

**Bowling Green Independent
School District**

Financial Statements

June 30, 2012



Bowling Green Independent School District

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Independent Auditors' Report

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

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 Appendix I of the *Independent Auditors' Contract—General Audit Requirements*, Appendix II of the *Independent Auditors' Contract—State Audit Requirements*, Appendix III of the *Independent Auditors' Contract—Audit Extension Reporting* and Appendix IV of the *Independent Auditors' Contract—Instructions for Submission of the Audit Report*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2012, and the respective changes in financial position and cash

flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2012 on our consideration of Bowling Green Independent School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 24 and 68 through 71 be presented to supplement the basic financial statements. Such information, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining and individual non-major fund financial statements and other information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements and other information,

and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Required Supplementary Information

Management's Discussion and Analysis



**BOWLINGGREENINDEPENDENTPUBLICSCHOOL
DISTRICT
BOWLING GREEN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)
YEAR ENDED JUNE 30, 2012**

As management of the Bowling Green Independent Public 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, 2012. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

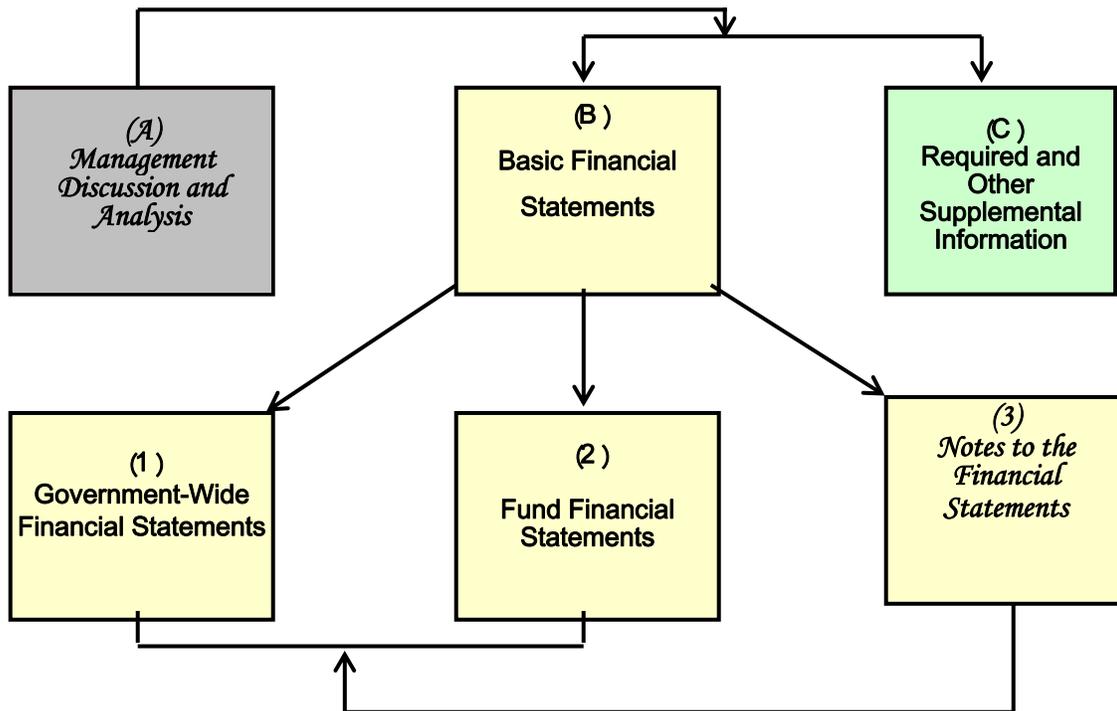
FINANCIAL HIGHLIGHTS

- The beginning of year fund balance for the District's General Fund was \$3,614,321. The end of year General Fund balance was \$2,760,094. This represents a current year excess of Expenditures over Revenue (deficit) of \$854,227. This shortfall can be attributed, in part, to an increase in general fund salaries related to the addition of Education Jobs (EduJobs) funded employees that were removed in the previous year. The General Fund expenditures exceeded revenues by \$722,886 before operating transfers of \$131,341.
- Property assessments certified by the Commissioner of Education showed total real estate and personal property valuation at \$1,174,911,947. The Board raised the 2011-12 real estate or personal property tax rate from the 2010-11 rate of 70.7 cents per \$100 of assessed property to 73.1 cents per \$100 of assessed property. At this new rate, the calculated collection should yield \$8,588,606. The actual collections were \$8,615,201 for a collection rate of 100.3%. A collection rate over 100% includes delinquent tax collections due in previous periods
- The Capital Outlay and Building Funds increased by \$788,808 from \$1,407,913 to \$2,196,721. Of this amount, \$1,348,236 is restricted for future construction projects due to the current SFCC offer of assistance.
- The District's net assets decreased by \$148,757 or 0.49% (from \$30,616,255 to \$30,467,498). Of this decrease, \$120,074 was from Food Service activities.
- The district received \$849,036 for EduJobs funding and \$1,159,446 for State Fiscal Stabilization Funding during fiscal year 2011; however, the General Fund expended \$3,191,246 more for instruction during 2012 than during 2011. Because of this, comparisons between fiscal years 2011 and 2012 will be difficult as funding was shifted from the General Fund to the Special Revenue Fund.
- On March 15, 2012, the district's Finance Corporation issued \$1,730,000 in Refunding Revenue Bonds for the purpose of refunding certain of the Series 2004 bonds. These bonds had an average interest rate of 1.8299% and an overall debt service savings of \$121,452.56.

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 Public 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 Assets* and (2) the *Statement of Activities*. The *Statement of Net Assets* 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 Assets* 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 assets and changes in those assets. This change in net assets 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 Assets 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 assets may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$30,467,498 as of June 30, 2012. This was a decrease of \$148,757 over the previous year.

The largest portion of the District’s net assets 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 \$25,305,143. 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 26 through 29 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 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 Public School District are the general fund, special revenue (grants), SEEK Capital outlay, FSPK, 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 Assets 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 agency funds) is the District's only fiduciary fund. The schools' activity balances at year-end totaled \$338,268 (an increase of \$12,361 from the previous year).

The basic governmental fund financial statements can be found on pages 30 through 40 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 41 through 66 of this report.

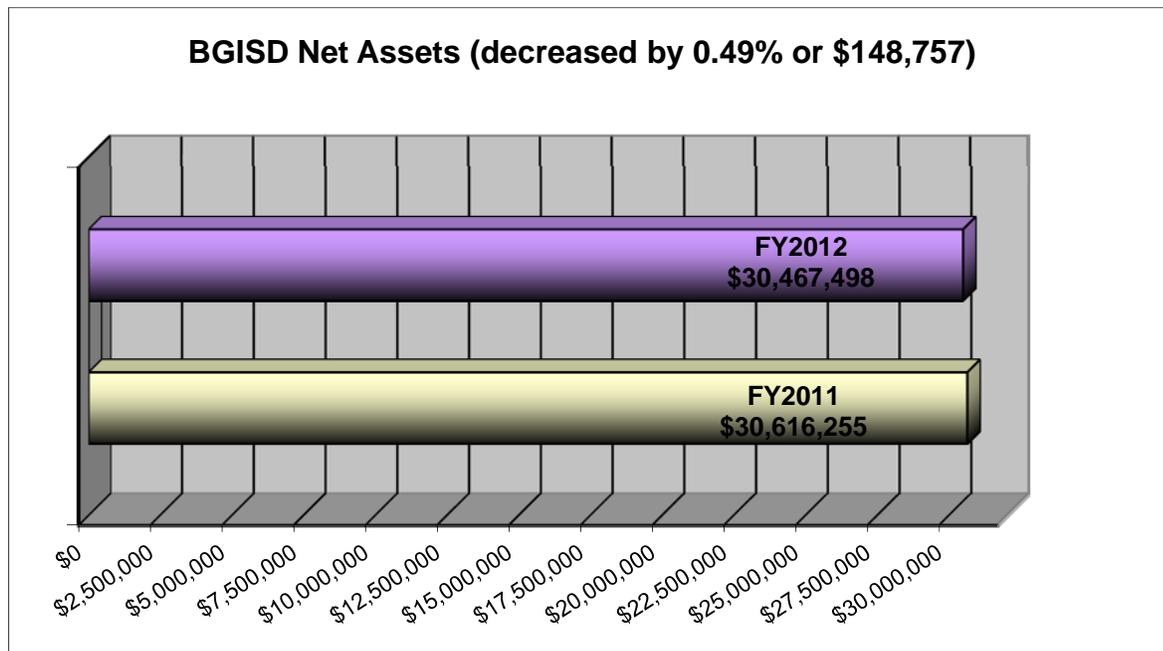
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets for June 30, 2011 and June 30, 2012

	Governmental Activities		Proprietary Business-Type Activities		District Total		Total District Percentage Change
	FY2011	FY2012	FY2011	FY2012	FY2011	FY2012	2011-2012
Current and Other Assets	\$7,367,061	\$7,224,703	\$321,405	\$239,276	\$7,688,466	\$7,463,979	-2.9%
Capital Assets	\$51,449,470	50,023,517	\$526,406	\$499,632	\$51,975,876	\$50,523,149	-2.8%
Total Assets	\$58,816,531	\$57,248,220	\$847,811	\$738,908	\$59,664,342	\$57,987,128	-2.8%
Long Term Liabilities	\$26,114,894	\$24,438,411	\$27,021	\$16,110	\$26,141,915	\$24,454,521	-6.5%
Other Liabilities	2,901,138	3,037,993	\$5,034	\$27,116	\$2,906,172	\$3,065,109	5.5%
Total Liabilities	\$29,016,032	\$27,476,404	\$32,055	\$43,226	\$29,048,087	\$27,519,630	-5.3%
Investment in Capital Assets (net of debt)	\$24,651,333	\$24,805,511	\$526,406	\$499,632	\$25,177,739	\$25,305,143	0.5%
Restricted	\$3,215,222	3,860,552	\$0	\$0	\$3,215,222	\$3,860,552	20.1%
Unrestricted Fund	\$1,933,944	1,105,753	\$289,350	\$196,050	\$2,223,294	\$1,301,803	-41.4%
Total Net Assets	\$29,800,499	\$29,771,816	\$815,756	\$695,682	\$30,616,255	\$30,467,498	-0.49%

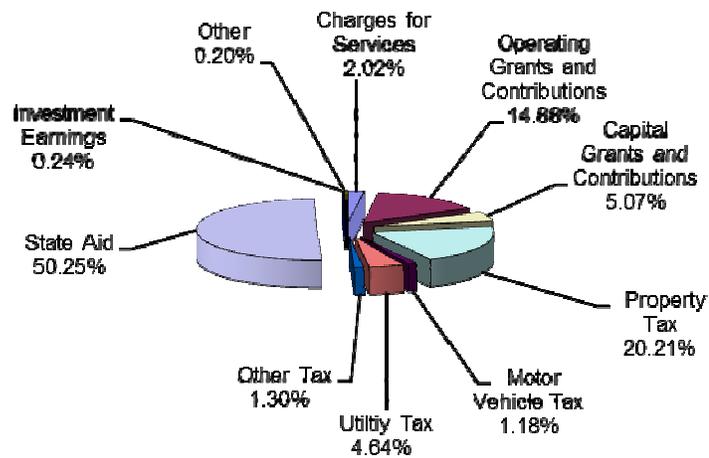
At year-end assets exceeded liabilities by \$30,467,498.

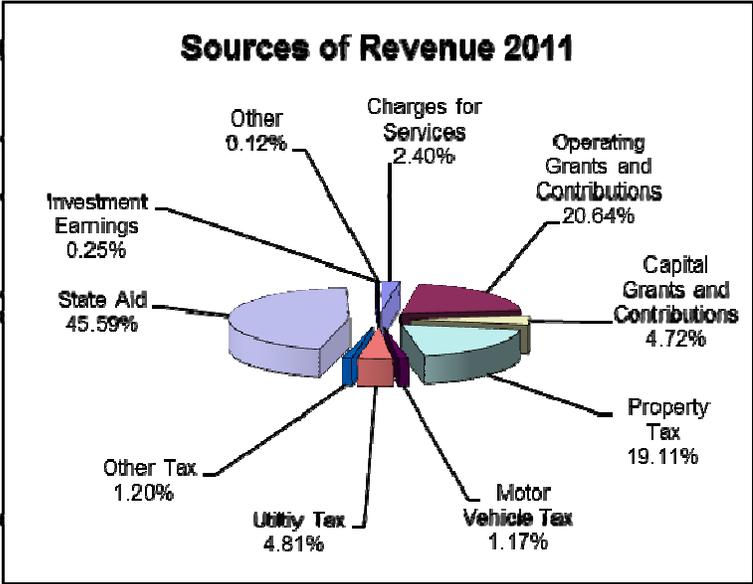


Changes in Net Assets for June 30, 2011 and June 30, 2012

Revenues	Governmental Activities		Proprietary Business-Type Activities		District Total		District Total Percentage Change
	FY2011	FY2012	FY2011	FY2012	FY2011	FY2012	2011-2012
Program Revenues							
Charges for Services	\$223,638	\$127,187	\$803,143	\$735,521	\$1,026,781	\$862,708	-16.0%
Operating Grants and Contributions	\$7,179,501	\$4,563,688	\$1,660,969	\$1,780,771	\$8,840,470	\$6,344,459	-28.2%
Capital Grants and Contributions	\$2,021,730	\$2,159,314	\$0	\$0	\$2,021,730	\$2,159,314	6.8%
General Revenue							
Taxes							
Property Tax	\$8,184,960	\$8,615,201			\$8,184,960	\$8,615,201	5.3%
Motor Vehicle Tax	\$499,823	\$502,779			\$499,823	\$502,779	0.6%
Utility Tax	\$2,059,190	\$1,976,254			\$2,059,190	\$1,976,254	-4.0%
Other Tax	\$514,750	\$556,056			\$514,750	\$556,056	8.0%
State Aid	\$19,527,770	\$21,420,328			\$19,527,770	\$21,420,328	9.7%
Investment Earnings	\$106,498	\$100,019	\$1,017	\$747	\$107,515	\$100,766	-6.3%
Gain on disposal of Assets	\$0	\$6,579			\$0	\$6,579	
Other	\$53,480	\$86,297	-132	-\$105	\$53,348	\$86,192	61.6%
Transfers	\$0	\$0	0	\$0	\$0	\$0	0.0%
Total Revenues	\$40,371,340	\$40,113,702	\$2,464,997	\$2,516,934	\$42,836,337	\$42,630,636	-0.5%

Sources of Revenue 2012

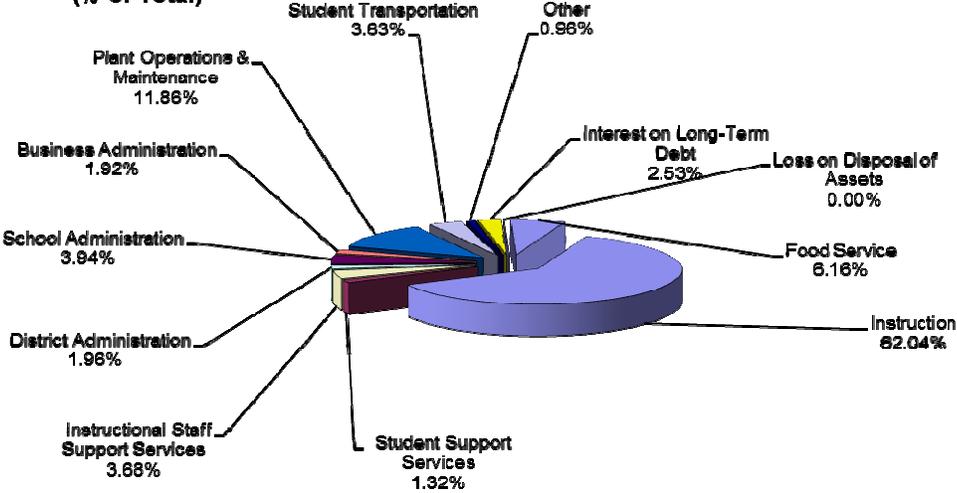




Expenses	Governmental Activities		Proprietary Business-Type Activities		District Total		District Total Percentage Change 2011-2012
	FY2011	FY2012	FY2011	FY2012	FY2011	FY2012	
Instruction	\$25,828,424	\$26,539,415			\$25,828,424	\$26,539,415	2.8%
Support Services							
Student Support Services	\$698,632	\$565,905			\$698,632	\$565,905	-19.0%
Instructional Staff	\$1,616,915	\$1,576,047			\$1,616,915	\$1,576,047	-2.5%
District Administration	\$829,230	\$837,170			\$829,230	\$837,170	1.0%
School Administration	\$1,584,560	\$1,683,510			\$1,584,560	\$1,683,510	6.2%
Business Administration	\$692,920	\$823,352			\$692,920	\$823,352	18.8%
Plant Operations & Maintenance	\$4,661,597	\$5,072,185			\$4,661,597	\$5,072,185	8.8%
Student Transportation	\$1,455,845	\$1,551,300			\$1,455,845	\$1,551,300	6.6%
Other	\$383,029	\$412,036			\$383,029	\$412,036	7.6%
Building Improvement						\$0	0.0%
Interest on Long-Term Debt	\$1,180,756	\$1,081,465			\$1,180,756	\$1,081,465	-8.4%
Loss on Disposal of Assets	\$50,261	\$0			\$50,261	\$0	0.0%
Food Service			\$2,549,236	\$2,637,008	\$2,549,236	\$2,637,008	3.4%
Total Expenses	\$38,982,169	\$40,142,385	\$2,549,236	\$2,637,008	\$41,531,405	\$42,779,393	3.0%

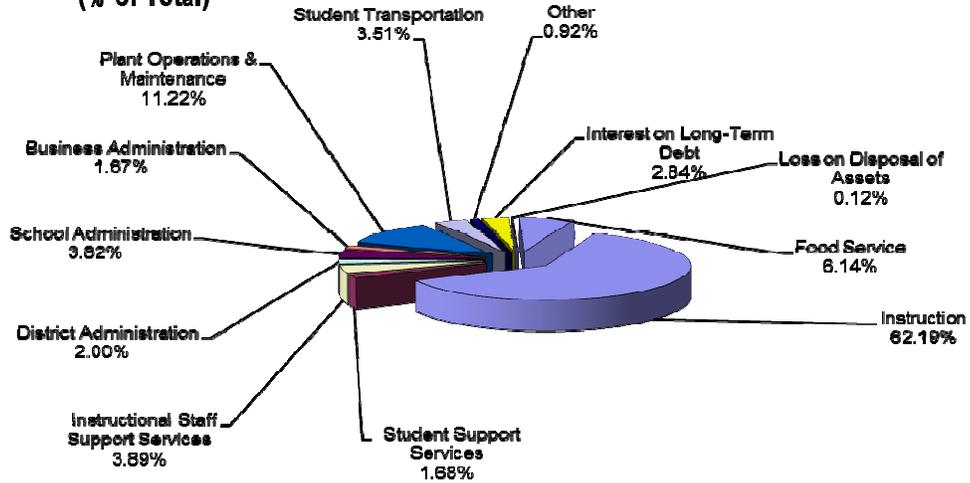
Expenses 2012

(% of Total)



Expenses 2011

(% of Total)

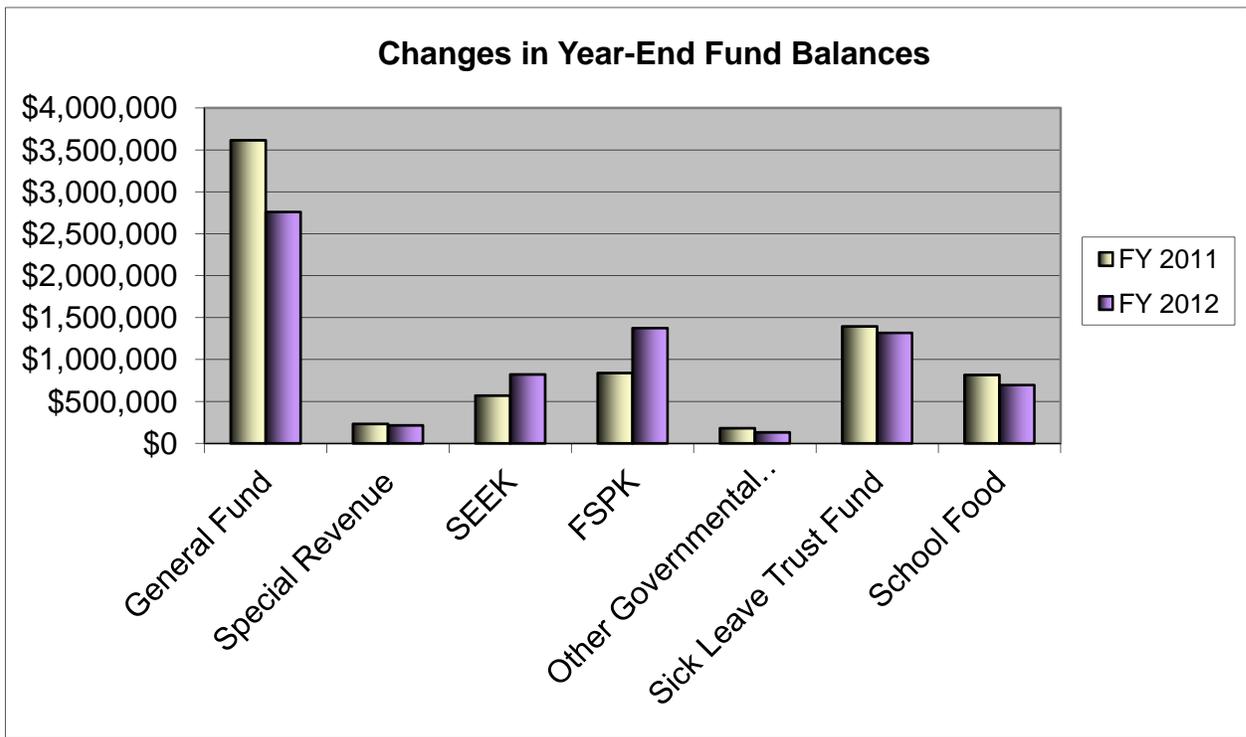


The District's total revenues for 2012 were \$42,630,636 and the total expenses were \$42,779,393. Expenses exceeded revenues by \$148,757.

- State revenues accounted for 50.25% and local taxes accounted for 27.33% of the revenue.
- Instruction was the major expense category and accounted for 62.04% to the total.
- Food service expenses exceeded revenues by \$120,074 and Governmental expenses exceeded revenues by \$28,683.

Financial Analysis of the District Funds

Changes in End-of-Year Fund Balances	FY 2011	FY 2012	Amount of Change	% Change
General Fund	\$3,614,321	\$2,760,094	(\$854,227)	-24%
Special Revenue	\$232,129	\$214,567	(\$17,562)	-8%
SEEK	\$569,546	\$822,082	\$252,536	44%
FSPK	\$838,367	\$1,374,639	\$536,272	64%
Other Governmental Funds	\$180,544	\$131,316	(\$49,228)	-27%
Sick Leave Trust Fund	\$1,394,636	\$1,317,948	(\$76,688)	-5%
School Food	\$815,756	\$695,682	(\$120,074)	-15%
Total	\$7,645,299	\$7,316,328	(\$328,971)	-4%



- The General Fund's fund balance showed a decrease of \$884,272. The main factor contributing to this increase was a shifting of 2011 Special Revenue fund salaries to the general fund related to the 2011 Education Jobs (EduJobs) funding.
- The Special Revenue fund decreased by \$17,562, all in technology projects. All projects in the Special Revenue fund are zeroed at year end except for the technology project.
- The Sick Leave Trust fund shows a decrease of \$76,688 due to a \$150,000 transfer to the general fund for 2012 sick leave payouts. Sick leave payouts at retirement during fiscal year 2012 were \$164,823.05. These payouts were made from the General Fund. Since the 2006 fiscal year, the district has paid out \$910,274.25 from the General Fund in sick leave payments to retirees and has only transferred \$290,000 from the Sick Leave Trust Fund.
- The School Food's fund balance decreased by \$120,074.

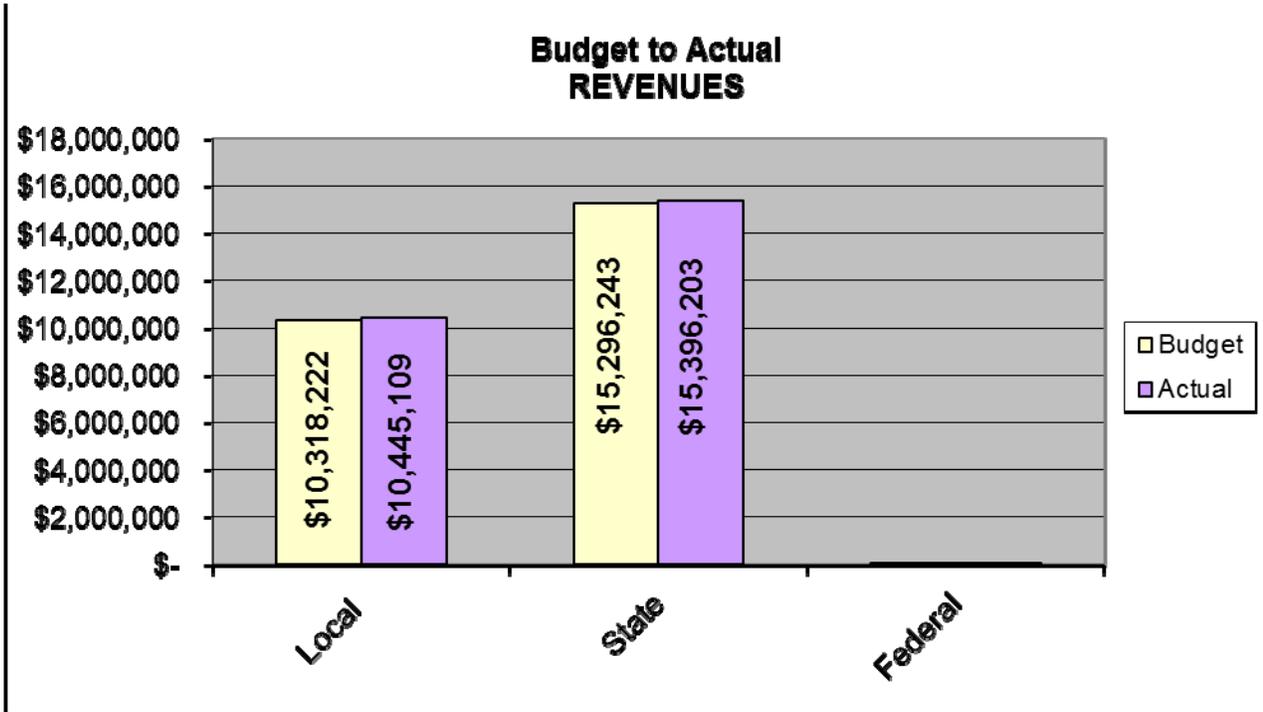
Comments on General Fund and Special Revenue Budget Comparisons

- The District's General Fund total revenues for the fiscal year ended June 30, 2012, net of On Behalf payments from the state, were \$25,896,379. This is \$256,914 more than was budgeted in the final 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 less than budgeted by \$2,378,327. The main reason is that a contingency of \$1,996,564 was budgeted. The district is required to budget 2% as contingency, but no expenditures are actually paid from this account.

- 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.

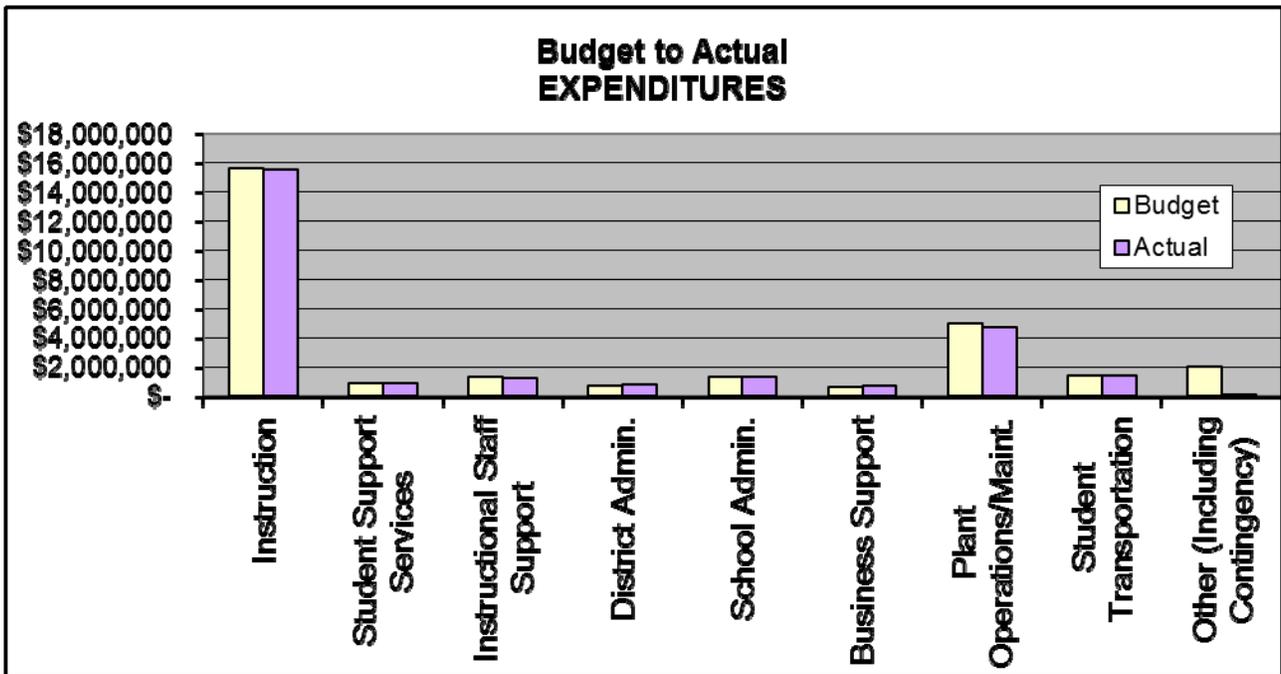
Budget to Actual Comparison FY 2012

GENERAL FUND REVENUES	Budget	Actual
Local	\$ 10,318,222	\$ 10,445,109
State	\$ 15,296,243	\$ 15,396,203
Federal	\$ 25,000	\$ 55,067
Total	\$ 25,639,465	\$ 25,896,379
	difference \$	256,914



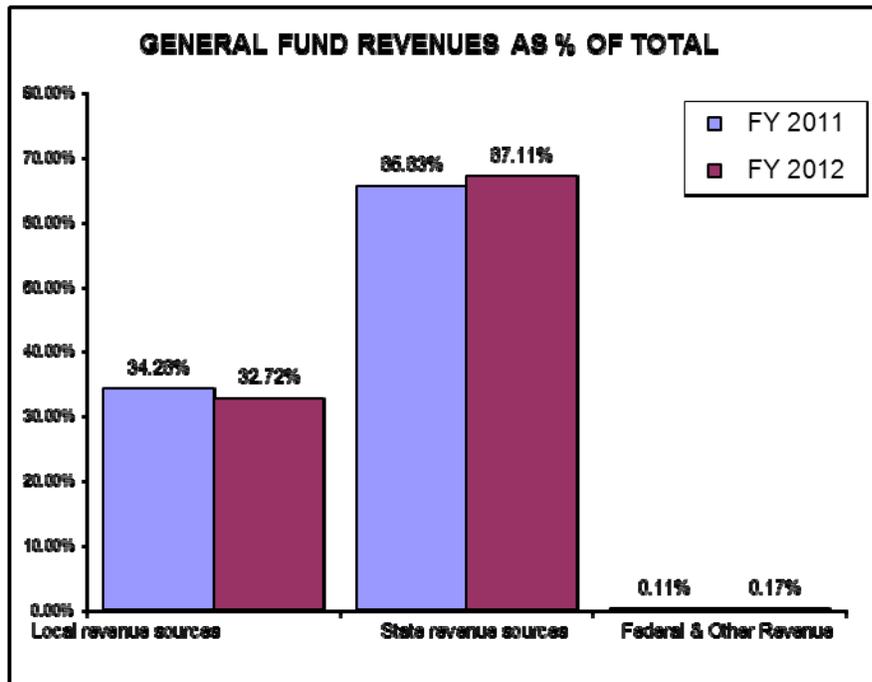
Budget to Actual Comparison FY 2012

GENERAL FUND EXPENDITURES	Budget	Actual
Instruction	\$ 15,663,435	\$ 15,509,563
Student Support Services	\$ 874,459	\$ 853,740
Instructional Staff Support	\$ 1,317,080	\$ 1,266,754
District Admin.	\$ 729,145	\$ 785,570
School Admin.	\$ 1,346,078	\$ 1,341,783
Business Support	\$ 650,215	\$ 718,790
Plant Operations/Maint.	\$ 4,971,088	\$ 4,708,949
Student Transportation	\$ 1,449,528	\$ 1,432,443
Other (Including Contingency)	\$ 1,996,564	\$ 1,673
Total	\$ 28,997,592	\$ 26,619,265
	difference \$	(2,378,327)



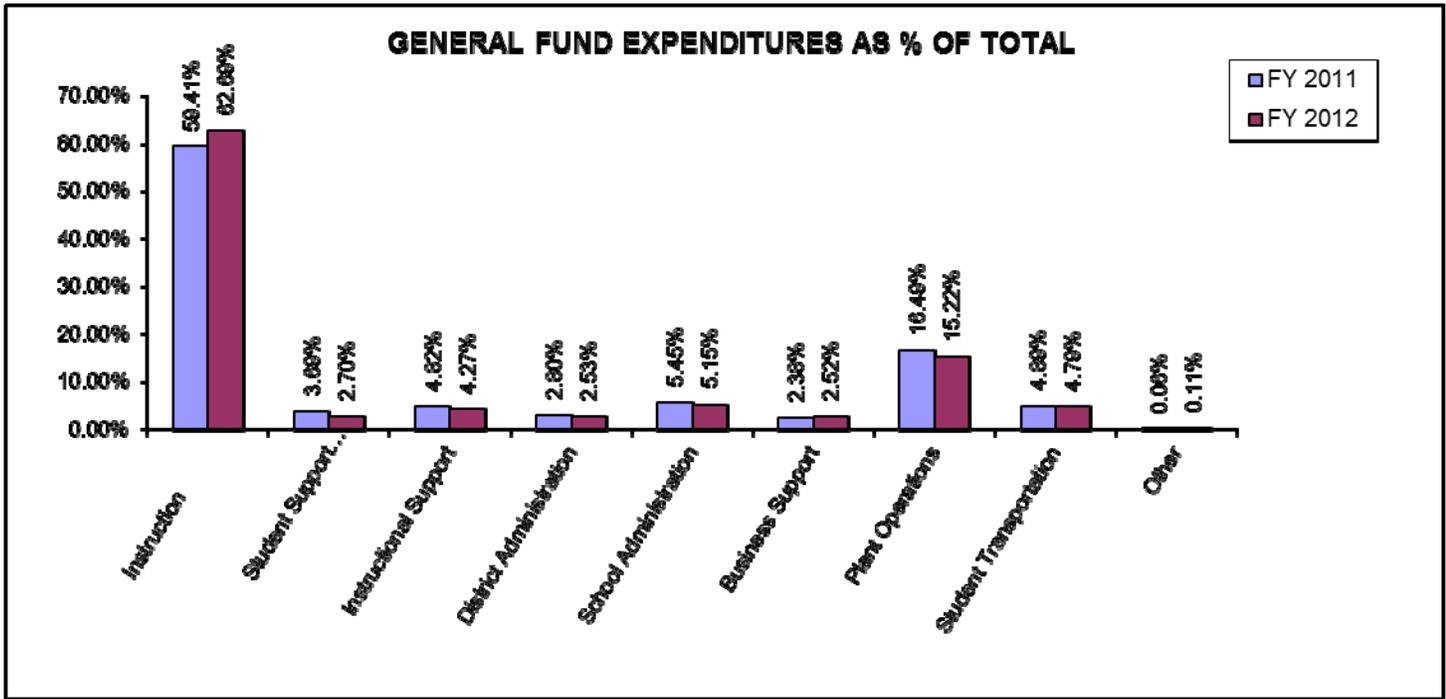
The following tables present a summary of revenue and expenditures of the General Fund for the fiscal years ended June 30, 2011 and June 30, 2012.

General Fund Revenues:	FY 2011	FY 2012
Local revenue sources	\$10,194,536	\$10,445,109
<i>Taxes</i>		
<i>Property</i>	\$6,915,139	\$7,318,683
<i>Motor Vehicle</i>	\$423,310	\$426,909
<i>Utilities</i>	\$2,059,190	\$1,976,254
<i>Other</i>	\$505,361	\$541,918
<i>Tuition and Fees</i>	\$202,851	\$106,641
<i>Earnings on Investments</i>	\$32,206	\$12,495
<i>Other Local Revenue</i>	\$56,479	\$62,209
State revenue sources	\$19,527,770	\$21,420,328
Federal Revenue	\$32,516	\$55,067
Total revenues	\$29,754,822	\$31,920,504



The majority of revenue was derived from state funding (67.11%) with local revenue sources making up 32.72% of total revenue.

General Fund Expenditures	FY 2011	FY 2012
Instruction	\$17,273,335	\$20,464,581
Support Services		
Student Support Services	\$1,074,053	\$882,615
Instructional Support	\$1,402,473	\$1,394,893
District Administration	\$813,027	\$826,788
School Administration	\$1,585,243	\$1,682,380
Business Support	\$692,920	\$821,438
Plant Operations	\$4,793,719	\$4,968,506
Student Transportation	\$1,421,636	\$1,564,718
Other	\$16,665	\$37,471
Total Expenditures	\$29,073,071	\$32,643,390
Excess of Revenue over Expenditures	\$681,751	-\$722,886
Operating Transfers	\$ (293,010)	\$ (131,341)
Net Change in Fund Balance	\$388,741	-\$854,227



The majority (62.69%) of General Fund expenditures were for direct instruction related activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

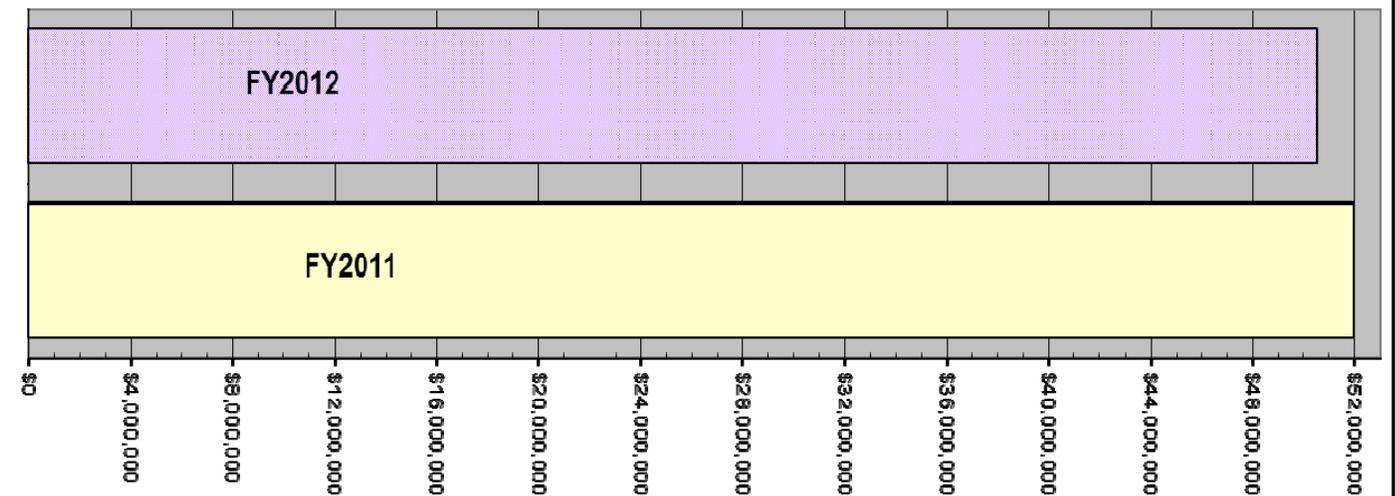
Capital Assets

On June 30, 2012, the district's cumulative total initial cost of assets increased by \$1,006,170 to \$78,769,388. This included land, school buildings, athletic facilities, maintenance facilities, computer equipment and administrative offices. Accumulated depreciation on these assets increased by \$2,458,897 to \$28,246,239. Book value for capital assets decreased by \$1,452,727 to \$50,523,149.

SUMMARY OF CAPITAL ASSETS

CAPITAL ASSETS (net of depreciation)	Governmental Activities		Proprietary Business-Type Activities		District Total		Total District Percentage Change
	FY2011	FY2012	FY2011	FY2012	FY2011	FY2012	2011-2012
	Land & Land Improvements	\$2,480,662	\$2,556,387	\$0	\$0	\$2,480,662	\$2,556,387
Buildings	\$45,663,099	\$44,087,928	\$0	\$0	\$45,663,099	\$44,087,928	-3.4%
Equipment & Furniture	\$3,305,709	3,379,202	\$526,406	\$499,632	\$3,832,115	\$3,878,834	1.2%
Total Assets	\$51,449,470	\$50,023,517	\$526,406	\$499,632	\$51,975,876	\$50,523,149	-2.8%

BGISD Capital Assets (Decrease of 2.8% or \$1,452,727)



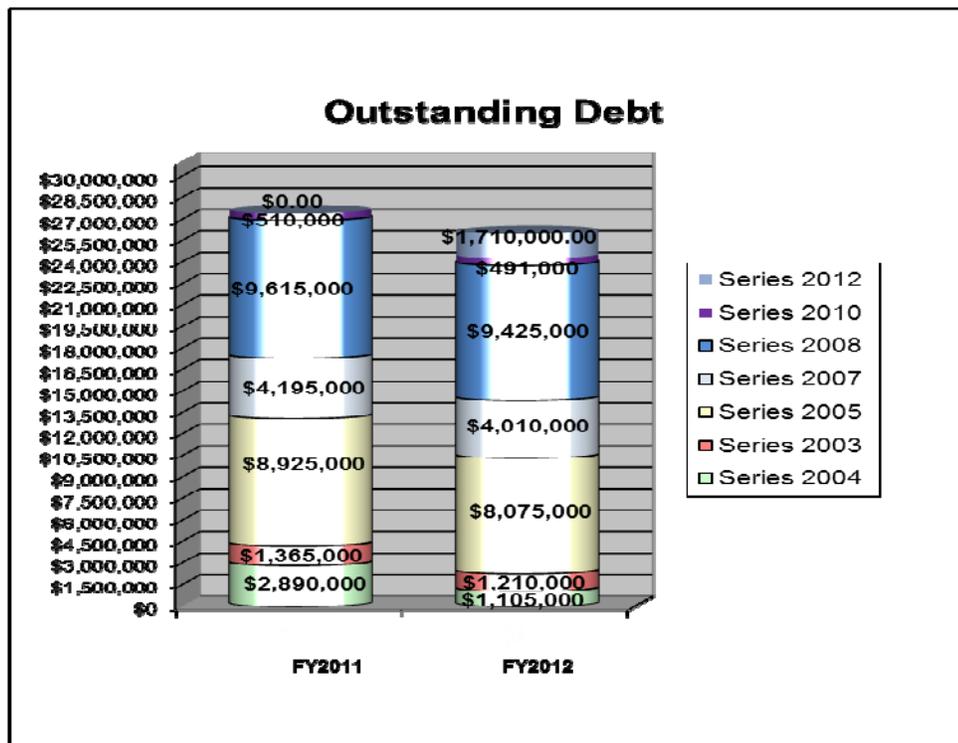
Long-Term Debt

At year-end the district had \$26,026,000 in general obligation bonds outstanding. This was a decrease of \$1,474,000 from last year. The decrease was due to a combination of the issuance of new bonds and decreases in current bond principal as the district continues to pay current bond obligations.

On March 15, 2012, the district's Finance Corporation issued \$1,730,000 in Refunding Revenue Bonds for the purpose of refunding certain of the Series 2004 bonds. These bonds had an average interest rate of 1.8299% and an overall debt service savings of \$121,452.56.

Outstanding Debt at Year End

	Governmental Activities 2011	Governmental Activities 2012
General Obligation Bonds:		
Series 2004 Parker-Bennett-Curry Construction	\$2,890,000	\$1,105,000
Series 2003 Energy Conservation Project for Elementary Schools	\$1,365,000	\$1,210,000
Series 2005 Junior High Construction	\$8,925,000	\$8,075,000
Series 2007 Potter Gray-Dishman McGinnis-W.R. McNeill Renovations	\$4,195,000	\$4,010,000
Series 2008 T.C. Cherry Construction	\$9,615,000	\$9,425,000
Series 2010 W.R McNeill Library Renovations	\$510,000	\$491,000
Series 2012 Refunding Issue 2004	\$0.00	\$1,710,000.00
TOTAL	\$27,500,000	\$26,026,000



BUDGETARY IMPLICATIONS

It is extremely important that the district continue to budget very conservatively. The district depends heavily on state revenues; 67.11 % of the district's General Fund Revenue during 2012. In the past, there have been significant adjustments in the SEEK funding, as well as, cuts to many state grants. The projected SEEK forecast received from the state should only be considered as an estimate of state revenue. The district received such an adjustment during the 2012 fiscal year of \$326,208 to the general fund and \$71,354 to the building fund. The district should always be prepared for such reductions in funding.

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 of expenditures. Provisions must always be made to have a significant beginning balance to start each year. The district has an ending fund balance of \$2,760,094 or 9.59% of the total general fund budget as a beginning balance for next year.

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 budget with a contingency of \$2,019,935(5.43%) for the 2012-2013 fiscal year.

For the 2012-2013 fiscal year, the Board reduced the staffing allocation to the schools by 9 certified positions and did not approve a 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 2012, \$999,213 was needed from the general fund to subsidize special revenue funds (grants). In addition, \$773,092 in excess of the SEEK Add-On for Exceptional Children was expended from the General Fund. The district currently participates in over forty federal and state grants. The total budget for these grants is over \$4.2 million for 2013. 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 more diverse population, monitor the impact of increasing employer contributions to both employee retirement systems, dealing with the loss SEEK funding, 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 high school over 40 years old and the junior high is 13 years old. The district has committed to replace the Dishman-McGinnis Elementary on the site of the old L.C. Curry Elementary site. The new Dishman-McGinnis Elementary is scheduled to be completed for the 2014-2015 school year. The Board has begun planning for renovations to the W.R. McNeill Elementary facility.

The second challenge mentioned above is to maintain the excellence our district has enjoyed with a growing diverse population. Our community has been designated as an immigration center. 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 around 14 % of the district's enrollment with 27 languages spoken. We received \$374.69/LEP student in additional funding for a total of \$158,868 during 2011-2012. It will be important to maintain this funding in the future.

The third challenge mentioned above is to monitor the impact of increasing employer contributions to both employee retirement systems. The mandated increase in employer contribution rate for the 2012-2013 school year was 0.5% for certified and 0.59% for classified staff. These rate increases come with a decrease to the SEEK base per pupil funding amount of \$70. With certain state grants being cut and federal grant increases unknown until late in the budget cycle the district must continue to monitor the effects of salary and retirement increases as well as health insurance costs for federal grants.

The fourth challenge mentioned is dealing with the loss in state SEEK funding. The district is projected to receive \$3,833 and \$3,827 for the 2012-13 and 2013-14 school years respectively. This is approximately the same funding level that was received for the 2007-08 school year (\$3,822).

The fifth challenge mentioned is preserving the average daily attendance count. The district receives funding through the SEEK formula based on this count. There are a very limited number of new homes 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 serving the public are the main factors influencing this district challenge.

This financial report is designed to provide our citizens, taxpayers, and 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. Question regarding this report should be directed to Joseph Tinius, Superintendent, or to Jeff Herron, Finance Director, located at, 1211 Center St., Bowling Green, KY, 42101, by phone at 270-746-2200, or by email at joe.tinius@bgreen.kyschools.us or jeff.herron@bgreen.kyschools.us.

Basic Financial Statements

Bowling Green Independent School District
Statement of Net Assets

June 30, 2012	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 5,250,978	\$ 134,463	\$ 5,385,441
Investments	1,329,860	-	1,329,860
Accounts receivable:			
Taxes	355,330	-	355,330
Accounts	40,796	-	40,796
Intergovernmental	120,354	50,188	170,542
Inventory	-	54,625	54,625
Bond issuance cost	182,905	-	182,905
Less: accumulated amortization	(55,520)	-	(55,520)
Non-depreciable capital assets	1,818,063	-	1,818,063
Depreciable capital assets	75,764,621	1,186,704	76,951,325
Less: accumulated depreciation	(27,559,167)	(687,072)	(28,246,239)
Total assets	57,248,220	738,908	57,987,128
Liabilities			
Accounts payable	435,912	25,861	461,773
Deferred revenue	40,760	-	40,760
Accrued interest	344,310	-	344,310
Long-term obligations:			
Due within one year:			
Outstanding bonds	1,744,000	-	1,744,000
Compensated absences	473,011	1,255	474,266
Due beyond one year:			
Outstanding bonds	23,474,006	-	23,474,006
Compensated absences	964,405	16,110	980,515
Total liabilities	27,476,404	43,226	27,519,630

June 30, 2012	Governmental Activities	Business-Type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	24,805,511	499,632	25,305,143
Restricted for:			
Grant programs	214,567	-	214,567
Capital projects	2,196,721	-	2,196,721
Compensated absences	1,317,948	-	1,317,948
Debt service	131,316	-	131,316
Unrestricted	1,105,753	196,050	1,301,803
Total Net Assets	\$ 29,771,816	\$ 695,682	\$ 30,467,498

See accompanying notes to the financial statements.

Bowling Green Independent School District
Statement of Activities

Year Ended June 30, 2012	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Instruction	\$ 26,539,415	\$ 106,641	\$ 3,796,054	\$ 183,575	\$ (22,453,145)	\$ -	\$ (22,453,145)
Support services:							
Student	565,905	-	27,568	-	(538,337)	-	(538,337)
Instructional staff	1,576,047	-	333,643	-	(1,242,404)	-	(1,242,404)
District administration	837,170	-	-	-	(837,170)	-	(837,170)
School administration	1,683,510	-	-	-	(1,683,510)	-	(1,683,510)
Business	823,352	-	-	-	(823,352)	-	(823,352)
Plant operations and maintenance	5,072,185	20,546	-	-	(5,051,639)	-	(5,051,639)
Student transportation	1,551,300	-	32,008	-	(1,519,292)	-	(1,519,292)
Other	412,036	-	374,415	-	(37,621)	-	(37,621)
Building acquisition and construction	-	-	-	1,641,224	1,641,224	-	1,641,224
Interest on long-term debt	1,081,465	-	-	334,515	(746,950)	-	(746,950)
Total governmental activities	40,142,385	127,187	4,563,688	2,159,314	(33,292,196)	-	(33,292,196)
Business-Type Activities							
Food services	2,637,008	735,521	1,780,771	-	-	(120,716)	(120,716)
Total business-type activities	2,637,008	735,521	1,780,771	-	-	(120,716)	(120,716)
Total School District	\$ 42,779,393	\$ 862,708	\$ 6,344,459	\$ 2,159,314	(33,292,196)	(120,716)	(33,412,912)

General Revenues			
Taxes:			
Property	8,615,201	-	8,615,201
Motor vehicle	502,779	-	502,779
Utilities	1,976,254	-	1,976,254
Other	556,056	-	556,056
State aid	21,420,328	-	21,420,328
Investment earnings	100,019	747	100,766
Gain on disposal of assets	6,579	-	6,579
Other	86,297	(105)	86,192
Total general revenues	33,263,513	642	33,264,155
Change in Net Assets	(28,683)	(120,074)	(148,757)
Net Assets – Beginning of Year	29,800,499	815,756	30,616,255
Net Assets – End of Year	\$29,771,816	\$ 695,682	\$ 30,467,498

Bowling Green Independent School District
Balance Sheet
Governmental Funds

June 30, 2012	General Fund	Special Revenue Fund	SEEK Fund	FSPK Fund	Sick Leave Trust Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash	\$ 2,684,501	\$ 199,402	\$ 822,082	\$ 1,369,961	\$ -	\$ 175,032	\$ 5,250,978
Investments	11,912	-	-	-	1,317,948	-	1,329,860
Accounts receivable:							
Taxes	350,652	-	-	4,678	-	-	355,330
Accounts	40,796	-	-	-	-	-	40,796
Intergovernmental	-	120,354	-	-	-	-	120,354
Total Assets	\$ 3,087,861	\$ 319,756	\$ 822,082	\$ 1,374,639	\$ 1,317,948	\$ 175,032	\$ 7,097,318

Liabilities and Fund Balances

Liabilities								
Accounts payable	\$ 327,767	\$ 64,429	\$ -	\$ -	\$ -	\$ 43,716	\$ 435,912	
Deferred revenue	-	40,760	-	-	-	-	40,760	
Total liabilities	327,767	105,189	-	-	-	43,716	476,672	
Fund Balances								
Restricted	-	214,567	822,082	1,374,639	1,317,948	131,316	3,860,552	
Assigned	290,818	-	-	-	-	-	290,818	
Unassigned	2,469,276	-	-	-	-	-	2,469,276	
Total fund balances	2,760,094	214,567	822,082	1,374,639	1,317,948	131,316	6,620,646	
Total Liabilities and Fund Balances	\$ 3,087,861	\$ 319,756	\$ 822,082	\$ 1,374,639	\$ 1,317,948	\$ 175,032	\$ 7,097,318	

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

June 30,	2012
Total Fund Balances – Governmental Funds	\$ 6,620,646
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>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 \$77,582,684, and the accumulated depreciation is \$27,559,167.</p>	50,023,517
<p>Bond issuance costs are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the asset is \$182,905 and the accumulated amortization is \$55,520.</p>	127,385
<p>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:</p>	
Bonds payable	(25,218,006)
Accrued interest on the bonds	(344,310)
Compensated absences	(1,437,416)
<p style="text-align: right;">Total Net Assets – Governmental Activities \$ 29,771,816</p>	

See accompanying notes to the financial statements.

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

Year Ended June 30, 2012	General Fund	Special Revenue Fund	SEEK Fund	FSPK Fund	Sick Leave Trust Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
From local sources:							
Taxes:							
Property	\$ 7,318,683	\$ -	\$ -	\$ 1,296,518	\$ -	\$ -	\$ 8,615,201
Motor vehicle	426,909	-	-	75,870	-	-	502,779
Utilities	1,976,254	-	-	-	-	-	1,976,254
Other	541,918	-	-	14,138	-	-	556,056
Tuition and fees	106,641	-	-	-	-	-	106,641
Earnings on investments	12,495	724	-	3,757	83,694	73	100,743
Other local revenue	62,209	-	-	-	-	-	62,209
Intergovernmental – state	21,420,328	1,556,289	355,928	1,285,296	-	334,515	24,952,356
Intergovernmental – federal	55,067	3,190,250	-	-	-	-	3,245,317
Total revenues	31,920,504	4,747,263	355,928	2,675,579	83,694	334,588	40,117,556
Expenditures							
Current:							
Instruction	20,464,581	4,068,881	-	-	-	-	24,533,462
Support services:							
Student	882,615	27,568	-	-	-	-	910,183
Instructional staff	1,394,893	333,643	-	-	-	-	1,728,536
District administration	826,788	-	-	-	10,382	-	837,170
School administration	1,682,380	-	-	-	-	-	1,682,380
Business	821,438	-	-	-	-	-	821,438
Plant operations and maintenance	4,968,506	-	-	-	-	-	4,968,506

Student transportation	1,564,718	32,008	-	-	-	-	1,596,726
Other	37,471	374,415	-	-	-	-	411,886
Debt service:							
Principal	-	-	-	-	-	1,669,000	1,669,000
Interest	-	-	-	-	-	1,030,064	1,030,064
Facilities acquisition and construction	-	-	-	-	-	138,876	138,876
Bond issuance costs	-	-	-	-	-	17,239	17,239
Total expenditures	32,643,390	4,836,515	-	-	10,382	2,855,179	40,345,466
Excess (Deficiency) of Revenues over Expenditures	(722,886)	(89,252)	355,928	2,675,579	73,312	(2,520,591)	(227,910)
Other Financing Sources (Uses)							
Proceeds of advance refunding bonds – net of discount	-	-	-	-	-	1,711,584	1,711,584
Payment to advance refunded bond escrow agent	-	-	-	-	-	(1,692,571)	(1,692,571)
Operating transfers in	150,000	71,690	-	-	-	2,452,350	2,674,040
Operating transfers out	(281,341)	-	(103,392)	(2,139,307)	(150,000)	-	(2,674,040)
Total other financing sources (uses)	(131,341)	71,690	(103,392)	(2,139,307)	(150,000)	2,471,363	19,013
Net Change in Fund Balances	(854,227)	(17,562)	252,536	536,272	(76,688)	(49,228)	(208,897)
Fund Balances – Beginning of Year	3,614,321	232,129	569,546	838,367	1,394,636	180,544	6,829,543
Fund Balances – End of Year	\$ 2,760,094	\$ 214,567	\$ 822,082	\$ 1,374,639	\$ 1,317,948	\$ 131,316	\$ 6,620,646

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

Year Ended June 30,	2012
Total Net Change in Fund Balances – Governmental Funds	\$ (208,897)
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 depreciation expense, \$2,628,022, exceeds capital outlay, \$1,205,923, in the period.	(1,422,099)
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.	(3,854)
Repayment of bond principal and other debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,669,000
The issuance of a bond is shown as an other financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets. Correspondingly, the transfer to an escrow agent for the advance refunding of bonds is shown as an other financing use in the governmental funds, but the transfer reduces long-term liabilities in the statement of net assets. The net of these other financing sources and uses is shown here for the period.	(19,013)
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.	(43,820)
Change in Net Assets – Governmental Activities	\$ (28,683)

See accompanying notes to the financial statements.

Bowling Green Independent School District
Statement of Net Assets
Proprietary Funds

June 30, 2012	Enterprise Fund Food Service
Assets	
Current Assets	
Cash	\$ 134,463
Accounts receivable:	
Intergovernmental	50,188
Inventory	54,625
Total current assets	239,276
Non-Current Assets	
Fixed assets – net	499,632
Total Assets	\$ 738,908
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 25,861
Compensated absences due within one year	1,255
Total current liabilities	27,116
Long-Term Liabilities	
Compensated absences due beyond one year	16,110
Total long-term liabilities	16,110
Total liabilities	43,226
Net Assets	
Invested in capital assets	499,632
Unrestricted	196,050
Total net assets	695,682
Total Liabilities and Net Assets	\$ 738,908

See accompanying notes to the financial statements.

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

Year Ended June 30, 2012	Enterprise Fund Food Service
Operating Revenues	
Lunchroom sales	\$ 735,521
Total operating revenues	735,521
Operating Expenses	
Salaries and wages	1,086,551
Contract services	41,146
Materials and supplies	1,420,075
Other operating expenses	9,336
Depreciation expense	79,900
Total operating expenses	2,637,008
Operating loss	(1,901,487)
Non-Operating Revenues (Expenses)	
State operating grants	145,193
Federal operating grants	1,507,711
Donated commodities	127,867
Interest revenue	747
Other	(105)
Total non-operating revenues (expenses)	1,781,413
Change in Net Assets	(120,074)
Net Assets – Beginning of Year	815,756
Net Assets – End of Year	\$ 695,682

See accompanying notes to the financial statements.

Bowling Green Independent School District
Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2012	Enterprise Fund Food Service
Cash Flows from Operating Activities	
Cash received from user charges	\$ 729,785
Cash payments to employees for services	(978,735)
Cash payments for contract services	(41,146)
Cash payments to suppliers for goods and services	(1,269,080)
Cash payments for other operating expenses	(9,336)
Net cash used in operating activities	(1,568,512)
Cash Flows from Non-Capital Financing Activities	
Non-operating grants received	1,530,398
Other	(105)
Net cash provided by non-capital financing activities	1,530,293
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(53,126)
Net cash used in capital and related financing activities	(53,126)
Cash Flows from Investing Activities	
Interest on investments	747
Net cash provided by investing activities	747
Net Decrease in Cash	(90,598)
Cash – Beginning of Year	225,061
Cash – End of Year	\$ 134,463

Year Ended June 30, 2012	Enterprise Fund Food Service
Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating loss	\$ (1,901,487)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	79,900
Commodities used	127,867
On-behalf payments	122,506
Changes in assets and liabilities:	
Receivables	(5,736)
Inventories	(2,733)
Accounts payable	25,861
Compensated absences	(14,690)
<hr/>	
Net Cash Used In Operating Activities	\$ (1,568,512)

Non-Cash Capital and Related Financing Activities

- The food service fund received \$127,867 of donated commodities from the federal government.
- The food service fund recognized revenues and expenses for on-behalf payments relating to fringe benefits in the amount of \$122,506 from the state government.

See accompanying notes to the financial statements.

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

June 30, 2012

Agency Funds

Assets

Cash	\$ 374,129
Accounts receivable	39,295

Total Assets	\$ 413,424
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Liabilities

Accounts payable	\$ 7,663
Deferred compensation payable	67,493
Due to student groups	338,268

Total Liabilities	\$ 413,424
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See accompanying notes to the financial statements.

Note 1: Summary of Significant Accounting Policies

• ***Reporting Entity***

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

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

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

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 non-profit, non-stock, 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 Board of Education also comprise the Corporation's Board of Directors.

Note 1: Summary of Significant Accounting Policies
(Continued)

• ***Basis of Presentation***

Government-Wide Financial Statements — The statement of net assets 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 non-exchange 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 reconciliation 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.

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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Note 1: Summary of Significant Accounting Policies
(Continued)

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total fund balances. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

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 special revenue fund is a major fund.

The *Sick Leave Trust Fund* (a special revenue fund) — 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 a major fund.

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.

Note 1: Summary of Significant Accounting Policies
(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 SEEK fund is a major fund.

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 FSPK fund is a major fund.

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

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 cost.

▶ **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.

To the proprietary activities, the District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

▶ **Fiduciary Fund Types** (includes agency funds)

Fiduciary funds account for assets held by the District in a trustee's capacity or as an agent on behalf of others.

Note 1: Summary of Significant Accounting Policies
(Continued)

Agency Funds

The *Activity Fund* accounts for activities of student groups and other types of activities requiring clearing accounts. The student funds are accounted for in accordance with *Uniform Program of Accounting for School Activity Funds*.

● ***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

The records of the District are maintained and the budgetary process is 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.

For financial purposes, the accounting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for by using a current financial resources measurement focus. 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.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net assets.

The financial statements of the governmental fund types are prepared on the modified accrual basis of accounting. 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

Note 1: Summary of Significant Accounting Policies
(Continued)

is incurred. An exception to this general rule is interest on general long-term debt, which is recognized as an expenditure when paid. The proprietary funds are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when they are incurred.

• ***Estimates***

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

• ***Investments***

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

• ***Inventory***

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

• ***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 assets 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 assets and in the respective funds.

Note 1: Summary of Significant Accounting Policies
(Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars 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:

Description	Estimated Lives
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
Furniture and fixtures	7 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 Revenue***

Deferred 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 deferred revenue.

Note 1: Summary of Significant Accounting Policies
(Continued)

• ***Compensated Absences***

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

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

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

• ***Accrued Liabilities and Long-Term Obligations***

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

• ***Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 1: Summary of Significant Accounting Policies
(Continued)

• ***Property Taxes***

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

• ***Revenues — Exchange and Non-Exchange 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.

Non-exchange 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 non-exchange transactions must also be available before they can be recognized.

Note 1: Summary of Significant Accounting Policies
(Continued)

• ***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 assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

• ***Contributions of Capital***

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

• ***Operating Revenues and Expenses***

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

• ***Subsequent Events***

The District has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through November 2, 2012 which was the date the financial statements were made available.

Note 1: Summary of Significant Accounting Policies
(Continued)

• ***New Accounting Pronouncements***

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, effective immediately for the provisions related to the use and reporting of the alternative measurement method, and effective for periods beginning after June 15, 2011, for the provisions related to the frequency and timing of measurements for actuarial valuations first used to report funded status information in OPEB plan financial statements. This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of the measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The new requirements are not applicable to the District.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for periods beginning after December 15, 2011, improves financial reporting by addressing issues related to service concession arrangements (SCA's), which are a type of public-private or public partnership. The new requirements are not applicable to the District.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an Amendment of GASB Statements No. 14 and No. 34*, effective for periods beginning after June 15, 2012, improves financial reporting by enhancing guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The new requirements are not applicable to the District.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011, incorporates into GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements. The District intends to implement the new requirements for the fiscal year 2012–13 financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, effective for periods beginning after December 15, 2011, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The District intends to implement the new requirements for the fiscal year 2012–13 financial statements.

Note 1: Summary of Significant Accounting Policies
(Continued)

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an Amendment of GASB Statement No. 53*, effective for periods beginning after June 15, 2011, clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The new requirements are not applicable to the District.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012, improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to provide more consistent financial reporting. The District plans to implement the new requirements for the fiscal year 2013–2014 financial statements.

GASB Statement No. 66, *Technical Corrections—2012: an Amendment of GASB Statements No. 10 and No. 62*, effective for periods beginning after December 15, 2012, resolves conflicting accounting and reporting guidance that could diminish consistent financial reporting and enhance the usefulness of financial reports. The District plans to implement the new requirements for the fiscal year 2013–2014 financial statements.

GASB Statement No. 67, *Financial Reporting for Pension Plans: an Amendment of GASB Statement No. 25*, effective for fiscal years beginning after June 15, 2013, improves financial reporting by state and local governmental pension plans. The new requirements are not applicable to the District.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions: an Amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014, improves information provided by state and local governmental employers about financial support for pensions, which is provided by other entities. The District plans to implement the new requirements for the fiscal year 2014–2015. The effects of this statement on the District are unknown.

Note 2: Cash and Investments

• *Deposits*

At June 30, 2012, the carrying amounts of the District's deposits were \$5,771,482 and the bank balances were \$6,520,558 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:

June 30,	2012
Governmental funds	\$ 5,262,890
Proprietary funds	134,463
Fiduciary funds	374,129
	\$ 5,771,482

▶ *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 \$6,520,558 was not exposed to custodial credit risk as of June 30, 2012.

• **Investments**

June 30, 2012			
General Fund Investments	Rating	Maturities	Fair Value
CD	N/R	4/20/2015	\$ 11,912
			\$ 11,912

Bowling Green Independent School District
Notes to Financial Statements (Continued)

Note 2: Cash and Investments (Continued)

Sick Leave Trust Fund Investments	Rating	Maturities	Fair Value
Money Market	N/R	On Demand	\$ 25,179
Allen County School Building Refunding Revenue Bonds, Series 2012	Aa3	–	52,741
Anderson County General Obligation Bonds, Series 2006	Aa1	–	51,899
Florida State Public Education Capital Outlay Refunding Bonds, Series 2011	Aa1	–	54,148
Hawaii St Ref Ser Dt Go DTD	AA	–	55,237
Madison County School Building Revenue Bonds, Second Series of 2008	Aa3	–	67,601
McLennan County General Obligation Refunding Bonds, Series 2009	Aa1	–	53,104
Moline General Obligation Refunding Bonds, Series 2012F	Aa2	–	56,590
New York City Transitional Finance Auth. Secured Subordinate Bonds	Aa1	–	116,427
New York State Environmental Facilities Corp. Revenue Bonds	Aaa	–	54,347
New York Dorm Auth St Pers Income Tax Rev Gen DTD	AA	–	53,968
N Daviess IN Sch Bldg Corp Ref First Mtg DTD	AA+	–	52,667
Ohio Public Facilities Commission Higher Education General Bonds, 2009A	Aa1	–	57,134
San Francisco Unified School District General Obligation Bonds, Series 2012A	Aa2	–	110,974
Seattle Wash Go Prerefunded 2008 Ref & Impt Go DTD	AAA	–	52,034
Union County Refunding Limited Obligation Bonds, Series 2012	Aa2	–	54,024
Vanguard Intermed-term TX-EX Fd #42 CI Inv	A	–	209,277
Washington State Various Purpose General Obligation Bonds, Series R-2012C	Aa1	–	58,031
Washington State Motor Vehicle Fuel Tax General Obligation Bonds	Aa1	–	82,566
			\$ 1,317,948

Note 2: Cash and Investments *(Continued)*

▶ *Interest Rate Risk*

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

▶ *Credit Risk*

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

▶ *Concentration of Credit Risk*

The District places no limit on the amount the District may invest in any one issuer. The District did not have more than 5% of the District's investments with any one issuer.

▶ *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 Financial Statements (Continued)

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

June 30, 2012	Capital Cost			
	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 1,690,856	\$ -	\$ -	\$ 1,690,856
Construction in progress	-	138,876	11,669	127,207
Total non-depreciable historical cost	1,690,856	138,876	11,669	1,818,063
Capital assets that are depreciated:				
Land improvements	1,834,212	-	-	1,834,212
Buildings and improvements	64,413,949	-	-	64,413,949
Technology equipment	4,562,081	881,042	244,684	5,198,439
Vehicles	2,318,001	158,485	-	2,476,486
General	1,809,846	39,189	7,500	1,841,535
Total depreciable historical cost	74,938,089	1,078,716	252,184	75,764,621
Less accumulated depreciation for:				
Land improvements	1,044,406	51,482	-	1,095,888
Buildings and improvements	18,750,850	1,575,171	-	20,326,021
Technology equipment	2,794,152	723,597	240,830	3,276,919
Vehicles	1,569,527	147,516	-	1,717,043
General	1,020,540	130,256	7,500	1,143,296
Total accumulated depreciation	25,179,475	2,628,022	248,330	27,559,167
Total depreciable historical cost, net	49,758,614	(1,549,306)	3,854	48,205,454
Governmental Activities, Capital Assets, Net	\$51,449,470	\$ (1,410,430)	\$ 15,523	\$50,023,517

Bowling Green Independent School District
Notes to Financial Statements (Continued)

Note 3: Capital Assets (Continued)

June 30, 2012	Capital Cost			
	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Business-Type Activities:				
Capital assets that are depreciated:				
Technology equipment	\$ 17,870	\$ 8,700	\$ 695	\$ 25,875
General	1,116,403	44,426	-	1,160,829
Total depreciable historical cost	1,134,273	53,126	695	1,186,704
Less accumulated depreciation for:				
Technology equipment	9,781	3,363	695	12,449
General	598,086	76,537	-	674,623
Total accumulated depreciation	607,867	79,900	695	687,072
Total Depreciable Historical Cost, Net	526,406	(26,774)	-	499,632
Business-Type Activities, Capital Assets, Net	\$ 526,406	\$ (26,774)	\$ -	\$ 499,632

Depreciation expense was charged to governmental functions as follows:

June 30,	2012
Instruction	\$ 2,104,830
Support services:	
Student	164,292
Instructional staff	62,842
School administration	1,130
Business	2,631
Facilities operations	130,114
Student transportation	162,033
Other	150
Total Depreciation Expense	\$ 2,628,022

Note 3: Capital Assets *(Continued)*

At June 30, 2012, L. C. Curry Elementary School was idle because those students were placed at a new elementary school, Parker-Bennett-Curry. The District has plans to build the new Dishman–McGinnis Elementary School on the current site of L. C. Curry Elementary School. Construction for Dishman–McGinnis Elementary School is scheduled to begin in fiscal year 2013.

Note 4: General Long-Term Obligations

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

Issue Date	Proceeds	Rates
2003 KISTA	\$ 2,205,000	1.25%–4.50%
2004	1,355,000	2.00%–4.50%
2005	9,390,000	3.75%
2007	4,705,000	3.75%–3.875%
2008	9,970,000	3.50%–4.125%
2010	510,000	3.65%
2012	1,730,000	1.150–2.30%

On March 15, 2012, the District issued \$1,730,000 in Revenue Refunding Bonds with an average interest rate of 1.15% to advance refund \$1,535,000 of outstanding 2004 Series bonds with an average interest rate of 4.22%. The net proceeds of \$1,692,571 (after payment of \$17,239 in underwriting fees, insurance and other issuance costs) were transferred to an escrow agent to provide future debt service payments on the 2004 Series bonds. As a result, the advance refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$157,571. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2024 using the effective-interest method. The District completed the advance refunding to reduce its total debt service payments over the next 13 years by \$121,452 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$113,927.

Bowling Green Independent School District
Notes to Financial Statements (Continued)

Note 4: General Long-Term Obligations *(Continued)*

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, 2012 for debt service (principal and interest) are as follow:

Year	Bowling Green Independent School District		School Facility Construction Commission		Total Debt Service
	Principal	Interest	Principal	Interest	
2012–2013	\$ 1,520,198	\$ 886,846	\$ 223,802	\$ 110,512	\$ 2,741,358
2013–2014	1,588,112	828,550	231,888	102,381	2,750,931
2014–2015	1,654,619	766,975	240,381	93,849	2,755,824
2015–2016	1,716,690	702,186	249,310	85,202	2,753,388
2016–2017	1,793,368	634,001	258,632	75,574	2,761,575
2017–2018	1,859,921	570,360	267,079	67,166	2,764,526
2018–2019	1,672,026	508,196	275,974	58,178	2,514,374
2019–2020	1,729,391	449,030	284,609	48,814	2,511,844
2020–2021	881,709	378,969	133,291	39,081	1,433,050
2021–2022	914,397	341,343	141,603	34,620	1,431,963
2022–2023	951,955	302,009	145,045	29,912	1,428,921
2023–2024	989,355	260,923	148,645	25,067	1,423,990
2024–2025	1,031,651	218,150	97,349	20,078	1,367,228

Bowling Green Independent School District
Notes to Financial Statements (Continued)

Note 4: General Long-Term Obligations *(Continued)*

Year	Bowling Green Independent School District		School Facility Construction Commission		Total Debt Service
	Principal	Interest	Principal	Interest	
2025–2026	1,073,781	173,593	101,219	16,207	1,364,800
2026–2027	1,115,710	126,709	105,290	12,135	1,359,844
2027–2028	1,162,423	77,374	109,577	7,851	1,357,225
2028–2029	1,208,926	26,105	89,074	3,906	1,328,011
2029–2030	153	5	33,847	1,528	35,533
2030–2031	56	1	24,944	456	25,457
	\$ 22,864,441	\$ 7,251,325	\$ 3,161,559	\$ 832,517	\$ 34,109,842

Long-term liability activity for the year ended June 30, 2012 was as follows:

June 30, 2012	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Amounts Due Within One Year
Bonds and notes payable:					
General obligation debt	\$ 27,500,000	\$ 1,730,000	\$ (3,204,000)	\$ 26,026,000	\$ 1,744,000
Less: deferred issuance discounts and premiums	(241,278)	(18,416)	14,780	(244,914)	-
Less: deferred amount on refundings	(460,585)	(157,571)	55,076	(563,080)	-
Total bonds and notes payable	26,798,137	1,554,013	(3,134,144)	25,218,006	1,744,000
Other liabilities:					
Compensated absences	1,427,758	174,481	(164,823)	1,437,416	473,011
Total other liabilities	1,427,758	174,481	(164,823)	1,437,416	473,011
Total Long-Term Liabilities	\$ 28,225,895	\$ 1,728,494	\$ (3,298,967)	\$ 26,655,422	\$ 2,217,011

Note 5: 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.

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, 2012, the District had \$3,729,236 as restricted for major funds (\$1,317,948 as restricted for compensated absences in the sick leave trust fund, \$214,567 as restricted for grant programs in the special revenue fund and \$2,196,721 as restricted for capital projects or debt service in the SEEK and FSPK funds) (which includes \$1,407,913 restricted from prior SFCC offers) and \$131,316 restricted in the nonmajor funds for debt service.

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, 2012.

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, 2012 was \$290,818. 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.

Note 5: Fund Balances

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, 2012 in the governmental funds balance sheet.

Note 6: Pension Plans

• ***Plan Descriptions***

The Bowling Green Independent School District participates in the Teachers' Retirement System of the State of Kentucky, a component unit of the Commonwealth of Kentucky (KTRS) and the County Employees Retirement System, a component unit of the Commonwealth of Kentucky (CERS), cost-sharing multiple-employer defined benefit plans. KTRS and CERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. KTRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The KTRS and CERS issue a publicly available financial report that includes financial statements and required supplementary information. KTRS' report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, KY 40601-3800 or by calling (502) 573-3266. CERS' report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601-6124 or by calling (502) 564-5656.

• ***Funding Policy***

KTRS plan members are required to contribute 10.355% (10.855% for new hires effective July 1, 2008) of their covered salary. CERS plan members are required to contribute 5.0% (6.0% for new hires effective July 1, 2008) of their covered salary. The District is required to contribute to the CERS and the Commonwealth of Kentucky is required to contribute to the KTRS. The contribution rate is actuarially determined. The current rate for KTRS is 13.605% (14.105% for new hires effective July 1, 2008) of

Note 6: Pension Plans *(Continued)*

annual covered payroll. The rate for CERS is 18.96%, 16.93% and 16.16% for the years ended June 30, 2012, 2011 and 2010, respectively, of annual covered payroll. The contribution requirements of the plan members, the District and Commonwealth of Kentucky are established and may be amended by the Plans' Board of Trustees. The District's contributions to CERS for the years ended June 30, 2012, 2011 and 2010 were \$1,094,966, \$947,776 and \$889,446, respectively, equal to the required contributions for each year.

For the year ended June 30, 2012, the Commonwealth contributed \$2,212,766 to the KTRS for the benefit of the District's participating employees. The District's contributions to the KTRS for the year ended June 30, 2012 were \$236,530.

The amount recognized for revenues and expenditures for on-behalf payments relating to fringe benefits such as pension and healthcare costs for the year ended June 30, 2012 was \$6,024,125 for governmental funds and \$122,506 for proprietary funds.

• **Medical Insurance Plan**

Plan Description — In addition to the pension benefits described above, Kentucky Revised Statute 161.675 requires KTRS to provide post-retirement healthcare benefits to eligible members and dependents. The KTRS medical insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS medical insurance fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan 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 KTRS Medicare Eligible Health Plan.

Funding Policy — In order to fund the post-employment healthcare benefit, active member contributions are matched by the state at .75% of members' gross salaries. Those who became members before July 1, 2008 contribute 1.25% of salary to the plan. Member contributions are 1.75% of salary for those who became members after July 1, 2008. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. Additionally, under the Shared Responsibility Plan, the local school district employers pay 0.5% of members' salary for the 2011–2012 fiscal year.

Note 6: Pension Plans *(Continued)*

• ***Deferred Compensation***

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 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. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows 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 7: 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 8: Insurance and Related Activities

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. 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.

Note 9: Risk Management

The District is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District purchases commercial 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 10: Litigation

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

Note 11: Excess Expenditures Over Appropriations

The District has no funds with a deficit fund balance. However, the following funds had excess current year expenditures over current year appropriated revenues:

Fund	Amount
General	\$ 854,227
Special Revenue	17,562
Food Service	120,074
Construction	35,411
Debt Service	13,817
Sick Leave Trust	76,688

Bowling Green Independent School District
Notes to Financial Statements (Continued)

Note 12: Fund Transfers

Fund transfers for the year ended June 30, 2012 consist of the following:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special Revenue	Matching	\$ 70,590
Operating	General	Special Revenue	Expenditures	1,100
Operating	General	Debt Service	Debt Service	209,651
Operating	FSPK	Debt Service	Debt Service	2,139,307
Operating	SEEK	Construction	Construction	103,392
Operating	Sick Leave Trust	General	Sick Leave	150,000

Required Supplementary Information

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

Year Ended June 30, 2012	Budgeted Amounts		Actual (Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues				
Local and intermediate sources	\$ 10,318,222	\$ 10,318,222	\$ 10,445,109	\$ 126,887
State programs	15,296,243	15,296,243	15,396,203	99,960
Federal programs	25,000	25,000	55,067	30,067
Total revenues	25,639,465	25,639,465	25,896,379	256,914
Expenditures				
Current:				
Instruction	15,663,435	15,663,435	15,509,563	153,872
Support services:				
Student	874,459	874,459	853,740	20,719
Instructional staff	1,317,080	1,317,080	1,266,754	50,326
District administration	729,145	729,145	785,570	(56,425)
School administration	1,346,078	1,346,078	1,341,783	4,295
Business	650,215	650,215	718,790	(68,575)
Plant operations and maintenance	4,971,088	4,971,088	4,708,949	262,139
Student transportation	1,449,528	1,449,528	1,432,443	17,085
Other	1,996,564	1,996,564	1,673	1,994,891
Total expenditures	28,997,592	28,997,592	26,619,265	2,378,327

Excess (Deficiency) of Revenues over Expenditures	(3,358,127)	(3,358,127)	(722,886)	2,635,241
Other Financing Sources (Uses)				
Operating transfers – net	(259,795)	(259,795)	(131,341)	128,454
Total other financing sources (uses)	(259,795)	(259,795)	(131,341)	128,454
Net Change in Fund Balance	(3,617,922)	(3,617,922)	(854,227)	2,763,695
Fund Balance – Beginning of Year	3,617,922	3,617,922	3,614,321	(3,601)
Fund Balance – End of Year	\$ -	\$ -	\$ 2,760,094	\$ 2,760,094

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Inflows/revenues:	
Actual amounts (budgetary basis)	\$ 25,896,379
Differences — budget to GAAP:	
On-behalf payments recorded under GAAP basis not included in budgeted amounts	6,024,125
Total Revenues as Reported on Statement of Revenues, Expenditures and Changes in Fund Balances — Governmental Funds	\$ 31,920,504
Outflows/expenditures:	
Actual amounts (budgetary basis)	\$ 26,619,265
Differences — budget to GAAP:	
On-behalf payments recorded under GAAP basis not included in budgeted amounts	6,024,125
Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances — Governmental Funds	\$ 32,643,390

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

Year Ended June 30, 2012	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues				
Local and intermediate sources	\$ -	\$ -	\$ 724	\$ 724
State programs	1,286,293	1,286,293	1,556,289	269,996
Federal programs	3,165,570	3,165,570	3,190,250	24,680
Total revenues	4,451,863	4,451,863	4,747,263	295,400
Expenditures				
Current:				
Instruction	3,808,256	3,808,256	4,068,881	(260,625)
Support services:				
Student	34,392	34,392	27,568	6,824
Instructional staff	262,741	262,741	333,643	(70,902)
Student transportation	30,921	30,921	32,008	(1,087)
Other	362,907	362,907	374,415	(11,508)
Total expenditures	4,499,217	4,499,217	4,836,515	(337,298)
Excess (Deficiency) of Revenues over Expenditures	(47,354)	(47,354)	(89,252)	(41,898)

Other Financing Sources (Uses)				
Operating transfers – net	47,354	47,354	71,690	24,336
Total other financing sources (uses)	47,354	47,354	71,690	24,336
Net Change in Fund Balance	-	-	(17,562)	(17,562)
Fund Balance – Beginning of Year	-	-	232,129	232,129
Fund Balance – End of Year	\$ -	\$ -	\$ 214,567	\$ 214,567

Supplementary Information

Bowling Green Independent School District
Combining Balance Sheet
Non-Major Governmental Funds

June 30, 2012	Construction Fund	Debt Service Fund	Total Other Governmental Funds
Assets			
Cash	\$ 43,716	\$ 131,316	\$ 175,032
Total Assets	\$ 43,716	\$ 131,316	\$ 175,032
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 43,716	\$ -	\$ 43,716
Total liabilities	43,716	-	43,716
Fund balances			
Restricted	-	131,316	131,316
Total fund balances	-	131,316	131,316
Total Liabilities and Fund Balances	\$ 43,716	\$ 131,316	\$ 175,032

Bowling Green Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds

Year Ended June 30, 2012	Construction Fund	Debt Service Fund	Total Other Governmental Funds
Revenues			
From local sources:			
Earnings on investments	\$ 73	\$ -	\$ 73
Intergovernmental — state	-	334,515	334,515
Total revenues	73	334,515	334,588
Expenditures			
Debt service:			
Principal	-	1,669,000	1,669,000
Interest	-	1,030,064	1,030,064
Facilities acquisition and construction	138,876	-	138,876
Bond issuance costs	-	17,239	17,239
Total expenditures	138,876	2,716,303	2,855,179
Excess (Deficiency) of Revenues over Expenditures	(138,803)	(2,381,788)	(2,520,591)
Other Financing Sources (Uses)			
Proceeds of advance refunding bonds – net of discount	-	1,711,584	1,711,584
Payment to advance refunded bond escrow agent	-	(1,692,571)	(1,692,571)
Operating transfers in	103,392	2,348,958	2,452,350
Total other financing sources (uses)	103,392	2,367,971	2,471,363
Net Change in Fund Balances	(35,411)	(13,817)	(49,228)
Fund Balances – Beginning of Year	35,411	145,133	180,544
Fund Balances – End of Year	\$ -	\$ 131,316	\$ 131,316

Bowling Green Independent School District
Combining Statement of Assets and Liabilities
All School Activity Funds
All Agency Funds

June 30, 2012	Cash July 1, 2011	Receipts	Disbursements	Cash June 30, 2012	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2012
Bowling Green High School	\$ 156,853	\$ 635,928	\$ 616,957	\$ 175,824	\$ 36,623	\$ 7,159	\$ 205,288
Bowling Green Junior High School	48,875	139,884	143,970	44,789	-	-	44,789
Parker–Bennett–Curry Elementary School	4,616	22,824	20,244	7,196	-	-	7,196
T. C. Cherry Elementary School	18,861	21,129	19,075	20,915	-	504	20,411
Potter Gray Elementary School	29,754	84,398	80,351	33,801	997	-	34,798
Dishman–McGinnis Elementary School	11,822	12,940	12,292	12,470	-	-	12,470
W. R. McNeill Elementary School	12,536	67,983	68,878	11,641	1,675	-	13,316
Total	\$ 283,317	\$ 985,086	\$ 961,767	\$ 306,636	\$ 39,295	\$ 7,663	\$ 338,268

Bowling Green Independent School District
Statement of Assets and Liabilities
School Activity Funds
Bowling Green High School

June 30, 2012	Cash July 1, 2011	Receipts	Disbursements	Cash June 30, 2012	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2012
General Fund	\$ 1,274	\$ 6,103	\$ 4,635	\$ 2,742	\$ -	\$ 556	\$ 2,186
Alumni Association	579	1,455	1,959	75	-	75	-
International Coffee	23	-	-	23	-	-	23
McGinnis Fund	119	-	-	119	-	-	119
Reimbursables	(8,994)	18,309	18,029	(8,714)	19,723	-	11,009
Textbook Rental	-	14,731	14,731	-	-	-	-
Textbook Replacement	-	777	424	353	-	-	353
Youth Services Center	2,748	8,566	4,512	6,802	-	-	6,802
Hospitality Fund	(373)	1,628	755	500	-	-	500
Student Fund	4,793	6,148	6,533	4,408	-	4,326	82
African-American History	284	-	9	275	-	-	275
Arabic Club	41	-	-	41	-	-	41
Beta Club	1,035	2,060	1,479	1,616	-	-	1,616
BG Pride	576	-	-	576	-	-	576
CEC	173	-	-	173	-	-	173
Deca Club	(304)	7,782	6,695	783	-	-	783
Disc Golf Club	306	145	-	451	-	-	451
Speech Drama Club	159	-	-	159	-	-	159
Environmental Club	332	-	-	332	-	-	332
ESL/Culture Club	(17)	17	-	-	-	-	-
FBLA	70	393	192	271	-	-	271
FCA	596	-	-	596	-	-	596
FCCLA	(10,401)	32,322	17,364	4,557	-	-	4,557

FCCLA/Regional	519	4,439	4,958	-	-	-	-
French Club	397	60	201	256	-	-	256
FEA	237	40	228	49	-	-	49
GAPP	27	2,360	2,300	87	-	-	87
German Club	880	545	208	1,217	-	-	1,217
HI-Y Club	173	7,600	7,740	33	-	-	33
HOSA	135	1,265	826	574	-	-	574
Jr. Beta Club	170	-	-	170	-	-	170
Junior Class	1,669	7,240	4,732	4,177	-	-	4,177
JV Academic Team	(108)	108	-	-	-	-	-
Key Club	1	-	-	1	-	-	1
Literary Club	226	252	478	-	-	-	-
Mountain Bike Club	100	48	128	20	-	-	20
National Honor Society	1,294	522	217	1,599	-	-	1,599
One Stop School	34	-	-	34	-	-	34
Quiz Bowl Club	3	-	-	3	-	-	3
Spanish Club	325	239	287	277	-	-	277
Student Government	1,694	4,649	5,056	1,287	-	-	1,287
STLP	94	599	578	115	-	-	115
Vica Club	1,125	-	194	931	-	-	931
Young African Americans	319	-	-	319	-	-	319
Young Democrats	62	-	-	62	-	-	62
Young Republicans	69	-	-	69	-	-	69
Purple Coffeehouse	100	637	352	385	-	-	385
Hacky Sack	57	323	-	380	-	-	380
Rock the Boat	12	-	-	12	-	-	12
AP World History	125	210	254	81	-	-	81
Art Department	117	573	54	636	-	-	636
Auto Mechanics	(639)	111	446	(974)	-	-	(974)
Band	311	495	786	20	-	-	20
BGWC Honors Band	-	820	820	-	-	-	-
Business Department	325	-	-	325	-	-	325

Bowling Green Independent School District
Statement of Assets and Liabilities (Continued)
School Activity Funds
Bowling Green High School

June 30, 2012	Cash July 1, 2011	Receipts	Disbursements	Cash June 30, 2012	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2012
Carpentry	1,706	804	2,820	(310)	1,000	-	690
Choir	(5,081)	3,281	2,372	(4,172)	6,000	-	1,828
DC Trip	27,173	60,362	72,871	14,664	-	-	14,664
Multimedia	678	250	200	728	-	-	728
English Department	(59)	4,061	3,391	611	-	-	611
Math Department	1,180	-	304	876	-	-	876
Engraving	176	196	82	290	-	-	290
ESL	449	-	236	213	-	-	213
Fashion Design	2	-	-	2	-	-	2
Foods Fund	1	-	-	1	-	-	1
FMD Fund	165	151	113	203	-	-	203
World Language Show	-	525	525	-	-	-	-
36	36	-	-	36	-	-	36
Greenhouse	754	-	170	584	-	-	584
Newspaper Project	900	-	-	900	-	-	900
PSAT Preparation	754	1,920	1,750	924	-	-	924
Purple GEM	(1,464)	2,696	1,654	(422)	-	-	(422)
Renaissance	241	4,324	4,284	281	-	-	281
ROTC	3,050	2,004	4,581	473	-	-	473
Science Department	(110)	547	158	279	-	-	279
Social Studies Department	869	-	-	869	-	-	869
AP US History	454	2,599	925	2,128	-	-	2,128
Advanced Placement	(6,738)	16,146	13,990	(4,582)	-	-	(4,582)
Annual	47,244	24,460	31,032	40,672	-	-	40,672

Guidance Department	1,909	3,101	690	4,320	-	-	4,320
HBCU Tour	6,153	7,421	10,946	2,628	-	-	2,628
Library Club	162	1,585	1,718	29	-	-	29
AP Testing	6,767	45,506	39,765	12,508	-	-	12,508
Athletics General	968	34,271	24,617	10,622	9,900	2,202	18,320
Bowling	-	2,562	2,562	-	-	-	-
Baseball	-	20,210	20,210	-	-	-	-
Boys Basketball	-	28,857	28,857	-	-	-	-
Girls Basketball	-	13,505	13,505	-	-	-	-
Cross Country	-	2,055	2,055	-	-	-	-
Football	-	103,134	103,134	-	-	-	-
Boys Golf	-	2,572	2,572	-	-	-	-
Girls Golf	-	1,359	1,359	-	-	-	-
Boys Soccer	-	16,018	16,018	-	-	-	-
Girls Soccer	-	11,739	11,739	-	-	-	-
Softball	-	15,755	15,755	-	-	-	-
Swimming	-	15,265	15,265	-	-	-	-
Tennis	-	2,870	2,870	-	-	-	-
Track	-	8,027	8,027	-	-	-	-
Volleyball	-	4,851	4,851	-	-	-	-
PTO Fund	2,544	693	1,379	1,858	-	-	1,858
Strike Force	-	1,900	1,766	134	-	-	134
Girls Basketball Tournament	44	539	1,098	(515)	-	-	(515)
WBGIT	-	686	686	-	-	-	-
BGIT	1,354	9,275	6,987	3,642	-	-	3,642
Boys Basketball Tournament	3,247	21,700	23,751	1,196	-	-	1,196
Co-Ed Cheerleading	-	423	423	-	-	-	-
Dance Team	538	-	-	538	-	-	538
Orchestra	(895)	300	2,484	(3,079)	-	-	(3,079)
Alive Grant	138	-	-	138	-	-	138
Bill Hoagland Schools	410	-	-	410	-	-	410
Florence Jean Memo	1,000	-	-	1,000	-	-	1,000

Bowling Green Independent School District
Statement of Assets and Liabilities (Continued)
School Activity Funds
Bowling Green High School

June 30, 2012	Cash July 1, 2011	Receipts	Disbursements	Cash June 30, 2012	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2012
Jon Clark Scholarship	2,930	500	2,000	1,430	-	-	1,430
Cecil Karrick Scholarship	2,930	-	250	2,680	-	-	2,680
CD Athletic Fund	15,390	381	-	15,771	-	-	15,771
CD Jon Clark Scholarship	36,012	971	-	36,983	-	-	36,983
Total	\$ 156,853	\$ 635,928	\$ 616,957	\$ 175,824	\$ 36,623	\$ 7,159	\$ 205,288

Bowling Green Independent School District Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-Through State Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	7760005 11	\$ 439,839
National School Summer Meals Program	10.559	7740023 11	79,667
National School Lunch Program	10.555	7750002 11	946,787
Subtotal			1,466,293
Fresh Fruit and Vegetable Program	10.582	7720012 11	41,418
Passed-Through State Department of Agriculture:			
Food Distribution Program – non-cash	10.555	057502	127,867
Total U.S. Department of Agriculture			1,635,578
U.S. Department of Defense			
Junior ROTC Program	12.000	–	60,939
Total U.S. Department of Defense			60,939
U.S. Department of Education			
Passed-Through State Department of Education:			
Title I – Part A Cluster			
Title I – 2012	84.010	3100002 11	1,417,522
Title I – 2011	84.010	3100002 10	44,924
Title I – 2012 Neglected Delinquent Children	84.010	3100102 11	150,711
Title I – 2011 Neglected Delinquent Children	84.010	3100102 10	9,073
ARRA – Title I Part A – 2009	84.389	4100002 09	39,338
ARRA – Title I Part D – 2009	84.389	4100102 09	1,063
Title I School Improvement Funds – 2011	84.010	3100202 10	2,261
Title I School Improvement Funds – 2012	84.010	3100202 11	91,219
Subtotal			1,756,111
ARRA – School Improvement Funds	84.388A	4100302 09	41,596
Even Start 2011	84.213	3160002 10	78,433
Special Education Cluster			
Special Education – 2011	84.027	3810002 10	6,188
Special Education – 2012	84.027	3810002 11	756,150
Special Education – Preschool – 2012	84.173	3800002 11	45,416
Subtotal			807,754

Year Ended June 30, 2012

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
English Language Acquisition Grants – 2011	84.365	3300001 10	1,516
English Language Acquisition Grants – 2012	84.365	3300002 11	108,122
Subtotal			109,638
Vocational Education – 2010	84.048	4621032 09	1,743
Vocational Education – 2011	84.048	4621132 10	15,105
Vocational Education – 2012	84.048	4621232 11	40,459
Subtotal			57,307
Educational Technology State Grant Cluster			
Education Technology – 2010	84.318	3210002 09	11,826
Education Technology – 2011	84.318	3210002 10	340
ARRA – Education Technology – 2009	84.386	4210002 09	14,791
Subtotal			26,957
Educational Jobs	84.410	EJOB00 10	12,668
Improving Teacher Quality – 2012	84.367	3230002 11	216,697
Total U.S. Department of Education			3,107,161
U.S. Department of Health and Human Services			
Passed-Through State Department of Education:			
Refugee Children	93.576	4202	21,000
Total U.S. Department of Health and Human Services			21,000
U.S. Department of the Corporation For National and Community Service			
Passed-Through State Department of Education:			
Learn & Serve America – School & Community Based Program	94.004	1000001 09	1,150
Total U.S. Department of the Corporation for National and Community Service			1,150
Total Expenditures of Federal Awards			\$ 4,825,828

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, 2012. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. 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 assets or cash flows of the District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Non-monetary assistance is reported in the schedule of fair value of the goods received.

Note 3: Subrecipients

There were no subrecipients during the fiscal year.

Bowling Green Independent School District
Summary Schedule of Prior Year Audit Findings

None.



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**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 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 as of and for the year ended June 30, 2012, which collectively comprise Bowling Green Independent School District's basic financial statements and have issued our report thereon dated November 2, 2012. 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 Appendix I of the *Independent Auditors' Contract—General Audit Requirements*, Appendix II of the *Independent Auditors' Contract—State Audit Requirements*, Appendix III of the *Independent Auditors' Contract—Audit Extension Request* and Appendix IV of the *Independent Auditors' Contract—Instructions for Submission of the Audit Report*.

• Internal Control over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

- **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. 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 Appendix II of the *Independent Auditors' Contract – State Audit Requirements*.

We noted certain matters that we reported to management of the District in a separate letter dated November 2, 2012.

This report is intended solely for the information and use of the members of the Bowling Green Independent Board of Education, Kentucky State Committee for School District Audits, management, federal awarding agencies and pass-through entities 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
November 2, 2012



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Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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

● Compliance

We have audited Bowling Green Independent School District's (the "District") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 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, 2012. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the audit requirements prescribed by the Kentucky State Committee for School District Audits in Appendix I of the *Independent Auditors' Contract—General Audit Requirements*, Appendix II of the *Independent Auditors' Contract—State Audit Requirements*, Appendix III of the *Independent Auditors' Contract—Audit Extension Request* and Appendix IV of the *Independent Auditors' Contract—Instructions for Submission of the Audit*

Report. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

- **Internal Control over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies,

significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the Bowling Green Independent Board of Education, Kentucky State Committee for School District Audits, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Section I — Summary of Auditors' Results

■ **Financial Statements**

Type of auditors' report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Noncompliance material to financial statements noted? Yes No

■ **Federal Awards**

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

**Bowling Green Independent School District
Schedule of Findings and Questioned Costs (Continued)**

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010 / 84.389	Title I, Part A Cluster
84.367	Improving Teacher Quality

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Section II — Financial Statement Findings

None reported.

Section III — Federal Award Findings and Questioned Costs

None reported.



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Management Letter

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, 2012, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum accompanying this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated November 2, 2012 contains our report on the District's internal control. This letter does not affect our report dated November 2, 2012 on the financial statements of the District.

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

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

Carr, Riggs & Ingram, LLC
Bowling Green, Kentucky
November 2, 2012

Prior Year Comments Not Corrected

• Bowling Green High

- In our procedures, we noted several activity funds with deficit balances at year end. Appropriate transfers should be made to cover deficit balances.
- During our review of ticket sales, we noted that receipts from ticket sales are not deposited in a timely manner. We recommend that all receipts collected from ticket sales from school events be deposited at least the day following the event when it is after school hours. Undeposited receipts should be secure until a deposit is made.
- During our testing of disbursements, we were unable to locate documentation on one out of 34 disbursements. We recommend all documentation be obtained to support the transactions.
- During our procedures, we noted that the school uses an activity fund account to make purchases to be paid with Board funds and then requests reimbursement from the central office. We recommend use of this account be limited to emergencies only when it is not feasible to submit a purchase order to the central office for payment.

• Dishman–McGinnis

- During our procedures on disbursements, we noted that purchase orders were not being completed prior to a purchase. The purchase orders are being printed from the computer software upon payment of the invoice. We recommend prior to a purchase being made, a purchase requisition be completed and signed by the sponsor and the purchase order should be signed by the principal thereby noting approval.

• Central Office

- During our procedures over the bidding process, we noted several instances of vendors that were determined by the District to not be required to bid per KRS 45A.380 *Noncompetitive Negotiation* that did not contain adequate documentation. Written documentation should consist of the applicable circumstance selected within the law. We recommend the proper documentation be maintained when it is determined that competition is not feasible.

Current Year Comments

• T. C. Cherry

- During our procedures on disbursements, we noted that purchase orders are not used on a consistent basis. We recommend purchase orders be utilized for every purchase in order to document proper approval of the purchase.

• W. R. McNeill

- During our procedures on receipts, we noted that receipts are not being deposited on a daily basis on a consistent basis. We recommend all money received in excess of \$100 be deposited on a daily basis.
- In our procedures, we noted several activity funds with deficit balances at year end. Appropriate transfers should be made to cover deficit balances.

• Parker–Bennett–Curry

- During our procedures, we noted that the certificate of deposit was cashed, but not removed from the accounting records, but rather shown as a receipt in the current year. This caused the Annual Financial Report to be overstated by the amount previously recorded for the CD. We recommend the accounting records be properly adjusted to correct the error.
- During our procedures on disbursements, we noted that purchase orders are not used on a consistent basis. We recommend purchase orders are used for every purchase in order to document proper approval of the purchase.
- During our procedures over disbursements, we noted disbursements were made without an invoice. We recommend all disbursements have a corresponding invoice noting items purchased and received to ensure these items were properly approved with a purchase order and are for the benefit of the school.

• Bowling Green Junior High

- During our review of the annual financial report and bank reconciliation, we noted several old outstanding checks. We recommend the outstanding check list be reviewed and any checks that have been outstanding for a significant period be properly voided and reissued if necessary.

Bowling Green Independent School District Comments and Recommendations (Continued)

- During our procedures on receipts, we noted that two individuals are not counting money and initialing the deposit tickets on a consistent basis. We recommend all deposits are counted by two individuals and those individuals initial the deposit tickets.
- During our procedures on ticket sales, we noted that the duties of ticket seller and ticket taker are not segregated. We recommend that the ticket seller and ticket taker be two separate people.

• **Bowling Green High**

- During our procedures, we noted that the central fund treasurer receives the bank statement directly through an online download. We recommend the principal receive the bank statement and review it prior to the treasurer receiving and reconciling it.
- During our procedures, we noted the bank statement does not include copies of the checks that have cleared the bank. We recommend that arrangements be made with the bank to receive images of all checks that have cleared with each bank statement so that they may be reviewed for proprietary purposes.
- During our procedures, we noted a disbursement to the credit card company that lacked proper documentation. The statement was not retained, there were purchase orders not signed for approval and the attached store receipts did not total the amount remitted. We recommend all purchases made with the credit card be approved prior to the purchase, store receipts be retained and agreed to the credit card statement prior to payment.
- During our procedures on disbursements, we noted that the receipt of merchandise was not documented on a consistent basis. We recommend documentation of the receipt of merchandise be noted on each purchase of goods.
- During our review of ticket sales, we noted that ticket sales reports were pre-signed by the athletic director and copies were used. We recommend that all ticket sales reports be properly completed and signed by all appropriate individuals.

Bowling Green Independent School District Comments and Recommendations (Continued)

- **Central Office**

- During our review of internal controls, we noted several invoices that did not have documentation of proper approval. We recommend all invoices and supporting documentation is approved by authorized personnel.
- During our review of journal entries, we noted not all entries were approved on a consistent basis. We recommend all journal entries be approved by authorized personnel.

- **Food Service**

- In our procedures for inventory, we noted the pricing of inventory items did not agree to supporting vendor invoices. We recommend the individual inventory prices on the inventory sheets be reviewed and updated monthly to ensure accurate inventory prices are used in valuing inventory.

Bowling Green Independent Schools

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Director of Transportation/Business Manager, **MIKE MCCLOUD**
Director of Personnel, **KEN MAY**

Management's Response to Comments and Recommendations

PRIOR YEAR COMMENTS

- ◆ Management's Response to Prior Year Comments & Recommendations not corrected at Bowling Green High School
 - Management concurs and will stress to the principal and bookkeeper that appropriate transfers should be made to cover deficit balance activity funds.
 - Management concurs and will stress to the principal and bookkeeper/athletic director that receipts from ticket sales from school events should be secured overnight and deposited the next business day.
 - Management concurs and will stress to the principal and bookkeeper that proper documentation be maintained for all disbursements and receipts.
 - Management concurs and will stress to the principal and bookkeeper that purchases to be made from SBDM/Board should not be first paid by activity funds then reimbursement requested from central office.
- ◆ Management's Response to Prior Year Comments & Recommendations not corrected at Dishman-McGinnis Elementary
 - Management concurs and will stress to the principal and secretary that a purchase requisition be completed and signed by sponsor and the purchase order should be signed by principal prior to purchase.
- ◆ Management's Response to Prior Year Comments & Recommendations not corrected at Central Office
 - Management concurs and will stress that proper documentation be maintained for the determination that competition is not feasible for bidding.

CURRENT YEAR COMMENTS

- ◆ Management's Response to T.C. Cherry Elementary Comments & Recommendations
 - Management concurs and will stress to the principal and secretary that purchase orders should be utilized to document proper approval of every purchase.
- ◆ Management's Response to W.R. McNeill Elementary Comments & Recommendations
 - Management concurs and will stress to the principal and secretary that receipts in excess of \$100 be consistently deposited on a daily basis.
 - Management concurs and will stress to the principal and secretary that appropriate transfers should be made to cover deficit balance activity funds.
- ◆ Management's Response to Parker-Bennett-Curry Elementary Comments & Recommendations
 - Management concurs and will stress to the principal and secretary that accounting records be properly adjusted to correct for certificate of deposit activity.
 - Management concurs and will stress to the principal and secretary that purchase orders should be utilized to document proper approval of every purchase.
 - Management concurs and will stress to the principal and secretary that all disbursements have a corresponding invoice to ensure items are for the benefit of the school.
- ◆ Management's Response to Bowling Green Jr. High Comments & Recommendations
 - Management concurs and will stress to the principal and bookkeeper that an outstanding check list be reviewed and any checks outstanding for a significant period be voided and reissued when necessary.
 - Management concurs and will stress to the principal and bookkeeper all deposits should be counted by two individuals and each individual should initial the deposit ticket.
 - Management concurs and will stress to the principal and bookkeeper/athletic director that ticket sellers and ticket takers be two separate individuals.
- ◆ Management's Response to Bowling Green High School Comments & Recommendations
 - Management concurs and will stress to the principal and bookkeeper that the principal receive the bank statement mailed from the bank and sign it indicating the principal's review.
 - Management concurs and will stress to the principal and bookkeeper that the principal receive either a CD of cleared checks from the bank for his review or document his login to the bank's online banking website to review checks cleared during the month for proprietary purposes.

- Management concurs and will stress to the principal and bookkeeper that all credit card purchases have prior approval, store receipts attached and reconciled to credit card statement prior to payment.
- Management concurs and will stress to the principal and bookkeeper that documentation of receipt of goods/services be noted on each purchase order.
- Management concurs and will stress to the principal and bookkeeper/athletic directors that ticket sale reports should be properly completed and signed by appropriate individuals.
- ◆ Managements Response to Central Office Comments & Recommendations
 - Management concurs and will stress to the grants bookkeeper that all invoices and supporting documentation is approved by authorized personnel.
 - Management concurs and will stress that all journal entries be reviewed by appropriate personnel.
- ◆ Managements Response to Food Service Comments & Recommendations
 - Management concurs and will stress that inventory pricing sheet reflect current inventory prices in order to accurately value inventory.