodities received	197,235
On-behalf payments	286,190
Pension contributions in excess of pension expense	(348,192)
OPEB contributions in excess of OPEB expense	(45,124)
Changes in assets and liabilities:	
Inventories	(9,142)
Accounts payable	52,162
Accrued benefits	1,491
Net cash used in operating activities	\$ (4,248,985)

Noncash Activities

- The food service fund received \$197,235 of donated commodities from the federal government.
- The District received on-behalf payments of \$286,190 relating to fringe benefits from the state government.
- The District reclassified \$287,813 related to pension expense to deferred outflows of resources.
- The District reclassified \$41,868 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, 2023</i>	Deferred Compensation	Private Purpose Trust Fund
Assets		
Cash	\$ 66,686	\$ 243,793
Total assets	\$ 66,686	\$ 243,793
Liabilities		
Deferred compensation payable	\$ 66,686	\$ -
Total liabilities	66,686	-
Net Position		
Held in trust for scholarships	-	112,399
Held in trust for district support	-	131,394
Total net position	\$ -	\$ 243,793

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, 2023</i>	Private Purpose Trust Fund
Additions	
Interest revenue	\$ 1,636
Contributions	13,142
<hr/>	
Total additions	14,778
<hr/>	
Deductions	
Scholarships	19,032
District support	6,223
<hr/>	
Total deductions	25,255
<hr/>	
Change in net position	(10,477)
<hr/>	
Net position - beginning of year	254,270
<hr/>	
Net position - end of year	\$ 243,793
<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 custodial 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* accounts 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* accounts 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. Trust funds account for assets held by the District under the terms of a formal trust agreement. Custodial funds are purely custodial and do not involve measurement of results of operations.

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. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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)

Budgetary Information

Budget information is presented for the General Fund and other funds with a Board approved budget. This budgetary data is prepared on the modified accrual basis of accounting. Budgetary revenues represent original estimates modified for any adjustments approved by the Board during the fiscal year. Budgetary expenditures represent original appropriations adjusted for transfers and additional appropriations approved during the fiscal year. Once the budget is approved, it can be amended by approval of the Board.

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. Estimates that are particularly susceptible to significant change in the near term are related to fair market value of investments, compensated absences, pension liability, and OPEB liability.

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.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Inflow and 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

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflow and Outflows of Resources – Debt Related (continued)

bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year. The deferred inflows of resources reported in the financial statements include the deferred gain on debt defeasance. The deferred gain is being amortized over the remaining life of the bond as part of other revenues.

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. 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.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (continued)

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.

Accrued Liabilities

All payables and accrued liabilities 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.

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.

Leases

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve month are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or lease term.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

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.

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.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. Note 7 provides further detail on the District's encumbrances.

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 December 15, 2023, which was the date the financial statements were made available. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

Recent Issued and Adopted 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

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)

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 implementation of this standard was not significant to the District.

Recent Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District is evaluating the requirements of this Statement.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 3: CASH AND INVESTMENTS

Deposits

At June 30, 2023, the carrying amounts of the District's deposits were \$27,116,627 and the bank balances were \$29,212,265, which were covered by federal depository insurance or by collateral held by the bank's agent in the District's name.

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

<i>June 30,</i>	2023
Governmental funds	\$ 14,740,184
Proprietary funds	1,936,863
Fiduciary funds	310,479
	\$ 16,987,526

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 \$29,212,265 was not exposed to custodial credit risk as of June 30, 2023.

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, 2023:

Special Revenue Fund	Fair Value Measurements at Reporting Date Using			
Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>June 30, 2023</i>				
Sick Leave Trust				
Mutual funds	\$ 26,100	\$ 26,100	\$ -	\$ -
Certificates of Deposit	244,934	244,934	-	-
Municipal securities	188,691	-	188,691	-
U.S government securities	575,305	-	575,305	-
Total	\$ 1,035,030	\$ 271,034	\$ 763,995	\$ -

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

June 30, 2023

Sick Leave Trust Investments	Rating	Maturities	Fair Value
Trust Insured Cash Account	N/R	-	\$ 27,398
Barclays Bk/Delaware CD 3.35%	N/R	10/10/2023	14,919
BMW Bank CD 4.95%	N/R	11/18/2023	34,996
Capital One Natl CD 5.0%	N/R	11/16/2027	50,595
JPMorgan Chase CD 2.8%	N/R	8/18/2023	49,835
Sallie Mae Bank CD 1.7%	N/R	2/23/2024	48,874
Synchrony Bank CD 2.45%	N/R	10/27/2023	19,817
Kentucky St Ppty & Bldgs	N/R	11/1/2030	13,325
Caldwell Co Ky 2.00%	N/R	4/1/2031	28,610
Louisville Jefferson Cnty KY 3.5%	Aa3	5/1/2025	14,434
Northern KY Univ Gen 2.938%	A2	9/1/2036	40,411
Henry Co Ky Sch 1.80%	A1	8/1/2030	28,560
Williston ND 3.25%	Ba2	5/1/2029	24,576
Ky Assoc Of Counties 2.625%	AA	2/1/2035	38,775
Fannie Mae 1.20%	AAA	8/27/2031	38,551
Fannie Mae 1.26%	AAA	12/30/2030	39,527
Federal Farm CR 1.38%	AAA	1/14/2031	19,861
Federal Farm CR 1.60%	AAA	11/1/2023	49,385
Federal Farm CR 1.700%	AAA	4/19/2029	42,593
Federal Farm CR 1.390%	AAA	12/29/2026	44,720
Federal Farm CR 3.5%	AAA	4/4/2029	32,843
Federal Home Loan 2.64%	AAA	2/7/2035	28,350
Federal Home Loan Bank 1.50%	AAA	2/25/2031	19,953
Federal Home Loan Bank 2.69%	AAA	9/26/2034	20,635
Federal Home Loan Bank 1.000%	AAA	1/10/2025	46,738
Federal Home Loan Bank 1.005%	AAA	7/21/2026	44,632
Federal Home Loan Bank 5.55%	AAA	3/8/2028	49,518
U.S Treasury Note 2.75%	AAA	2/15/2024	49,180
U.S Treasury Note 3.0%	AAA	6/30/2024	48,820
Vanguard Fixed Income Inflation Admiral Fund	N/R	-	26,100
Income Cash	N/R	-	(1,500)
			\$ 1,035,030

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

June 30, 2023

Investment	Rating	Maturities	Cost
Certificate of deposit (1)	N/A	2/25/2024	\$ 9,502,736
Certificate of deposit (1)	N/A	6/10/2024	506,010
Certificate of deposit (1)	N/A	3/10/2025	2,025,210
Certificate of deposit (1)	N/A	3/10/2026	506,010
Certificate of deposit (1)	N/A	3/10/2027	1,011,639
Certificate of deposit (1)	N/A	3/10/2028	1,011,513
Repurchase agreement	N/A	9/15/2023	10,129,101
			\$ 24,692,219

(1) Nonparticipating/nonnegotiable certificate of deposit

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. No more than five percent of the District's investments are in any one issuer, excluding nonparticipating/nonnegotiable certificates of deposit and repurchase agreement.

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.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consist of the following:

<i>June 30, 2023</i>		
Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	\$ 2,790,046

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

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

<i>June 30, 2023</i>	Capital Cost			
	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 2,054,993	\$ -	\$ -	\$ 2,054,993
Construction in progress	5,097,308	20,793,946	2,884,655	23,006,599
Total non-depreciable historical cost	7,152,301	20,793,946	2,884,655	25,061,592
Capital assets that are depreciated:				
Land improvements	7,601,030	356,659	353,782	7,603,907
Buildings and improvements	110,000,186	1,399,452	16,628	111,383,010
Technology equipment	3,710,769	246,626	897,976	3,059,419
Vehicles	4,077,575	489,216	-	4,566,791
General	4,047,109	1,475,224	169,587	5,352,746
Total depreciable historical cost	129,436,669	3,967,177	1,437,973	131,965,873
Less accumulated depreciation for:				
Land improvements	876,061	364,509	319,085	921,485
Buildings and improvements	28,970,767	2,936,910	12,304	31,895,373
Technology equipment	2,109,698	543,021	883,766	1,768,953
Vehicles	2,829,374	243,644	-	3,073,018
General	1,474,531	210,834	160,893	1,524,472
Total accumulated depreciation	36,260,431	4,298,918	1,376,048	39,183,301
Total depreciable historical cost, net	93,176,238	(331,741)	61,925	92,782,572
Governmental activities, capital assets, net	\$ 100,328,539	\$ 20,462,205	\$ 2,946,580	\$ 117,844,164

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 5: CAPITAL ASSETS (CONTINUED)

<i>June 30, 2023</i>	Capital Cost			
	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Business-Type Activities:				
Capital assets that are depreciated:				
Buildings and improvements	\$ -	\$ 13,438	\$ -	\$ 13,438
Technology equipment	38,832	-	20,074	18,758
General	1,280,676	524,670	304,729	1,500,617
Total depreciable historical cost	1,319,508	538,108	324,803	1,532,813
Less accumulated depreciation for:				
Buildings and improvements	-	265	-	265
Technology equipment	24,166	5,640	16,115	13,691
General	996,334	105,768	267,237	834,865
Total accumulated depreciation	1,020,500	111,673	283,352	848,821
Business-type activities, capital assets, net	\$ 299,008	\$ 426,435	\$ 41,451	\$ 683,992

Depreciation expense was charged to governmental functions as follows:

<i>Year Ended June 30,</i>	2023
Instruction	\$ 2,817,533
Support services:	
Student	313,584
Instructional staff	32,330
District administration	37,079
School administration	8,692
Business	26,491
Facilities operations	854,039
Student transportation	206,681
Other	2,489
Total depreciation expense	\$ 4,298,918

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%

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, 2023 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	
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>\$ 79,894,754</u>	<u>\$ 33,294,013</u>	<u>\$ 3,062,246</u>	<u>\$ 663,972</u>	<u>\$ 116,914,985</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, 2023</i>	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Amounts Due within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds	\$ 86,099,000	\$ -	\$ (3,142,000)	\$ 82,957,000	\$ 3,183,000
Less: deferred issuance discounts and premiums - net	2,132,836	-	(116,743)	2,016,093	-
Total bonds and notes payable	88,231,836	-	(3,258,743)	84,973,093	3,183,000
Other Liabilities:					
Compensated absences	1,803,093	411,850	(235,029)	1,979,914	655,717
Total other liabilities	1,803,093	411,850	(235,029)	1,979,914	655,717
Total long-term liabilities	\$ 90,034,929	\$ 411,850	\$ (3,493,772)	\$ 86,953,007	\$ 3,838,717
Business-type/proprietary activities					
Other Liabilities:					
Compensated absences	\$ 37,259	\$ 2,982	\$ (1,491)	\$ 38,750	\$ 27,281
Total other liabilities	\$ 37,259	\$ 2,982	\$ (1,491)	\$ 38,750	\$ 27,281

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 had \$619,360 in nonspendable fund balance at June 30, 2023.

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, 2023, the District had \$1,374,446 restricted in the special revenue fund (\$84,464 for technology grants and \$1,035,030 for compensated absences), \$20,578,304 as restricted for capital projects in the construction fund, \$1,395,641 as restricted for capital projects in the general fund, and \$589,641 restricted in the nonmajor funds (\$489,345 for student activity fund and \$100,296 for district activity 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, 2023.

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, 2023 was \$566,173. The general fund had \$3,144,265 assigned for future construction and \$6,560,860 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, 2023 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 three 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 and Before January 1, 2022:

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.

For Members Hired On or After January 1, 2022:

To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age 57 and complete ten years of Kentucky service, or
- 2.) Attain age 65 and complete five years of Kentucky service.

Foundational Benefit: The annual foundational benefit for members is equal to service times a multiplier times final average salary. The final average salary is the member's five highest annual salaries. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service.

The multiplier for members is shown in the following table:

Age	Years of Service			
	5-9.99	10-19.99	20-29.99	30 or more
57-60		1.70%	1.95%	2.20%
61		1.74%	1.99%	2.24%
62		1.78%	2.03%	2.28%
63		1.82%	2.07%	2.32%
64		1.86%	2.11%	2.36%
65 and over	1.90%	1.90%	2.15%	2.40%

Supplemental Benefit: The annual supplemental benefit is equal to the account balance that includes member and employer contributions and interest credited annually on June 30. Options include annuitizing the balance or receiving the balance or a portion thereof as a lump sum either at the time of retirement or at a later date.

For members who began participating prior to January 1, 2022, KTRS also provides disability benefits for vested members at the rate of 60% of the final average salary. Members who began participating on or after January 1, 2022, will receive a disability benefit to be determined by the board through administrative regulation.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided (continued)

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 who began participating before January 1, 2022. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled workers.

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. For members who began participating before January 1, 2022, KTRS members are required to contribute 12.855% of their salaries to the system. 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 on or after July 1, 2008, and before January 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

For members who began participating on or after January 1, 2022, members contribute 14.75% of their salaries to the system. Employers of members, including the state (as a non-employer contributing entity), contribute 10.75% of salary.

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

Pension Liabilities and Pension Expense

At June 30, 2023, 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		103,612,616
Total	\$	<u>103,612,616</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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures.

For the year ended June 30, 2023, the District recognized pension expense of \$3,779,143 and revenue of \$3,779,143 for support provided by the State in the government wide financial statements and pension expense of \$9,453,736 and revenue of \$9,453,736 for support provided by the State in the fund statements.

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age
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%
Post-retirement adjustment	1.50%
Municipal bond index rate	3.37%
Single equivalent interest 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.

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 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%	-0.10%
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	100.0%	

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.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

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 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 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). 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. Tier 3 member accounts are also credited with an employer pay credit in the amount of 4% of the

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided (*continued*)

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. If a vested (60 months of service) member terminates employment and applies to take a refund, the member is entitled to the members contributions (less HIC) plus employer pay credit plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates employment and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

Contributions

Employers participating in the CERS were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.454(33), normal contribution and past service contribution rates shall be determined by the KRS Board of Trustees on the basis of the last annual valuation preceding the July 1 of a new biennium. The KRS Board of Trustees 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 of Trustees. For the fiscal year ended June 30, 2023, 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, 2023 was 23.40%.

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

At June 30, 2023, the District reported a liability of \$17,305,463 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2022 contributions to the pension plan relative to the 2022 contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.239389%.

For the year ended June 30, 2023, the District recognized pension expense of \$1,091,877. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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*)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 18,502	\$ 154,113
Net difference between projected and actual investment earnings on pension plan investments	2,354,755	1,911,106
Change of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	153,161	911,258
District contributions subsequent to the measurement date	1,779,835	-
Total	\$ 4,306,253	\$ 2,976,477

\$1,779,835 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, 2024. 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>	
2023	\$ (371,825)
2024	(424,418)
2025	(145,425)
2026	491,609
Thereafter	-

Actuarial Assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Actuarial Assumptions (*continued*)

There have been no changes in actuarial assumptions since June 30, 2021. 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.

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.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Long-Term Expected Rate of Return (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Fixed Income	10.00%	0.28%
Specialty Credit	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	100.0%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

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).

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:

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 *(continued)*

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 21,629,682	\$ 17,305,463	\$ 13,728,975

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

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description (*continued*)

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, 2023, the District reported a liability of \$10,959,000 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, 2022, 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, 2022, the District's proportion was 0.441450%.

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	\$	10,959,000
State's proportionate share of the net OPEB liability associated with the District		3,600,000
Total	\$	14,559,000

For the year ended June 30, 2023, the District recognized OPEB expense of \$337,000, which included \$632,000 related to changes in proportion and differences between employer contributions and proportionate share of contributions. At June 30, 2023, 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	\$ -	\$ 4,607,000
Changes of assumptions	2,226,000	-
Net difference between projected and actual earnings on OPEB plan investments	583,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,360,000	56,000
District contributions subsequent to measurement date	538,038	-
Total	\$ 6,707,038	\$ 4,663,000

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 of OPEB, \$538,038 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, 2024. 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>	
2023	\$ (58,000)
2024	3,000
2025	64,000
2026	701,000
2027	561,000
Thereafter	235,000

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	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	3.37%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation
Discount Rate	7.10%
Healthcare Cost Trends:	
KEHP group	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
MEHP group	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2025
Medicare Part B Premiums	6.97% for FYE 2022 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, 2021 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation. The healthcare cost trend rate assumption was updated for the June 30, 2021 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	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	\$ 13,750,000	\$ 10,959,000	\$ 8,649,000

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	\$ 8,216,000	\$ 10,959,000	\$ 14,371,000

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 and \$2,000 for active contributing members who began participating before January 1, 2022. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled members.

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

At June 30, 2023, 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>179,000</u>
Total	<u><u>\$ 179,000</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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	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 price 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	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 KRS Insurance Fund 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, 2023, the required CERS contribution was 3.39% of each employee's covered payroll. Contributions from the District to the KRS Insurance Fund for the year ended June 30, 2023, were \$258,921. 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. GASB No. 75 requires that the liability associated with 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, 2023, the District reported a liability of \$4,723,546 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net OPEB liability was based on the District's share of 2022 contributions to the OPEB plan relative to the 2022 contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.239347%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$633,554.

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, 2023, 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	\$ 475,464	\$ 1,083,219
Net difference between projected and actual investment earnings on OPEB plan investments	879,573	687,856
Change of assumptions	747,062	615,575
Changes in proportion and differences between employer contributions and proportionate share of contribution	66,378	364,126
District contributions subsequent to the measurement date	258,921	-
Total	\$ 2,427,398	\$ 2,750,776

For the year ended June 30, 2023, \$258,921 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year ended June 30,</i>	
2023	\$ (91,523)
2024	(90,700)
2025	(351,187)
2026	(48,889)
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, 2022 were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles. The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2022:

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 6.20% at January 1, 2024, 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 9.00% in 2024, then 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
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Discount Rate

Single discount rates of 5.70% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2022. 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 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. 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.

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, 2023, calculated using the discount rate of 5.70%, 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 (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
District's proportionate share of the collective net OPEB liability	\$ 6,314,627	\$ 4,723,546	\$ 3,408,251

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	\$ 3,511,851	\$ 4,723,546	\$ 6,178,562

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.

Bowling Green Independent School District
Notes to the Financial Statements

NOTE 13: EXCESS EXPENDITURES OVER APPROPRIATIONS

The District has one fund with a deficit net position, Food Service (\$626,268). Also, the following funds had excess current year expenditures over current year appropriated revenues:

<i>Year Ended June 30, 2023</i>	
Fund	Amount
General	\$ 643,761
Special revenue	49,494
SEEK	161,500
FSPK	36,109
Construction	4,575,942
Student activity fund	61,887
Private purpose trust fund	10,477

NOTE 14: FUND TRANSFERS

Fund transfers for the year ended June 30, 2023 consist of the following:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special revenue	Matching	\$ 86,582
Operating	General	Construction	Construction	5,877,659
Operating	Special revenue	General	Indirect Costs	478,141
Operating	FSPK	Debt service	Debt service	5,481,431
Operating	SEEK	Construction	Construction	571,551
Operating	FSPK	Construction	Construction	805,048
Operating	Student activity funds	District activity funds	Expenditures	153,736
Operating	General	Special revenue	Expenditures	252
Operating	Food Service	General	Indirect Costs	280,000
Operating	Special revenue	General	Expenditures	20,792
Operating	Special revenue	Construction	Construction	260,000

Bowling Green Independent School District
Notes to the Financial Statements

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, 2023 was \$15,299,932. These payments were recorded as follows:

<i>Year Ended June 30, 2023</i>	
Fund	Amount
General fund	\$ 14,610,658
Debt service fund	403,084
Food service fund	286,190
Total	\$ 15,299,932

<i>Year Ended June 30, 2023</i>	
Technology	\$ 155,478
Health Insurance less Federal Reimbursements	4,778,200
Life Insurance	7,288
Administrative Fees	58,228
HRA/Dental/Vision Insurance	237,825
SFCC Debt Service	403,084
KTRS	9,659,829
Total	\$ 15,299,932

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

<i>Year Ended June 30, 2023</i>	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Local and intermediate sources	\$ 14,743,007	\$ 15,439,714	\$ 16,215,585	\$ 775,871
State programs	27,998,194	28,927,893	32,872,991	3,945,098
Federal programs	175,000	175,000	231,338	56,338
Total revenues	42,916,201	44,542,607	49,319,914	4,777,307
Expenditures				
Current:				
Instruction	25,814,244	25,446,671	26,680,450	(1,233,779)
Support services:				
Student	2,130,121	2,474,880	2,522,053	(47,173)
Instructional staff	2,608,871	2,596,971	2,840,466	(243,495)
District administration	1,472,356	1,641,210	1,745,126	(103,916)
School administration	2,404,376	2,470,873	2,422,753	48,120
Business	1,102,698	1,334,188	1,259,673	74,515
Plant operations and maintenance	6,036,032	6,141,306	5,747,778	393,528
Student transportation	1,727,375	1,443,853	1,367,723	76,130
Other	4,592,526	9,808,349	130,028	9,678,321
Building improvement	23,985	65,000	62,065	2,935
Total expenditures	47,912,584	53,423,301	44,778,115	8,645,186
Excess (deficiency) of revenues over expenditures	(4,996,383)	(8,880,694)	4,541,799	13,422,493

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

<i>Year Ended June 30, 2023</i>	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
Other Financing Sources (Uses)				
Operating transfers - net	234,000	315,978	(5,185,560)	(5,501,538)
Total other financing sources (uses)	234,000	315,978	(5,185,560)	(5,501,538)
Net change in fund balance	(4,762,383)	(8,564,716)	(643,761)	7,920,955
Fund balance - beginning of year	4,762,383	8,564,716	12,930,060	4,365,344
Fund balance - end of year	\$ -	\$ -	\$ 12,286,299	\$ 12,286,299

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

<i>Year Ended June 30, 2023</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local and intermediate sources	\$ 30,900	\$ 5,613	\$ 92,794	\$ 87,181
State programs	1,525,107	2,216,244	4,512,511	2,296,267
Federal programs	3,946,289	9,576,157	9,798,135	221,978
<hr/>				
Total revenues	5,502,296	11,798,014	14,403,440	2,605,426
<hr/>				
Expenditures				
Current:				
Instruction	3,876,688	5,243,785	8,807,490	(3,563,705)
Support services:				
Student	465,849	495,408	1,210,110	(714,702)
Instructional staff	62,915	404,673	835,252	(430,579)
District administration	-	-	27,480	(27,480)
School administration	-	-	111,034	(111,034)
Business	19,666	19,198	32,680	(13,482)
Plant operations and maintenance	-	-	753,876	(753,876)
Student transportation	290,166	5,172,756	1,088,330	4,084,426
Other	788,864	443,902	904,331	(460,429)
Building acquisition and construction	-	-	10,252	(10,252)
<hr/>				
Total expenditures	5,504,148	11,779,722	13,780,835	(2,001,113)
<hr/>				
Excess (deficiency) of revenues over expenditures	(1,852)	18,292	622,605	604,313

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

<i>Year Ended June 30, 2023</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Other Financing Sources (Uses)				
Operating transfers - net	-	(34,885)	(672,099)	(637,214)
Total other financing sources (uses)	-	(34,885)	(672,099)	(637,214)
Net change in fund balance	(1,852)	(16,593)	(49,494)	(32,901)
Fund balance - beginning of year	-	-	1,423,940	1,423,940
Fund balance - end of year	\$ (1,852)	\$ (16,593)	\$ 1,374,446	\$ 1,391,039

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>	2023	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	\$ 103,612,616	\$ 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	\$ 21,124,108	\$ 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	56.41%	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>	2023	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	\$ 22,762,540	\$ 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

2022: A new benefit tier was added for members joining the system on and after January 1, 2022.

Changes of Assumptions

2022: No changes in assumptions.

2021: 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.

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

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

2016: 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%.

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

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>	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.239389%	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	\$ 17,305,463	\$ 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	\$ 6,929,084	\$ 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	249.75%	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	52.42%	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>	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,779,835	\$ 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	(1,779,835)	(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	\$ 7,606,132	\$ 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	23.40%	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:

- 2022: No changes in benefit terms.
- 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:

2022: No changes in 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 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>	2023	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.441450%	0.327354%	0.323952%	0.322099%	0.304048%	0.311170%
District's proportionate share of the collective net OPEB liability	\$ 10,959,000	\$ 7,024,000	\$ 8,176,000	\$ 9,427,000	\$ 10,550,000	\$ 11,096,000
District's covered payroll	\$ 21,124,108	\$ 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	51.88%	34.52%	40.68%	48.18%	55.59%	58.68%
Plan fiduciary net position as a percentage of the total OEPB liability	47.75%	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>	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 538,038	\$ 556,247	\$ 586,988	\$ 584,037	\$ 535,215	\$ 513,840
Contributions in relation to the contractually required contribution	538,038	556,247	586,988	584,037	535,215	513,840
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 22,762,540	\$ 21,124,108	\$ 20,346,823	\$ 20,097,243	\$ 19,565,902	\$ 18,978,684
Contributions as percentage of covered payroll	2.36%	2.63%	2.88%	2.91%	2.74%	2.71%

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

Changes of Benefit Terms

2022: A new benefit tier was added for members joining the System on and after January 1, 2022.

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

2022: The health care trend rates were updated to reflect future anticipated experience.

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>	2023	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 21,124,108	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total OEPB liability	73.97%	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>	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 22,762,540	\$ 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%	0.00%

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

Changes of Benefit Terms

A new benefit tier was added for members joining the System on and after January 1, 2022.

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>	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.239347%	0.259615%	0.254181%	0.254141%	0.250408%	0.255967%
District's proportionate share of the net OPEB liability	\$ 4,723,546	\$ 4,970,199	\$ 6,137,698	\$ 4,274,537	\$ 4,445,944	\$ 5,145,812
District's covered payroll	\$ 6,929,084	\$ 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	68.17%	74.28%	93.48%	64.98%	70.53%	80.34%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

Schedule of District Contributions - CERS

<i>For the years ended June 30,</i>	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 258,921	\$ 399,381	\$ 318,831	\$ 312,834	\$ 346,262	\$ 296,193
Contributions in relation to the contractually required contribution	258,921	399,381	318,831	312,834	346,262	296,193
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,606,132	\$ 6,929,084	\$ 6,691,347	\$ 6,565,482	\$ 6,578,631	\$ 6,303,584
Contributions as a percentage of covered payroll	3.39%	5.78%	4.75%	4.76%	5.26%	4.70%

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

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

2022: The single discount rates used to calculate the total OPEB liability within the plan changed since the prior year. During the 2022 legislative session, Senate Bill 209 was enacted which increased the insurance dollar contribution for members hired on or after July 1, 2023 by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022 is determined using these updated benefit provisions.

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 provision

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, 2023</i>	SEEK Fund	FSPK Fund	District Activity Fund	Student Activity Fund	Debt Service Fund	Total Other Governmental Funds
Assets						
Cash	\$ -	\$ -	\$ 100,969	\$ 484,782	\$ -	\$ 585,751
Accounts receivable:						
Accounts	-	-	-	8,655	-	8,655
Total assets	\$ -	\$ -	\$ 100,969	\$ 493,437	\$ -	\$ 594,406
Liabilities						
Accounts payable	\$ -	\$ -	\$ 673	\$ 4,092	\$ -	\$ 4,765
Total liabilities	-	-	673	4,092	-	4,765
Fund Balances						
Restricted	-	-	100,296	489,345	-	589,641
Total fund balances	-	-	100,296	489,345	-	589,641
Total liabilities and fund balances	\$ -	\$ -	\$ 100,969	\$ 493,437	\$ -	\$ 594,406

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

<i>Year Ended June 30, 2023</i>	SEEK Fund	FSPK Fund	District Activity Fund	Student Activity Fund	Debt Service Fund	Total Other Governmental Funds
Revenues						
From local sources:						
Taxes:						
Property	\$ -	\$ 2,891,931	\$ -	\$ -	\$ -	\$ 2,891,931
Tuition and fees	-	-	-	1,392,678	-	1,392,678
Earnings on investments	-	1,190	-	-	-	1,190
Intergovernmental - state	410,051	3,357,249	-	-	403,084	4,170,384
Total revenues	410,051	6,250,370	-	1,392,678	403,084	8,456,183
Expenditures						
Current:						
Instruction	-	-	50,326	1,300,829	-	1,351,155
Support services:						
Student Transportation	-	-	3,114	-	-	3,114
Debt service:						
Principal	-	-	-	-	3,142,000	3,142,000
Interest	-	-	-	-	2,742,515	2,742,515
Total expenditures	-	-	53,440	1,300,829	5,884,515	7,238,784
Excess (deficiency) of revenues over expenditures	410,051	6,250,370	(53,440)	91,849	(5,481,431)	1,217,399
Other Financing Sources (Uses)						
Operating transfers in	-	-	153,736	-	5,481,431	5,635,167
Operating transfers out	(571,551)	(6,286,479)	-	(153,736)	-	(7,011,766)
Total other financing sources (uses)	(571,551)	(6,286,479)	153,736	(153,736)	5,481,431	(1,376,599)

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

<i>Year Ended June 30, 2023</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)	(36,109)	100,296	(61,887)	-	(159,200)
Fund balances - beginning of year	161,500	36,109	-	551,232	-	748,841
Fund balances - end of year	\$ -	\$ -	\$ 100,296	\$ 489,345	\$ -	\$ 589,641

Bowling Green Independent School District
Combining Statement of School Activity Funds

<i>Year ended June 30, 2023</i>	Cash	Cash	Cash	Cash	Accounts	Accounts	Fund Balance
	July 1, 2022	Receipts & Transfers In	Disbursements & Transfers Out	June 30, 2023	Receivable	Payable	June 30, 2023
Bowling Green High School	\$ 312,138	\$ 1,051,101	\$ 1,062,558	\$ 300,681	\$ 8,528	\$ 3,973	\$ 305,236
Bowling Green Junior High School	108,987	270,014	276,179	102,822	-	-	102,822
Parker Bennett Curry Elementary School	12,989	20,787	25,140	8,636	-	-	8,636
T.C. Cherry Elementary School	13,219	19,215	16,802	15,632	-	24	15,608
Potter Gray Elementary School	35,459	184,672	197,710	22,421	127	97	22,451
Dishman-McGinnis Elementary School	29,758	27,215	41,755	15,218	-	-	15,218
W.R. McNeil Elementary School	27,190	38,710	46,526	19,374	-	-	19,374
Total	\$ 539,740	\$ 1,611,714	\$ 1,666,670	\$ 484,784	\$ 8,655	\$ 4,094	\$ 489,345

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

<i>Year ended June 30, 2023</i>	Cash July 1, 2022	Cash Receipts & Transfers In	Cash Disbursements & Transfers Out	Cash June 30, 2023	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2023
General Fund	\$ 10,868	\$ 6,392	\$ 14,830	\$ 2,430	\$ -	\$ 2,941	\$ (511)
JAG	-	2,259	6,856	(4,597)	-	-	(4,597)
Lost Technology	-	18,469	16,877	1,592	-	-	1,592
Youth Services Center	838	-	830	8	-	-	8
IEAD Academy	122	14	136	-	-	-	-
Faculty Fund	666	600	60	1,206	-	-	1,206
Student Fund	-	1,280	1,280	-	-	-	-
College Cohort	4,818	-	2,399	2,419	-	-	2,419
Beta Club	1,975	14,726	11,065	5,636	-	-	5,636
Speech Drama Club	1,126	4,846	4,997	975	-	-	975
FBLA	460	7,628	7,864	224	-	-	224
FCA	48	365	146	267	-	-	267
FCCLA	529	602	975	156	-	-	156
Educators Rising	-	30	-	30	-	-	30
German Trip	4,472	32,928	32,932	4,468	-	-	4,468
HOSA	5,826	3,928	6,126	3,628	-	-	3,628
Junior Class	10,049	14,590	8,323	16,316	-	-	16,316
National Honor Society	2,568	-	770	1,798	-	-	1,798
Student Government	2,400	1,502	714	3,188	-	-	3,188
STLP	1,258	14,000	2,095	13,163	-	-	13,163
Math Club	874	-	874	-	-	-	-
Science NHS	368	2,920	2,773	515	-	-	515
Prowess	621	-	219	402	-	-	402

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

<i>Year ended June 30, 2023</i>	Cash July 1, 2022	Cash Receipts & Transfers In	Cash Disbursements & Transfers Out	Cash June 30, 2023	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2023
Spirit Club	1,133	-	-	1,133	-	-	1,133
Band	(1,419)	2,279	860	-	-	-	-
Choir	4,285	35,442	27,419	12,308	-	-	12,308
Multimedia	666	-	666	-	-	-	-
Foods Fund	651	-	-	651	-	-	651
PSAT Preparation	262	380	534	108	-	-	108
Purple GEM	466	-	-	466	-	-	466
CTE-Career & Tech Ed Fund	-	1,718	1,718	-	-	-	-
Social Studies Department	-	950	721	229	-	-	229
Yearbook	6,655	18,028	20,231	4,452	-	-	4,452
Guidance Department	900	175	273	802	-	-	802
HBCU Tour	23	-	-	23	-	-	23
Library Club	62	-	-	62	-	-	62
AP Testing	17,154	7,610	24,329	435	-	-	435
Athletics General	(4,023)	287,233	247,565	35,645	-	-	35,645
Change Funds	-	1,000	1,000	-	-	-	-
Archery	-	44	44	-	-	-	-
Bowling	464	4,911	5,549	(174)	-	-	(174)
Swim/Dive Boys/Girls	-	7,068	6,496	572	-	-	572
Football	-	26,345	32,833	(6,488)	6,540	-	52
Girls Golf	-	1,243	1,243	-	-	-	-
Girls Soccer	-	330	330	-	-	-	-
Volleyball	-	21,087	21,087	-	-	-	-
E-Sports	-	1,800	896	904	-	-	904
Track & Field	6,635	4,041	7,755	2,921	-	-	2,921
Baseball Tournament	(266)	3,150	-	2,884	-	-	2,884

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

<i>Year ended June 30, 2023</i>	Cash July 1, 2022	Cash Receipts & Transfers In	Cash Disbursements & Transfers Out	Cash June 30, 2023	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2023
Region 3 Boys Golf	3,894	5,251	8,938	207	-	-	207
Softball	4,436	8,804	10,074	3,166	-	-	3,166
Cross Country	1,978	24,165	15,910	10,233	-	-	10,233
Basketball Concessions	184	8,159	8,319	24	-	-	24
Girls Basketball	2,528	46,918	39,764	9,682	-	879	8,803
Girls Golf	9,340	13,081	20,587	1,834	-	-	1,834
Boys Golf	15,222	22,998	35,990	2,230	1,988	-	4,218
Boys Basketball	9,171	60,579	63,911	5,839	-	-	5,839
Cheerleading	48,512	173,387	180,482	41,417	-	-	41,417
Tennis	2,469	5,500	7,108	861	-	153	708
Archery	3,804	11,190	10,962	4,032	-	-	4,032
Boys Lacrosse	8,096	18,539	15,939	10,696	-	-	10,696
Volleyball	23,888	41,807	42,165	23,530	-	-	23,530
Boys Soccer	2,128	3,672	4,365	1,435	-	-	1,435
Orchestra	-	1,979	1,979	-	-	-	-
SKY Football Conference	7,672	2,800	2,320	8,152	-	-	8,152
Girls Soccer	30,316	14,865	16,575	28,606	-	-	28,606
Girls Lacrosse Club	8,017	8,955	10,305	6,667	-	-	6,667
Bill Hoagland Schools	410	-	-	410	-	-	410
Florence Jean Memo	1,000	-	-	1,000	-	-	1,000
Jon Clark Scholarship	(1,070)	100	1,500	(2,470)	-	-	(2,470)
Cecil Karrick Scholarship	3,505	-	250	3,255	-	-	3,255
Dr. Rebecca Shadowen Scholarship	1,000	650	650	1,000	-	-	1,000
CD Jon Clark Scholarship	28,118	-	-	28,118	-	-	28,118
DAF Sweep	13,986	25,789	39,775	-	-	-	-
Total	\$ 312,138	\$ 1,051,101	\$ 1,062,558	\$ 300,681	\$ 8,528	\$ 3,973	\$ 305,236

Bowling Green Independent School District Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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	-	\$ -	\$ 197,235
Passed-Through State Department of Education:				
School Breakfast Program	10.553	7760005 23	-	712,785
Summer Food Service Program for Children	10.559	7740023 23	-	1,337,563
National School Lunch Program	10.555	7750002 23	-	1,589,706
Fresh Fruits and Vegetables Program	10.582	7720012 22	-	113,068
Subtotal				3,950,357
COVID-19 -State Administrative Expenses for Child Nutrition	10.560	7700001 22	-	4,906
COVID-19 Pandemic EBT Administrative Costs	10.649	9990000 22	-	3,135
Child and Adult Care Food Program	10.558	7790021 23	-	970,858
Total U.S. Department of Agriculture				4,929,256
Environmental Protection Agency				
Direct Program				
2023 Clean School Bus (CSB) Grant Program	66.045	-	-	260,000
Total Environmental Protection Agency				260,000
U.S. Department of Education				
Passed-Through State Department of Education:				
Title I - Part A				
Title I Grants to Local Educational Agencies - 2020	84.010	3100002 19	-	78,240
Title I Grants to Local Educational Agencies - 2021	84.010	3100002 20	-	(51,172)
Title I Grants to Local Educational Agencies - 2022	84.010	3100002 21	-	516,013
Title I Grants to Local Educational Agencies - 2023	84.010	3100002 22	-	1,374,929
Title I Grants to Local Educational Agencies - Parent Involvement 2022	84.010	3100002 21	-	(643)
Title I Grants to Local Educational Agencies - Non Public 2021	84.010	3100002 20	-	560
Title I Grants to Local Educational Agencies - Non Public 2022	84.010	3100002 21	-	(12,067)
Title I Grants to Delinquent Children in LEA - 2020	84.010	3100102 19	-	18,359
Title I Grants to Delinquent Children in LEA - 2021	84.010	3100102 20	-	264
Title I Grants to Delinquent Children in LEA - 2022	84.010	3100102 21	-	(4,800)
Title I Grants to Delinquent Children in LEA - 2023	84.010	3100102 22	-	45,705
Subtotal				1,965,388
Special Education Cluster				
Special Education Grants to States - 2021	84.027	3810002 20	-	4,286
Special Education Grants to States - 2022	84.027	3810002 21	-	340,374
Special Education Grants to States - 2023	84.027	3810002 22	-	612,569
COVID-19 Special Education Grants to States - 2022	84.027	4910002 21	-	53,218
COVID-19 Special Education Preschool Grants - 2022	84.027	4900002 21	-	6,889
Special Education Preschool Grants - 2021	84.173	3800002 20	-	(6,885)
Special Education Preschool Grants - 2022	84.173	3800002 21	-	14,846
Subtotal				1,025,297

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, 2023

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	-	(7,542)
English Language Acquisition State Grants - 2022	84.365	3300002 21	-	47,761
English Language Acquisition State Grants - 2023	84.365	3300002 22	-	<u>35,426</u>
Subtotal				75,645
Career and Technical Education - Basic Grants to State - 2021	84.048	3710002 20	-	9,989
Career and Technical Education - Basic Grants to State - 2022	84.048	3710002 21	-	9,897
Career and Technical Education - Basic Grants to State - 2023	84.048	3710002 22	-	<u>44,619</u>
Subtotal				64,505
Migrant Education State Grant Program - 2020	84.011	3110002 19	-	(1,945)
Migrant Education State Grant Program - 2021	84.011	3110002 20	-	1,855
Migrant Education State Grant Program - 2022	84.011	3110002 21	-	279,977
Migrant Education State Grant Program - 2023	84.011	3110002 22	-	<u>168,240</u>
Subtotal				448,127
Supporting Effective Instruction State Grants - 2021	84.367	3230002 20	-	(76)
Supporting Effective Instruction State Grants - 2022	84.367	3230002 21	-	55,146
Supporting Effective Instruction State Grants - 2023	84.367	3230002 22	-	<u>239,634</u>
Subtotal				294,704
Student Support & Academic Enrichment Program - 2020	84.424	3420002 19	-	(3,122)
Student Support & Academic Enrichment Program - 2021	84.424	3420002 20	-	(44,539)
Student Support & Academic Enrichment Program - 2022	84.424	3420002 21	-	80,830
Student Support & Academic Enrichment Program - 2023	84.424	3420002 22	-	<u>62,576</u>
Subtotal				95,745
COVID-19 Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)	84.425D	4200002 21	-	268,371
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	4300002 21	-	4,511,355
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (Homeless Children and Youth)	84.425W	4200002 21	-	30,126
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (GEER II)	84.425C	4200002 21	-	305,239
Passed-Through Green River Regional Educational Cooperative:				
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	-	-	<u>33,952</u>
Subtotal				5,149,043
Total U.S. Department of Education				9,118,454

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, 2023

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:				
COVID-19 Child Care and Development Block Grant	93.575	-	-	300,000
Refugee and Entrant Assistance - Discretionary Grants - 2022	93.576	420I		49,314
Refugee and Entrant Assistance - Discretionary Grants - 2023	93.576	420J	-	<u>70,367</u>
Subtotal				119,681
Total U.S. Department of Health and Human Services				419,681
Total expenditures of federal awards			\$ -	\$ 14,727,391

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, 2023. 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, 2022 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, 2023, 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 December 15, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

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 December 15, 2023.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
December 15, 2023



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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
December 15, 2023

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 Cluster
84.010	Title I, Part A
84.425	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Bowling Green Independent School District Schedule of Findings and Questioned Costs

Section II — Financial Statement Findings

2023-001 Inventory

Criteria and Condition: During our audit procedures over Inventory, we noted a lack of documentation for inventory counts at all locations as of June 30, 2023.

Cause: Certain internal controls were not in place to maintain documentation of year-end inventory.

Effect: The District's financial statements could contain misstated account balances.

Recommendation: We recommend the District monitor the inventory process to ensure proper documentation is maintained for inventory counts.

Views of Responsible Officials and Planed Corrective Actions: The District concurs with the finding, see corrective action plan.

Section III — Federal Award Findings and Questioned Costs

DEPARTMENT OF EDUCATION

2023-002 Pass-through Kentucky Department of Education; COVID-19 Education Stabilization Fund –Assistance Listing No. 84.425; Grant period –Year ended June 30, 2023

Criteria and Condition: 2 CFR 200.303 requires the non-federal entity to establish and maintain effective internal controls over compliance with Federal statues, regulations, and the terms and conditions of the Federal award including proper tracking of grant expenditures or compliance.

Cause: Wages paid from the Education Stabilization Fund were paid at rates different than the rates approved for the year.

Effect: Disbursements could be made using COVID-19 Stabilization Funds that are not in compliance with grant requirements.

Questioned Costs: No questioned costs were incurred from this finding.

Context: A sample of 40 payroll checks, from a population of 1,579 payroll checks, was selected for audit procedures. Of the 40 payroll checks tested, we noted one check was paid at a rate different than the rate approved for the year.

Recommendation: Controls should be monitored to ensure that payroll is paid at approved rates.

Views of Responsible Officials and Planed Corrective Actions: The District concurs with the finding, see corrective action plan.

Bowling Green Independent School District Corrective Action Plan

Board of Education

MICHAEL K. BISHOP, Chair
DEBORAH WILLIAMS, Vice Chair
LISA ALLEN, Member
FRANK H. "HAMP" MOORE, JR., Member
CIERRA WALLER, 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

CORRECTIVE ACTION PLAN

December 15, 2023

Kentucky Department of Education

The Bowling Green Independent School District respectfully submits the following corrective action plan for the year ended June 30, 2023.

Carr, Riggs & Ingram LLC
PO Box 104
Bowling Green, KY 42102

Findings - Financial Statement Audit

Significant Deficiency

2023-001 Inventory

Criteria and Condition: During our audit procedures over Inventory, we noted a lack of documentation for inventory counts at all locations as of June 30, 2023.

Cause: Certain internal controls were not in place to maintain documentation of year-end inventory.

Effect: The District's financial statements could contain misstated account balances.

Action Taken: In regard to 2023-001 Inventory, Food Service Inventory counts are completed monthly, however, one cafeteria failed to maintain documentation of the inventory counts and related valuation at fiscal year-end. During the time between June 30, 2023 and audit field work, Food Service's inventory management system went through a system conversion and no past inventory counts and valuations could be retrieved. This presented a significant challenge in calculating the accurate value of inventory at the measurement date of June 30, 2023. Management has met with all Food Service Managers and have reinforced the imperative need to maintain records of counts performed and the related inventory value.

Bowling Green Independent School District Corrective Action Plan

Section III — Federal Award Findings and Questioned Costs

DEPARTMENT OF EDUCATION

2023-002 Pass-through Kentucky Department of Education; COVID-19 Education Stabilization Fund
–Assistance Listing No. 84.425; Grant period –Year ended June 30, 2023

Criteria and Condition: 2 CFR 200.303 requires the non-federal entity to establish and maintain effective internal controls over compliance with Federal statutes, regulations, and the terms and conditions of the Federal award including proper tracking of grant expenditures or compliance.

Cause: Wages paid from the Education Stabilization Fund were paid at rates different than the rates approved for the year.

Effect: Disbursements could be made using COVID-19 Stabilization Funds that are not in compliance with grant requirements.

Questioned Costs: No questioned costs were incurred from this finding.

Context: A sample of 40 payroll checks, from a population of 1,579 payroll checks, was selected for audit procedures. Of the 40 payroll checks tested, we noted one check was paid at a rate different than the rate approved for the year.

Action Taken: In regard to 2023-002 COVID-19 Education Stabilization Fund, a payroll record failed to be updated to the new rate per the FY2023 salary scheduled and, as a result, extra duty performed by this employee was underpaid by \$91 throughout the entirety of FY2023. Management had already identified the internal control error in August of 2023, identified the root cause of the error, and had implemented both preventative and detective controls as of August 2023. These controls will be adhered to with the strictest of oversight.

If the Kentucky Department of Education has questions regarding this plan, please call Shaunna Cornwell at 270-746-2200.

Shaunna Cornwell
Finance Officer, Bowling Green Independent School District



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)
CRIncpa.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, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's system of internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated December 15, 2023 contains our communication of significant deficiencies or material weaknesses in the District's internal control. This letter does not affect our report dated December 15, 2023 on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendations 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.

This communication is intended solely for the information and use of the District, Kentucky State Committee for School Districts Audits, and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Carr, Riggs & Ingram, LLC
Bowling Green, Kentucky
December 15, 2023

Bowling Green Independent School District Comments and Recommendations

Prior Year Comments

- **Parker Bennett Curry**

- Prior year findings were corrected.

- **Bowling Green Junior High**

- Prior year findings were corrected.

Bowling Green High

- Prior year findings were corrected.

- **Central Office**

- Prior year findings were corrected.

Bowling Green Independent School District Comments and Recommendations

Current Year Comments

Bowling Green High

- During our sampling procedures over daily receipts, we noted ten of ten sampled lacked listing 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 seven of ten sampled deposits were made outside of the time period required by Redbook. We recommend all deposits be made in accordance with Redbook.
- During our sampling procedures over disbursements, we noted two of twelve sampled invoices were not marked paid, two where the standard invoice was not completed for proof of payment, and one where the invoice was not signed by the person making the request. We recommend all disbursements be made in accordance with Redbook.
- In our procedures over the school activity report, we noted four 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.

Bowling Green Junior High

- During our sampling procedures over daily receipts, we noted four of four sampled lacked listing the receipt number on the deposit. We recommend all deposits be made in accordance with Redbook.

Dishman McGinnis

- During our sampling procedures over disbursements, we noted one invoice that was not signed by the person making the request. We recommend all invoices be approved.

Bowling Green Independent School District

Client Responses

Board of Education

MICHAEL K. BISHOP, Chair
DEBORAH WILLIAMS, Vice Chair
LISA ALLEN, Member
FRANK H. "HAMP" MOORE, JR., Member
CIERRA WALLER, 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

BGHS

- During our sampling procedures over daily receipts, we noted ten of ten sampled lacked listing the receipt number on the deposit. We recommend all deposits be made in accordance with Redbook.
 - Management has met with both the principal and bookkeeper to review Redbook regulations and placed significant emphasis on the regulatory requirement all deposit slips must include receipt numbers and dates in accordance with Redbook guidance.
- During our sampling procedures over daily receipts, we noted seven of ten sampled deposits were made outside of the time period required by Redbook. We recommend all deposits be made in accordance with Redbook.
 - Management has met with both the principal and bookkeeper to review Redbook regulations and placed significant emphasis on the regulatory requirement that all deposits be made in a timely manner.
- During our sampling procedures over disbursements, we noted two of twelve sampled invoices were not marked paid, two where the standard invoice was not completed for proof of payment, and one where the invoice was not signed by the person making the request. We recommend all disbursements be made in accordance with Redbook.
 - Management has met with both the principal and bookkeeper to review Redbook regulations and placed significant emphasis on the regulatory requirement that all paid invoices must be marked as paid with the check number and date of check noted clearly. Emphasis was also made on the regulatory requirement that each disbursement be documented by a completed purchase order and an original vendor invoice. Additionally, Redbook regulations were emphasized on the regulatory requirement all deposit slips must include receipt numbers and dates in accordance with Redbook guidance.
- In our procedures over the school activity report, we noted four 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 has met with both the principal and bookkeeper to review Redbook regulations and placed significant emphasis on the regulatory requirement that no individual school activity account or the school activity fund bank account as a whole may end the fiscal year with a negative (deficit) balance. And if an activity account ends the year with a

Bowling Green Independent School District 1211 Center Street | Bowling Green, Kentucky 42101
270.746.2200 (p) | 270.746.2205 (f) | bgreen.kyschools.us | @BGISD

Bowling Green Independent School District Client Responses

negative balance (after taking receivable and accounts payable into consideration), then the general activity account must cover the deficit by June 30

BGJHS

- During our sampling procedures over daily receipts, we noted four of four sampled lacked listing the receipt number on the deposit. We recommend all deposits be made in accordance with Redbook.
 - Management has met with both the principal and bookkeeper to review Redbook regulations and placed significant emphasis on the regulatory requirement all deposit slips must include receipt numbers and dates in accordance with Redbook guidance.

Dishman McGinnis

- During our sampling procedures over disbursements, we noted one invoice that was not signed by the person making the request. We recommend all invoices be approved.
 - Management has met with both the principal and bookkeeper to review Redbook regulations and placed significant emphasis on the regulatory requirement that each disbursement packet include all necessary approvals and that signatures have been obtained.



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 [CRIcpa.com](https://www.cricpa.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.cricpa.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.](#)