

**MARION COUNTY
SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2024**

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November 6, 2024

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Marion County School District
Lebanon, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Marion County School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Marion County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statement

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the district's proportionate share of net pension liabilities, and the schedules of the district's proportionate share of net other post-employment benefits on pages 4 through 11, 58 through 61, and 64 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024 on our consideration of Marion County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marion County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marion County School District's internal control over financial reporting and compliance.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

**MARION COUNTY PUBLIC SCHOOL DISTRICT – LEBANON, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

Management’s discussion and analysis of the Marion County School District (District) offers readers of the District’s financial statements a narrative overview and analysis of the financial activities of the District for the fiscal year ending June 30, 2024. We encourage readers to review the information presented here in conjunction with additional information found within the body of these financial statements.

FINANCIAL HIGHLIGHTS

- The General Fund had \$34.42 million in revenues and other financing sources, which primarily consisted of funding through the State’s Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property taxes, motor vehicle, and utilities taxes. This compares to \$38.12 million in General Fund revenues and other financing sources for the prior year.
- Total local taxes collected were \$14,303,838 including property, vehicles, and utility taxes. Penalties and interest, omitted property taxes, and revenue in lieu of taxes are also included in this amount. \$2,039,923 the total local taxes collected was for the building fund (5 Cent Levy and Recallable Nickel Levy) required for participation in the School Facilities Construction Commission (SFCC). SFCC funds must be used for projects identified in the District’s Facility Plan.
- The District levied tax rates of 57.7 cents (real estate), 57.7 cents (tangible property), and 52.6 cents (motor vehicles) per \$100 of assessed value, and continued the 3% utility tax.
- General Fund expenditures including other financing uses totaled \$33.37 million, compared to \$33.99 million in the prior year.

FACILITIES AND CONSTRUCTION HIGHLIGHTS

- State law requires districts to update a priority list of construction and renovation needs, called a Local Facilities Plan, every four years. The document guides the allocation of School Facilities Construction Commission dollars. The district updated its facilities plan during fiscal year 2021. The plan indicated nearly \$37 million dollars in needs.

OVERVIEW OF FINANCIAL STATEMENTS

This overview is intended to serve as an introduction to the District’s basic financial statements, which are comprised of three components:

District-wide financial statements. The district-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The district-wide financial statements can be found on pages 12 - 13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This 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 trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary fund is our food service operation. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 14 - 22 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 23 - 57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$20.57 million as of June 30, 2024.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress); less any related debt used to acquire those assets that are still outstanding. 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.

The District-wide Governmental Net Position comparison is as follows:

Statement of Net Position

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>FY23</u>	<u>FY24</u>	<u>FY23</u>	<u>FY24</u>	<u>FY23</u>	<u>FY24</u>
Current Assets	\$ 38,331,262	29,286,542	1,220,968	923,422	39,552,230	30,209,964
Non-Current Assets	43,918,193	58,693,389	708,353	849,634	44,626,546	59,543,023
Total Assets	82,249,455	87,979,931	1,929,321	1,773,056	84,178,776	89,752,987
Deferred Outflows	8,467,940	5,924,319	1,077,224	868,113	9,545,164	6,792,432
Total Assets and Deferred Outflows	90,717,395	93,904,250	3,006,545	2,641,169	93,723,940	96,545,419
Current Liabilities	3,091,476	3,364,039	6,362	903	3,097,838	3,364,942
Non-Current Liabilities	67,129,818	62,508,456	2,607,126	1,693,689	69,736,944	64,202,145
Total Liabilities	70,221,294	65,872,495	2,613,488	1,694,592	72,834,782	67,567,087
Deferred Inflows	5,312,697	7,167,534	672,410	1,238,726	5,985,107	8,406,260
Total Liabilities and Deferred Inflows	75,533,991	73,049,029	3,285,898	2,933,318	78,819,889	75,973,347
Net Position:						
Invested in capital (net of debt)	20,468,424	8,235,136	708,353	849,634	21,176,777	9,084,770
Restricted	2,150,793	17,300,737	(987,706)	(1,141,783)	1,163,087	16,158,954
Unrestricted	(7,435,813)	(4,671,652)			(7,435,813)	(4,671,652)
Total Net Position	\$15,183,404	20,864,221	(279,353)	(292,149)	14,904,051	20,572,072

Statement of Activities

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>FY23</u>	<u>FY24</u>	<u>FY23</u>	<u>FY24</u>	<u>FY23</u>	<u>FY24</u>
Revenues						
<u>Program Revenues:</u>						
Charges for Services	26,688	144,766	162,047	174,351	188,735	319,117
Operating Grants and Contributions	6,848,463	7,595,857	3,290,817	3,458,881	10,139,280	11,054,738
Capital Grants and Contributions	3,133,073	1,025,319			3,133,073	1,025,319
<u>General Revenue:</u>						
Property Taxes	8,338,491	8,777,799			8,338,491	8,777,799
Motor Vehicle Taxes	995,081	1,122,137			995,081	1,122,137
Distilled Spirits	1,924,243	1,973,410			1,924,243	1,973,410
Utility Taxes	2,208,332	2,140,690			2,208,332	2,140,690
Other Taxes	257,101	289,802			257,101	289,802
State Aid - Formula Grants	24,775,607	21,858,660			24,775,607	21,858,660
Investment Earnings	128,347	1,630,008	9,645	38,330	137,992	1,668,338
Miscellaneous Revenues	896,992	578,151			896,992	578,151
Fund Transfer	126,982	144,557	(126,982)	(144,557)	0	0
Loss Compensation	210,157	492,404			210,157	492,404
Gain (Loss) on Sale of Capital Assets	18,932	35,467			18,932	35,467
Total Revenues	49,888,489	47,809,027	3,335,527	3,527,005	53,224,016	51,336,032
Expenses						
Instructional	29,741,741	27,259,275			29,741,741	27,259,275
Student Support Services	1,267,449	1,294,158			1,267,449	1,294,158
Staff Support Services	1,649,073	1,526,533			1,649,073	1,526,533
District Administration	1,220,763	1,122,238			1,220,763	1,122,238
School Administration	2,383,363	1,933,973			2,383,363	1,933,973
Business Support Services	1,374,349	1,119,283			1,374,349	1,119,283
Plant Operation & Maintenance	2,920,137	3,378,541			2,920,137	3,378,541
Student Transportation	2,362,938	2,388,796			2,362,938	2,388,796
Food Service			3,439,928	3,539,801	3,439,928	3,539,801
Community Service Operations	370,665	356,313			370,665	356,313
Adult Education Operations	(397)	0			(397)	0
Facilities Acquisition & Construction	255,341	36,728			255,341	36,728
Interest on Long-Term Debt	874,462	1,712,372			874,462	1,712,372
Total Expenses	44,419,884	42,128,210	3,439,928	3,539,801	47,859,812	45,668,011
Change in Net Position	5,468,605	5,680,817	(104,401)	(12,796)	5,364,204	5,668,021
Net Position, July 1	9,714,799	15,183,404	(174,952)	(279,353)	9,539,847	14,904,051

\$ 15,183,404	20,864,221	(279,353)	(292,149)	14,904,051	20,572,072
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On-Behalf Payments,

The State of Kentucky makes on-behalf payments for school districts in areas of health and life insurance, retirement benefits, vocational education, and technology. The following table presents a summary of the on-behalf payments.

On-Behalf Distribution 2023-2024	
Health Insurance, Life, Admin,HRA/Dental/Vision	\$ 4,406,973
Kentucky Teachers Retirement	\$ 4,685,066
Technology	\$ 125,556
Debt Service	\$ <u>572,846</u>
Total On-Behalf Payments	\$ <u>9,790,441</u>

General Fund Revenue Table .

State Funding continues to be the major source of General Fund revenue, yet, local funding is a growing share.

Revenue	FY23	%	FY24	%
Property Tax	6,457,393	18.39	8,777,799	24.07
Motor Vehicle	995,081	2.83	1,122,137	3.08
Utility	2,208,332	6.29	2,140,690	5.87
Distilled Spirits	1,924,243	5.48	1,973,410	5.41
Other Tax	257,101	0.73	289,802	0.79
Interest Income	66,830	0.19	768,867	2.11
State SEEK	11,824,961	33.65	11,419,569	31.32
State On-Behalf	11,123,427	31.65	8,996,179	24.67
State – Other	10,000	0.03	0	0
Federal	201,246	0.57	196,579	0.54
Other Revenue	68,555	0.19	779,280	2.14
Totals	35,137,199	100.00	36,464,312	100.00

State sources (State SEEK, On-behalf and Other State revenue) decreased in value from \$22,948,388 for FY2023 to \$20,415,748 for FY2024. Local taxes (Property, Motor Vehicle, Utility and Other Local Tax) increased from \$11,842,150 or 33.72% to \$14,303,838 or 39.22% of total General Fund revenue over the same periods. Total General Fund revenue increased \$1,327,113 or about 3.64%. The majority of the increase is due to the increase in tax revenues.

General Fund Expenditure Table.

Again, for FY2024, approximately 76.1% of the general fund expenses were spent for salaries and fringe benefits (71.17+ 4.92% = 76.1%). This calculation is without the state on-behalf expenditure included. A breakdown of all general fund expenditures is found in the chart below.

Expense	FY23	% without On-behalf	% including On-behalf	FY24	% without On-behalf	% including On-behalf
Salaries	16,812,995	75.54	50.37	17,348,263	70.79	51.98
Benefits	1,782,003	8.01	5.34	1,767,370	7.21	5.30
On-Behalf	11,123,427	-	33.33	8,870,623	-	26.58
All Other	3,660,254	16.45	10.96	5,385,940	21.98	16.14
Totals	\$33,378,679	100.00	100.00	33,372,196	100.00	100.00

The “All Other” category includes all General Fund non-payroll and non-benefit costs. The On-Behalf category is the cost paid directly by the state, mostly for employee benefits including health insurance and the state teachers’ retirement contributions, but the term sometimes includes other state paid costs paid “on-behalf” of the school district such as technology support costs.

The total FY2024 costs decreased remained almost identical when on-behalf is included. However, when on-behalf is excluded, costs increased \$2.25 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District’s budget is based on accounting for certain transactions on the cash basis for receipts, expenditures, and encumbrances and is prepared according to Kentucky law. The Kentucky Department of Education requires a zero-based budget with any remaining fund balance to be shown as a contingency expense in the budgeting process.

The most significant budgeted fund is the General Fund. The General Fund had budgeted receipts of \$23,734,217 with actual results being \$34,424,569. Budgeted expenditures were \$32,734,217 compared to actual expenditures of \$33,372,196. The most significant variance between budget and actual was the District’s contingency account of \$6,154,802 which is required by law to be budgeted, but no actual expenses were incurred. The other significant variance is from the receipt of on-behalf. On-behalf revenues and expenditures are not budgeted for the District. For many years, the District has prepared its budget in a conservative manner. A sizable fund balance at the beginning of the year is important since the majority of the District’s tax revenue is not received until approximately five months into the fiscal year. The District’s fund balance is used to offset the delay in tax receipts for the year.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The table below shows capital assets net of depreciation for the governmental activities, business-type activities and total primary government for fiscal years ended June 30, 2024 and 2023.

	Governmental Activities (Net of Depreciation)		Business – Type Activities (Net of Depreciation)		Total Primary Government (Net of Depreciation)	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
Land	\$ 814,396	\$ 814,396	\$ -	\$ -	\$ 814,396	\$ 814,396
Construction in Progress	16,306,299	13,515,044			16,306,299	13,515,044
Buildings and Improvements	24,468,501	42,066,913			24,468,501	42,066,913
Technology	486,903	564,552			486,903	564,552
Vehicles	1,331,299	1,260,179			1,331,299	1,260,179
General Equipment	292,335	268,732	708,353	849,634	1,000,688	1,118,366
Right of Use – Copiers	67,157	34,922			67,157	34,922
Right of Use – SBITA	151,303	168,651			151,303	168,651
Total	43,918,193	58,693,389	\$708,353	\$ 849,634	44,626,546	\$ 59,543,023

The table below shows the changes in capital assets for fiscal years ended June 30, 2024 and 2023.

	Governmental Activities		Business – Type Activities		Total Primary Government	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
Beginning Balance	\$ 31,085,957	\$ 43,918,193	\$ 317,594	\$ 708,353	\$ 31,403,551	\$ 44,626,546
Additions	14,926,022	17,050,944	439,579	224,178	15,365,601	17,275,122
Retirements	(529)	387			(529)	387
Depreciation & Amortization	(2,093,257)	(2,276,135)	(48,820)	(82,897)	(2,142,077)	(2,359,032)
Ending Balance	\$ 43,918,193	\$ 58,693,389	\$ 708,353	\$ 849,634	\$ 44,626,546	\$ 59,543,023

Long-Term Debt

At year-end the District had \$50,264,625 in bonds outstanding. A total of \$1,985,017 of bond principal is due within one year.

Contacting the District's Financial Management

Questions regarding this report should be directed to Chris Brady, Superintendent, or to Scott Spalding, Finance Director, at (270) 692-3721 or by mail at 755 East Main Street, Lebanon, KY 40033.

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents - Note C	27,992,332	713,293	28,705,625
Accounts Receivable:			
Taxes - Current	383,277	0	383,277
Taxes - Delinquent	18,632	0	18,632
Accounts	11,087	6,608	17,695
Intergovernmental - Federal	853,028	181,219	1,034,247
Prepaid Expense	28,186	0	28,186
Inventories for Consumption	0	22,302	22,302
Total Current Assets	29,286,542	923,422	30,209,964
Noncurrent Assets - Note F & S			
Intangible Right of Use Asset - Copiers - Net of Amortization	34,922	0	34,922
Intangible Right of Use Asset - Software Agreements - Net of Amortization	168,651	0	168,651
Land	814,396	0	814,396
Buildings & Improvements	74,981,973	0	74,981,973
Furniture & Equipment	7,936,642	1,674,686	9,611,328
Construction in Progress	13,515,044	0	13,515,044
Less: Accumulated Depreciation	(38,758,239)	(825,052)	(39,583,291)
Total Noncurrent Assets	58,693,389	849,634	59,543,023
TOTAL ASSETS	87,979,931	1,773,056	89,752,987
Deferred Outflows Related to Pensions	2,435,738	610,532	3,046,270
Deferred Outflows Related to Other Post Employment Benefits	3,435,756	257,581	3,693,337
Deferred Outflows from Advanced Bond Refundings	52,825		52,825
TOTAL DEFERRED OUTFLOWS	5,924,319	868,113	6,792,432
TOTAL ASSETS AND DEFERRED OUTFLOWS	93,904,250	2,641,169	96,545,419
LIABILITIES:			
Current Liabilities:			
Accounts Payable	95,162	903	96,065
Accrued Salaries	85,781		85,781
Accrued Sick Leave - Note A	158,321		158,321
Advances from Grantors	542,784		542,784
Financing Lease Obligation	34,310		34,310
SBITA Liability	82,190		82,190
Bond Obligations - Note E	1,985,107		1,985,107
Accrued Interest Payable	380,384		380,384
Total Current Liabilities	3,364,039	903	3,364,942
Noncurrent Liabilities:			
Financing Lease Obligation	2,929		2,929
SBITA Liability	74,199		74,199
Bond Obligations - Note E	48,279,518		48,279,518
Net Pension Liability	7,603,423	1,937,540	9,540,963
Net Other Post Employment Benefits Liability	5,888,562	(243,851)	5,644,711
Accrued Sick Leave - Note A	659,825		659,825
Total Noncurrent Liabilities	62,508,456	1,693,689	64,202,145
TOTAL LIABILITIES	65,872,495	1,694,592	67,567,087
Deferred Inflows Related to Pensions	1,636,743	437,177	2,073,920
Deferred Inflows Related to Other Post Employment Benefits	5,530,791	801,549	6,332,340
TOTAL DEFERRED INFLOWS	7,167,534	1,238,726	8,406,260
TOTAL LIABILITIES AND DEFERRED INFLOWS	73,040,029	2,933,318	75,973,347
NET POSITION:			
Net Investment in Capital Assets	8,235,136	849,634	9,084,770
Restricted for:			
Capital Projects	16,896,058		16,896,058
Student Activities	267,713		267,713
School Activities	135,453		135,453
Debt Service	1,513		1,513
Food Service		(1,141,783)	(1,141,783)
Unrestricted	(4,671,652)		(4,671,652)
TOTAL NET POSITION	20,864,221	(292,149)	20,572,072
TOTAL LIABILITIES AND NET POSITION	93,904,250	2,641,169	96,545,419

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

FUNCTION/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instructional	27,259,275	137,537	6,913,978	159,825	(20,047,935)		(20,047,935)
Support Services:							
Student Support Services	1,294,158		241,987		(1,052,171)		(1,052,171)
Staff Support Services	1,526,533		78,079		(1,448,454)		(1,448,454)
District Administration	1,122,238				(1,122,238)		(1,122,238)
School Administration	1,933,973	270			(1,933,703)		(1,933,703)
Business Support Services	1,119,283				(1,119,283)		(1,119,283)
Plant Operation & Maintenance	3,378,541	6,959			(3,371,582)		(3,371,582)
Student Transportation	2,388,796		20,260		(2,368,536)		(2,368,536)
Community Service Operations	356,313		341,553		(14,760)		(14,760)
Facilities Acquisition and Construction	36,728			588,374	551,646		551,646
Interest on Long-Term Debt	1,712,372			277,120	(1,435,252)		(1,435,252)
TOTAL GOVERNMENTAL ACTIVITIES	42,128,210	144,766	7,595,857	1,025,319	(33,362,268)		(33,362,268)
BUSINESS-TYPE ACTIVITIES:							
Food Service	3,539,801	174,351	3,458,881			93,431	93,431
TOTAL BUSINESS-TYPE ACTIVITIES	3,539,801	174,351	3,458,881	0	0	93,431	93,431
TOTAL SCHOOL DISTRICT	45,668,011	319,117	11,054,738	1,025,319	(33,362,268)	93,431	(33,268,837)
GENERAL REVENUES:							
Taxes:							
Property					8,777,799		8,777,799
Motor Vehicle					1,122,137		1,122,137
Distilled Spirits					1,973,410		1,973,410
Utility					2,140,690		2,140,690
Other					289,802		289,802
State Aid - Formula Grants					21,858,660		21,858,660
Investment Earnings					1,630,008	38,330	1,668,338
Miscellaneous					578,151		578,151
Fund Transfer (Expense)					144,557	(144,557)	0
Loss Compensation					492,404		492,404
Gain(Loss) Sale of Assets					35,467		35,467
TOTAL GENERAL REVENUES					39,043,085	(106,227)	38,936,858
CHANGE IN NET POSITION					5,680,817	(12,796)	5,668,021
NET POSITION - BEGINNING					15,183,404	(279,353)	14,904,051
NET POSITION - ENDING					20,864,221	(292,149)	20,572,072

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	GENERAL FUND	SPECIAL REVENUE	CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash & Cash Equivalents	10,600,210	0	14,713,676	2,678,446	27,992,332
Accounts Receivable:					
Taxes - Current	383,277				383,277
Taxes - Delinquent	18,632				18,632
Accounts	11,087				11,087
Interfund Receivable	313,119				313,119
Intergovernmental - Federal		853,028			853,028
Prepaid Expense	25,311	2,875			28,186
TOTAL ASSETS	<u>11,351,636</u>	<u>855,903</u>	<u>14,713,676</u>	<u>2,678,446</u>	<u>29,599,661</u>
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts Payable	3,777	0	90,849	536	95,162
Accrued Salaries & Benefits	85,781				85,781
Interfund Payable		313,119			313,119
Advances from Grantors		542,784			542,784
Total Liabilities	<u>89,558</u>	<u>855,903</u>	<u>90,849</u>	<u>536</u>	<u>1,036,846</u>
Fund Balance:					
Restricted for:					
Capital Projects			14,622,827	2,273,231	16,896,058
Debt Service				1,513	1,513
Student Activities				267,713	267,713
School Activities				135,453	135,453
Committed for:					
Sick Leave	158,321				158,321
Unassigned Fund Balance	11,103,757				11,103,757
Total Fund Balance	<u>11,262,078</u>	<u>0</u>	<u>14,622,827</u>	<u>2,677,910</u>	<u>28,562,815</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>11,351,636</u>	<u>855,903</u>	<u>14,713,676</u>	<u>2,678,446</u>	<u>29,599,661</u>

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Amounts reported for governmental activities in the statement of net position are different because:

TOTAL GOVERNMENTAL FUND BALANCE		28,562,815
Capital assets, certain leases, and certain software agreements used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Intangible Right of Use Assets	623,888	
Accumulated Amortization	(420,315)	
Cost of Capital Assets	97,248,055	
Accumulated Depreciation	<u>(38,758,239)</u>	
		58,693,389
Deferred Outflows on Bond Refundings are not a current asset and therefore are not reported as assets in governmental funds.		52,825
Deferred Outflows Related to Pensions are not a current asset and therefore are not reported as assets in governmental funds.		2,435,738
Deferred Outflows Related to Other Post Employment Benefits are not a current and therefore are not reported as assets in governmental funds.		3,435,756
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds Payable	(49,935,000)	
Unamortized Bond Premiums	(903,001)	
Unamortized Bond Discounts	573,376	
Net Pension Liability	(7,603,423)	
Net Other Post Employment Benefits Liability	(5,888,562)	
Accrued Interest Payable	(380,384)	
Lease Obligation	(37,239)	
SBITA Liability	(156,389)	
Accrued Sick Leave	<u>(818,146)</u>	
		(65,148,768)
Deferred Inflows Related to Pensions are not a current liabilities and therefore are not reported as liabilities in governmental funds.		(1,636,743)
Deferred Inflows Related to Other Post Employment Benefits are not a current liabilities and therefore are not reported as liabilities in governmental funds.		<u>(5,530,791)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>20,864,221</u></u>

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	GENERAL	SPECIAL REVENUE	CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Taxes:					
Property	6,737,876			2,039,923	8,777,799
Motor Vehicle	1,122,137				1,122,137
Utility	2,140,690				2,140,690
Distilled Spirits	1,973,410				1,973,410
Other	289,802				289,802
Earnings on Investments	768,867	6,450	854,691		1,630,008
Intergovernmental - State	20,415,748	1,596,546		1,720,032	23,732,326
Intergovernmental - Federal	196,759	6,290,418			6,487,177
Intergovernmental - Local	14,764				14,764
Other Sources	69,689	21,639		877,158	968,486
TOTAL REVENUES	33,729,742	7,915,053	854,691	4,637,113	47,136,599
EXPENDITURES:					
Instructional	19,952,353	6,602,173		857,359	27,411,885
Support Services:					
Student Support Services	1,137,500	238,887			1,376,387
Staff Support Services	1,658,574	77,079		39	1,735,692
District Administration	1,098,297				1,098,297
School Administration	2,072,816				2,072,816
Business Support Services	1,210,186				1,210,186
Plant Operation & Maintenance	3,658,711				3,658,711
Student Transportation	2,261,747	20,000			2,281,747
Community Service Operations	19,135	337,178			356,313
Facilities Acquisition, Improvements & Construction		592,928	15,250,076		15,843,004
Debt Service:					
Principal	32,803			1,950,000	1,982,803
Interest	2,481			1,573,733	1,576,214
TOTAL EXPENDITURES	33,104,603	7,868,245	15,250,076	4,381,131	60,604,055
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	625,139	46,808	(14,395,385)	255,982	(13,467,456)
OTHER FINANCING SOURCES(USES):					
Proceeds from Sale of Assets	35,080				35,080
Loss Compensation	492,404				492,404
Proceeds from Sale of Bonds			3,610,000		3,610,000
Discount on Issuance of Bonds			(51,128)		(51,128)
Bond Premium			17,745		17,745
Operating Transfers In - Note N	167,343	58,757	70,493	3,072,593	3,369,186
Operating Transfers Out - Note N	(267,593)	(105,565)	(32,003)	(2,819,468)	(3,224,629)
TOTAL OTHER FINANCING SOURCES	427,234	(46,808)	3,615,107	253,125	4,248,658
NET CHANGE IN FUND BALANCE	1,052,373	0	(10,780,278)	509,107	(9,218,798)
FUND BALANCES - BEGINNING	10,209,705	0	25,403,105	2,168,803	37,781,613
FUND BALANCES - ENDING	11,262,078	0	14,622,827	2,677,910	28,562,815

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Amounts reported for governmental activities in the statement of net position are different because:

NET CHANGES - GOVERNMENTAL FUNDS (9,218,798)

Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital exceeds depreciation expense for the year.

Depreciation Expense	(2,039,056)	
Capital Outlays	16,828,752	
		14,789,696

Bond proceeds, certain leases, and certain software agreements are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Lease Liability Paid	32,803	
Software Agreements Liability Paid	207,278	
Bond Principal Paid	1,950,000	
Bond Proceeds	(3,576,617)	
		(1,386,536)

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

Amortization-Deferred Outflows on Advanced Bond Refundings	(40,637)	
Amortization-Bond Premiums	50,630	
Amortization-Bond Discounts	(29,272)	
Amortization-Right of Use Asset - Copiers	(32,235)	
Amortization-Right of Use Asset - Certain Software Agreements	(204,844)	
District Pension Contributions	854,770	
Cost of Benefits Earned Net of Employee Contributions - Pension	(690,552)	
District Other Post Employment Benefits Contributions	513,851	
Cost of Benefits Earned Net of Employee Contributions - OPEB	1,203,111	
Accrued Interest Payable	(109,944)	
Accrued Sick Leave	(18,810)	
		1,496,068

In the statement of activities the net gain on the sale/disposal of assets is reported in whereas in the governmental funds the proceeds from the sale increases financial resources. Thus the change in net position differs from change in fund balances by the cost of the asset sold.

Gain- Sale of Assets		387

CHANGES - NET POSITION GOVERNMENTAL FUNDS 5,680,817

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	ENTERPRISE FUND
	FOOD SERVICE
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	713,293
Accounts Receivable	187,827
Inventories for Consumption	22,302
Total Current Assets	923,422
Noncurrent Assets:	
Furniture & Equipment	1,674,686
Less: Accumulated Depreciation	(825,052)
Total Noncurrent Assets	849,634
TOTAL ASSETS	1,773,056
Deferred Outflows Related to Pensions	610,532
Deferred Outflows Related to Other Post Employment Benefits	257,581
TOTAL ASSETS AND DEFERRED OUTFLOWS	2,641,169
LIABILITIES:	
Current Liabilities:	
Account Payable	903
Total Current Liabilities	903
Noncurrent Liabilities:	
Net Pension Liability	1,937,540
Net Other Post Employment Benefits Liability	(243,851)
Total Noncurrent Liabilities	1,693,689
TOTAL LIABILITIES	1,694,592
Deferred Inflows Related to Pensions	437,177
Deferred Inflows Related to Other Post Employment Benefits	801,549
TOTAL LIABILITIES AND DEFERRED INFLOWS	2,933,318
Net Position:	
Net Investment in Capital Assets	849,634
Restricted	(1,141,783)
Total Net Position	(292,149)
TOTAL LIABILITIES AND NET POSITION	2,641,169

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	ENTERPRISE FUND
	FOOD SERVICE
OPERATING REVENUES:	
Lunchroom Sales	174,351
TOTAL OPERATING REVENUES	174,351
OPERATING EXPENSES:	
Salaries & Benefits	1,460,441
Contract Services	92,925
Materials & Supplies	1,901,262
Depreciation - Note F	82,897
Other Operating Expenses	2,276
TOTAL OPERATING EXPENSES	3,539,801
OPERATING INCOME(LOSS)	(3,365,450)
NONOPERATING REVENUES(EXPENSES):	
Federal Grants	2,916,973
State Grants	380,677
Donated Commodities	161,231
Transfer Out to General Fund	(144,557)
Interest Income	38,330
TOTAL NONOPERATING REVENUE	3,352,654
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS	(12,796)
CAPITAL CONTRIBUTIONS	0
CHANGE IN NET POSITION	(12,796)
TOTAL NET POSITION - BEGINNING	(279,353)
TOTAL NET POSITION - ENDING	(292,149)

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from:	
Lunchroom Sales	167,743
Cash Paid to/for:	
Employees	(1,332,035)
Supplies	(1,730,829)
Other Activities	<u>(95,201)</u>

Net Cash Used by Operating Activities (2,990,322)

CASH FLOWS FROM NON-CAPITAL AND RELATED

FINANCING ACTIVITIES:

Transfer Out to General Fund	(144,557)
Federal Grants	2,791,446
State Grants	<u>114,261</u>

Net Cash Provided by Non-Capital and Related Financing Activities 2,761,150

CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES:

Purchase of Capital Assets	(224,178)
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CASH FLOWS FROM INVESTING ACTIVITIES

Receipt of Interest Income	<u>38,330</u>
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Net Increase in Cash and Cash Equivalents (415,020)

Balances, Beginning of Year 1,128,313

Balances, End of Year 713,293

RECONCILIATION OF OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES:

Operating Loss (3,365,450)

Adjustments to Reconcile Operating Loss to Net Cash (Used)
by Operating Activities

Depreciation	82,897
State On-Behalf Payments	266,416
Donated Commodities	161,231
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:	
Inventory	14,661
Accounts Receivable	(6,608)
Deferred Outflows	209,111
Deferred Inflows	566,316
Net Pension Liability	(247,311)
Net Other Post Employment Benefits	(666,126)
Accounts Payable	<u>(5,459)</u>

Net Cash Used by Operating Activities (2,990,322)

Schedule of Non-Cash Transactions:

Donated Commodities	161,231
State On-Behalf Payments	266,416

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
ASSETS:	
Cash and Cash Equivalents	-
Investments - Note D	135,645
TOTAL ASSETS	<u>135,645</u>
LIABILITIES:	
Accounts Payable	-
TOTAL LIABILITIES	<u>-</u>
NET POSITION HELD IN TRUST	<u>135,645</u>
TOTAL LIABILITIES AND NET POSITION HELD IN TRUST	<u><u>135,645</u></u>

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
ADDITIONS:	
Net Interest and Investment Gains(Losses)	9,159
Miscellaneous Income	2,000
DEDUCTIONS:	
Broker Fees	1,896
Benefits Paid	<u>5,000</u>
Changes in Net Position	4,263
NET POSITION HELD IN TRUST - BEGINNING OF YEAR	<u>131,382</u>
NET POSITION HELD IN TRUST - END OF YEAR	<u><u>135,645</u></u>

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Marion County Board of Education (“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 Marion County Board of Education (“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. 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 and account groups relevant to the operation of the Marion County Board of Education. 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.

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 organizations are included in the accompanying financial statements:

Marion County Board of Education Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Marion County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the “Corporation”) as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors.

Basis of Presentation

Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The 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 net total assets. 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:

I. Governmental Fund Types

- A. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- B. The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the 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 and related notes. This is a major fund of the District.
- C. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
 1. 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. This is a major fund of the District.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. The Facility Support Program of Kentucky (FSPK) 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 may be used for projects identified in the District's facility plan. This is a major fund of the District.
 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
- D. Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on generally obligation notes payable, as required by Kentucky law.

II. 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 contribution of commodities from the USDA. The Food Service Fund is a major fund.

The District applies all GASB pronouncements to proprietary funds 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.

III. Fiduciary Fund Type (Private Purpose Trust Fund)

The Private Purpose Trust funds are used to report trust arrangements under which principal and income benefit individuals, private organization, or other governments.

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.

Revenues – Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, 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.

Proprietary Fund operating revenues are defined as revenues received from the direct purchases of products and services (i.e. food service). Non-operating revenues are not related to direct purchases of products; for the District, these revenues are typically investment income and state and federal grant revenues.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is 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 resource 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. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

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.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

Property Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General fund and then transferred to the appropriate fund.

The property tax rates assessed for the year ended June 30, 2024, to finance the General Fund operations were \$0.577 per \$100 valuation for real property, \$.577 per \$100 valuation for business personal property, and \$0.526 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial, and mixed gases.

Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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	Governmental Activities 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

Interfund Balances

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

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will have received from the District an amount equal to 30% of the value of accumulated sick leave.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

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

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded as committed funds in the general fund.

Budgetary Process

Budgetary Basis of Accounting: The District’s budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Cash and Cash Equivalents

The District considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

Inventories

On government-wide financial statements, inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The food service fund uses the specific identification method.

Investments

The private purpose trust funds record investments at their quoted market prices. All realized gains and losses and changes in fair value are recorded in the Statement of Changes in Fiduciary Net Position.

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Formal School Board action must be taken during an open meeting to establish, modify, or rescind a fund balance commitment.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Superintendent.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District committed the following fund balance type by taking the following action:

<u>Fund Balance Type</u>	<u>Amount</u>	<u>Action</u>
General Fund	\$158,321	Sick Leave Commitment

The District uses *restricted/committed* amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the District would first use *committed*, then *assigned*, and lastly *unassigned* amounts for unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Special Revenue	State, Local and Federal Grants

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools.

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.

NOTES TO FINANCIAL STATEMENTS (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 after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Pensions

Teachers' Retirement System - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Since certain expense items are amortized over the closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, the amounts are labeled deferred inflows. If amounts increase pension expense the amounts are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

Postemployment Benefits Other Than Pensions

Teachers' Retirement System – For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

County Employees Retirement System - For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System of the State of Kentucky (CERS) and

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

additions to/deductions from CERS’s fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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NOTE B – ESTIMATES

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

NOTE C – CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits. Custodial Credit is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy is to have all deposits secured by pledged securities.

At year-end, the carrying amount of the District’s total cash and cash equivalents was \$28,705,625. Of the total cash balance, \$458,873 was covered by Federal Depository Insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks’ trust departments in the District’s name. Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

Cash and cash equivalents at June 30, 2024, consisted of the following:

	Bank Balance	Book Balance
U.S. Bank	5,895	5,530
Citizens National Bank	31,233,064	28,637,711
Farmers National Bank	<u>67,334</u>	<u>62,384</u>
Total	<u>31,306,293</u>	<u>28,705,625</u>
Breakdown per financial statements:		
Governmental Funds		27,992,332
Proprietary Funds		<u>713,293</u>
Cash per Statement of Net Position		<u>28,705,625</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE D – INVESTMENTS

Private purpose trust funds reflected in the statement of fiduciary net position consist of trust fund monies restricted by the donors for awarding college scholarships. These restricted funds are managed by USB Financial Services, Inc. These funds are held in the District’s name and invested in money market and mutual fund investments.

Credit Risk – Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. More specifically, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are held in the possession of an outside party.

Interest Rate Risk – Interest rate risk is the risk that the changes in market interest rates will adversely affect the fair market value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rates.

Concentration of Credit Risk – The District’s investment policy places no limit on the amount the District may invest in 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 change could materially affect the account balances and the amounts reports in the statement of fiduciary net position.

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

The initial cost of the investments was \$108,650. Investments at June 30, 2024, consist of the following:

	<u>Fair Value</u>
Cash	\$ 523
Money Market Funds	8,702
Mutual Funds	<u>126,420</u>
Total	\$ <u>135,645</u>

All fair values listed above are valued using quoted market prices (Level 1 inputs).

While such investments are not in conformity with state law, the assets are in trust, and the trustee makes all investment decisions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE E – LONG TERM OBLIGATIONS - BONDS

The amount shown in the accompanying financial statements as bond obligations represents the District’s future obligations to make payments relating to the bonds issued by the Marion County School District Finance Corporation in the original amount aggregating \$56,514,000.

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

2012 Series B	1,030,000	1.70% - 3.25%
2012 Refunding, Series C	4,750,000	1.00% - 2.375%
2014 Refunding	5,645,000	1.00% - 3.50%
2015	3,524,000	1.00% - 3.75%
2015 Series A	815,000	1.30% - 3.50%
2020	1,555,000	2.00%-3.00%
2022	13,540,000	2.50%-5.00%
2023	22,045,000	4.00%
2024	3,610,000	4.12%

The District, through the General Fund (including utility taxes and the SEEK Capital Outlay Fund) is obligated to make bond payments in amounts sufficient to satisfy debt service requirements on bonds issued by Marion County 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.

In 1995 the Board entered into “participation agreements” with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local schools districts in meeting school construction needs. The table sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bonds issued. The Kentucky School Construction Commission’s participation is limited to the biennial budget period of the Commonwealth of Kentucky with the right reserved by the Kentucky School Construction Commission to terminate the commitment to pay the agreed participation every two years. The obligation of the Kentucky School Construction Commission to make the agreed payments automatically renews each two years for a period of two years unless the Kentucky School Construction Commission gives notice if its intention not to participate not less than sixty days prior to the end of its biennium.

On May 14, 2021, the District issued \$3,610,000 in Revenue Bonds with a 4.12% interest rate. The net proceeds of \$3,528,177 (after bond discount of \$51,128, bond issuance costs of \$48,440 and a bond premium of \$17,745) were deposited in the construction fund. The final principal payment matures May 1, 2044.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30, 2024, for debt service (principal and interest) are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Participation</u>	<u>District's Portion</u>
2024-25	1,965,000	1,765,062	490,141	3,239,921
2025-26	2,005,000	1,710,933	466,349	3,249,584
2026-27	2,000,000	1,647,409	391,238	3,256,171
2027-28	2,080,000	1,575,151	392,516	3,262,635
2028-29	2,165,000	1,498,905	388,797	3,275,108
2029-30	2,225,000	1,417,721	357,813	3,284,908
2030-31	2,210,000	1,351,819	271,299	3,290,520
2031-32	2,310,000	1,259,581	267,874	3,301,707
2032-33	2,340,000	1,171,100	199,725	3,311,375
2033-34	2,435,000	1,089,306	201,457	3,322,849
2034-35	2,530,000	1,004,119	203,972	3,330,147
2035-36	2,285,000	923,056	200,040	3,008,016
2036-37	2,360,000	850,106	200,196	3,009,910
2037-38	2,435,000	773,406	201,416	3,006,990
2038-39	2,520,000	692,981	202,635	3,010,346
2039-40	2,600,000	609,563	204,101	3,005,462
2040-41	2,650,000	522,038	166,645	3,005,393
2041-42	2,750,000	424,738	168,195	3,006,543
2042-43	2,705,000	323,663	18,591	3,010,072
2043-44	2,810,000	215,038	18,592	3,006,446
2044-45	2,555,000	102,200		2,657,200
	<u>49,935,000</u>	<u>20,927,895</u>	<u>5,011,592</u>	<u>65,851,303</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental Activities:					
Revenue Bonds Payable	48,275,000	3,610,000	(1,950,000)	49,935,000	1,965,000
Add: Bond Premium	935,886	17,745	(50,630)	903,001	51,296
Less: Bond Discount	(551,520)	(51,128)	29,272	(573,376)	(31,189)
Net Revenue Bonds Payable	48,659,366	3,576,617	(1,971,358)	50,264,625	1,985,107
Lease Obligation	70,043	-	(32,804)	37,239	34,310
SBITA Liability	141,475	222,192	(207,278)	156,389	82,190
Net Pension Liability	8,517,197	-	(913,774)	7,603,423	-
Net OPEB Liability	11,213,788	-	(5,325,226)	5,888,562	-
Accrued Sick Leave	799,336	116,065	(97,255)	818,146	158,321
Total Governmental Activities	69,401,205	3,914,874	(8,547,695)	64,768,384	2,259,928
Proprietary Activities:					
Net Pension Liability	2,184,851	-	(247,311)	1,937,540	-
Net OPEB Liability	422,275	-	(666,126)	(243,851)	-
Total Proprietary Activities:	2,607,126	-	(913,437)	1,693,689	-
Total Long-Term Liabilities	72,008,331	3,914,874	(9,461,132)	66,462,073	2,259,928

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Non-Depreciable Assets:				
Land	814,396			814,396
Construction	16,306,299	(2,791,255)		13,515,044
Depreciable Assets:				
Buildings & Building Improvements	55,778,471	19,203,502		74,981,973
Technology Equipment	3,016,877	201,092	(718,431)	2,499,538
Vehicles	4,674,471	196,943	(370,490)	4,500,924
General Equipment	924,830	18,470	(7,120)	936,180
Intangible Right of Use Asset - Copiers	128,942			128,942
Intangible Right of Use Asset - Subscription Agreements	272,754	222,192		494,946
TOTAL AT HISTORICAL COST	81,917,040	17,050,944	(1,096,041)	97,871,943
LESS ACCUMULATED DEPRECIATION & AMORTIZATION FOR:				
Buildings & Building Improvements	31,309,970	1,605,090		32,915,060
Technology Equipment	2,529,974	124,132	(719,120)	1,934,986
Vehicles	3,343,172	268,063	(370,490)	3,240,745
General Equipment	632,495	41,771	(6,818)	667,448
Intangible Right of Use Asset - Copiers	61,785	32,235		94,020
Intangible Right of Use Asset - Subscription Agreements	121,451	204,844		326,295
TOTAL ACCUMULATED DEPRECIATION & AMORTIZATION	37,998,847	2,276,135	(1,096,428)	39,178,554
GOVERNMENTAL ACTIVITIES CAPITAL NET	43,918,193	14,774,809	387	58,693,389
PROPRIETARY ACTIVITIES:				
Depreciable Assets:				
Technology Equipment	13,602		(758)	12,844
General Equipment	1,437,664	224,178		1,661,842
TOTALS AT HISTORICAL COST	1,451,266	224,178	(758)	1,674,686
LESS ACCUMULATED DEPRECIATION FOR:				
Technology Equipment	13,602		(758)	12,844
General Equipment	729,311	82,897		812,208
TOTAL ACCUMULATED DEPRECIATION	742,913	82,897	(758)	825,052
PROPRIETARY ACTIVITIES CAPITAL NET	708,353	141,281	-	849,634
DEPRECIATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:				
Instructional				1,413,491
Student Support Services				119
Staff Support Services				21,289
District Administration				55,888
School Administration				2,097
Plant Operations & Maintenance				277,695
Student Transportation				268,477
TOTAL DEPRECIATION				2,039,056
AMORTIZATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:				
Instructional				237,079
TOTAL DEPRECIATION & AMORTIZATION				2,276,135

NOTE G – RETIREMENT PLANS

The District’s employees are provided with two pension plans, based on each position’s college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

Note that general information has been provided below. Please consult the plan reports regarding additional tiers and benefits.

General information about the County Employees Retirement System Non-Hazardous (“CERS”)

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided—CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old OR age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service or 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old OR age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not Available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for nonservice-related disability benefits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Contributions—Required contributions by the employee are based on the tier:

	<u>Required Contributions</u>
Tier 1	5%
Tier 2	5% +1% for insurance
Tier 3	5% +1% for insurance

General information about the Teachers' Retirement System of the State of Kentucky ("TRS")

Plan description—Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at http://www.TRS.ky.gov/05_publications/index.htm.

Benefits provided—For employees who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, employees become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, employees must either:

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years.

In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Cost of living increases are one and one-half (1.5) percent annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). University members contribute 10.4% of salary to the retirement system. Non-university employees are required to contribute 12.855% or 14.75% of their salaries to the System, with the rate dependent upon the employee's entry date. Member contributions are picked up by the employer.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes range from 16.105% to 17.105% of salaries, depending on the employee's entry date. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

Plan description—In addition to the pension benefits described above, KRS 161.675 requires TRS to provide post-employment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired employees and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Funding policy—In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

District's proportionate share of the CERS net pension liability	\$ 9,540,963
Commonwealth's proportional share of the TRS net pension liability associated with the District	<u>77,888,136</u>
	<u>\$ 87,429,099</u>

The net pension liability for each plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2024, the District's proportion was 0.148694 percent and at June 30, 2023, the District's portion was 0.148043 percent.

For the year ended June 30, 2024, the District recognized pension expense of \$ 877,450 related to CERS and \$ 4,685,066 related to TRS. The District also recognized revenue of \$ 4,685,066 for TRS support provided by the Commonwealth. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience (liability experience)	\$ 493,917	\$ 25,926
Changes of assumptions	-	874,436
Net difference between projected and actual earnings on pension plan investments	1,030,694	1,160,838
Changes in proportion and differences between District contributions and proportionate share of contributions	435,544	12,720
District contributions subsequent to the measurement date	<u>1,086,115</u>	<u>-</u>
Total	<u>\$ 3,046,270</u>	<u>\$ 2,073,920</u>

\$1,086,115 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2025	117,525
2026	(351,916)
2027	212,993
2028	(92,367)
2029	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial assumptions—The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Teachers' Retirement System (TRS)

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Inflation	2.50 percent
Salary increases	3.00 – 7.50 percent
Long-Term Investment Rate of Return, net of pension plan investment expense, including inflation	7.10 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.37 percent
Measurement Date	3.66 percent
Year FNP is projected to depleted	N/A
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation	
Prior Measurement Date	7.10 percent
Measurement Date	7.10 percent
Post-retirement Benefit Increases	1.50% annually

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.60%	5.5%
Developed International Equity	15.7%	5.5%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.00%	1.9%
High Yield Bonds	5.0%	3.8%
Other Additional Categories	5.0%	3.6%
Real Estate	7.00%	3.2%
Private Equity	7.00%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

Discount rate - For TRS, The discount rate used to measure the TPL as of the Measurement Date was 7.10 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. We assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

County Employees' Retirement System (CERS)

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Payroll Growth Rate	2.0% for CERS Nonhazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Nonhazardous
Investment Rate of Return	6.50% for CERS Nonhazardous

The mortality table used for active members was a Pub-2010 General Mortality table, for the Nonhazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For CERS, the long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Bonds	10.00%	2.45%
Specialty Credit / High Yield	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Total	100.0%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Discount rate—For CERS, projection of cash flows used to determine the discount rate of 6.50% assumes that the funds receive the required employer contributions each future year, as determined by the current 28 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate.

Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	12,046,042	9,540,963	7,459,148
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	0	0	0

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of both CERS and TRS.

NOTE H – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Teachers' Retirement System of Kentucky

Plan description – Teaching-certified employees of the Kentucky School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

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

Medical Insurance Plan

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

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The TRS 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. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

At June 30, 2024, the Marion County District reported a liability of \$5,850,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was .2402 percent, compared to .3510 percent at June 30, 2023.

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

District's proportionate share of the net OPEB liability	\$ 5,850,000
State's proportionate share of the net OPEB liability associated with the District	<u>4,931,000</u>
Total	<u>\$10,781,000</u>

For the year ended June 30, 2024, the District recognized OPEB expense of \$(235,648) and revenue of \$395,749 for support provided by the state. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience (liability experience)	\$ -	\$ 1,075,976
Changes of assumptions	721,658	-
Net difference between projected and actual earnings on pension plan investments	59,143	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,189,379	1,493,235
District contributions subsequent to the measurement date	<u>513,851</u>	<u>-</u>
Total	<u>2,484,031</u>	<u>2,569,211</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Of the total amount reported as deferred outflows of resources related to OPEB, \$513,851 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2025	(196,964)
2026	(172,004)
2027	42,323
2028	8,682
2029	(130,767)
Thereafter	(150,301)

Actuarial assumptions – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 20, 2022
Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00%-7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including Inflation	
Health Trust	7.10%
Life Trust	7.10%
Municipal Bond Index Rate	3.66%
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Health Trust	7.10%
Life Trust	7.10%
Health Trust Health Care Cost Trends	
Medica Trend	6.75% for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 2032
Medicare Part B Premiums	1.55% for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 2034

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2022 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60%	5.50%
Developed International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	9.00%	1.90%
High Yield Bonds	8.00%	3.80%
Other Additional Categories	9.00%	3.70%
Real Estate	6.50%	3.20%
Private Equity	9.00%	8.00%
Cash	1.00%	1.60%
	100.00%	

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	7,525,000	5,850,000	4,466,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of net OPEB liability	4,212,000	5,850,000	7,891,000

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

Life Insurance Plan

Plan description – Life Insurance Plan – TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the state.

At June 30, 2023, the Kentucky School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	-0-
State's proportionate share of the net OPEB liability associated with the District	<u>122,000</u>
Total	<u>\$ 122,000</u>

Actuarial assumptions – The actuarial assumptions are listed above with the TRS OPEB assumptions information.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS’s investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Equity	40.00%	5.20%
Developed International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	21.00%	1.90%
Other Additional Categories	5.00%	4.00%
Real Estate	7.00%	3.20%
Private Equity	5.00%	8.00%
Cash	2.00%	1.60%
	100.00%	

Discount rate (SEIR) - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection’s basis was an actuarial valuation performed as of June 30, 2022. For a listing of the additional methods and assumptions used in the projection of cash flows, see the GASB No. 75 Report for the Teachers’ Retirement System of the State of Kentucky, which can be found at <https://trs.ky.gov/administration/financial-reports-information/>.

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

County Employees’ Retirement System of Kentucky

Plan description – Classified (non-certified) employees of the Kentucky School District are provided OPEBs through the County Employees Retirement System of the State of Kentucky (CERS)—a cost-sharing multiple-employer defined benefit OPEB plan retirement annuity plan coverage for local school districts and other public agencies in the state. CERS was established July 1, 1958 by the state legislature. CERS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. CERS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov/About/Board-of-Trustees/Pages/CAFR-and-SAFR.aspx>.

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

Medical Insurance Plan

Plan description –The Kentucky Retirement Systems’ Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS, the state retirement options. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. It is noted that while this insurance fund covers employees eligible through KERS, CERS, and SPRS, only the portion related to CERS is applicable to Marion County School District since the District does not have or qualify to have employees participate in KERS or SPRS.

Benefits provided – Medical Insurance coverage is provided based on the member’s initial participation date and length of service. Members received either a percentage or dollar amount for insurance coverage. The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<u>Years of Service</u>	<u>Paid By Insurance Fund (%)</u>
20+	100%
15-19	75%
10-14	50%
4-9	25%
Less than 4	0%

Medical insurance benefits are calculated differently for members who began participating on or after July 1, 2003. Once members reach a vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands. Only benefit descriptions applicable to CERS Non-Hazardous have been included with this information since only that portion is applicable to the District.

Contributions – In order to fund the post-retirement healthcare benefit, 0.00% of the gross annual payroll of members was contributed for the year ended June 30, 2024 for CERS Non-Hazardous, which is the portion of the plan applicable to the District, and this portion is paid 100% paid by employer contributions. An additional 1.00% is contributed by employees hired on or after September 1, 2008.

At June 30, 2024, the Marion County District reported a liability of \$ (205,289) for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District’s proportion was .148688 percent, compared to .148064 percent at June 30, 2023.

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

District’s proportionate share of the net OPEB liability	\$ (205,289)
State’s proportionate share of the net OPEB liability associated with the District	-0-
Total	<u>\$ (205,289)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2024, the District recognized OPEB expense of \$ (439,279). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience (liability experience)	\$ 143,117	\$ 2,914,893
Changes of assumptions	403,994	281,543
Net difference between projected and actual earnings on pension plan investments	384,190	431,833
Changes in proportion and differences between District contributions and proportionate share of contributions	210,954	134,860
District contributions subsequent to the measurement date	<u>67,052</u>	<u>-</u>
Total	<u><u>1,209,307</u></u>	<u><u>3,763,129</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$0 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year and implicit subsidy of \$67,052 totaling \$67,052 will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2025	(681,179)
2026	(799,528)
2027	(578,871)
2028	(561,296)
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial assumptions – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Payroll Growth Rate	2.00% for CERS Nonhazardous
Investment rate of return	6.55%
Salary Increases	3.30% to 10.30%, varies by service for CERS Nonhazardous
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post - 65	Initial trend starting at 8.50% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table for Nonhazardous, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010

The single discount rate of 5.93% for CERS Nonhazardous was used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan’s fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan’s actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan’s trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

The long-term (10-year) expected rates of return were determined using a building block method in which best estimate ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The target allocation and best estimates of arithmetic real rate of return for each major asset are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Expected Real Return	100.0%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.93%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.93%) or 1-percentage-point higher (6.93%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.93%	5.93%	6.93%
District's proportionate share of net OPEB liability	385,248	(205,289)	(699,791)

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Systems' net pension liability	(657,986)	(205,289)	350,807

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE I – 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 based upon the grantor’s review, the funds are considered not to have 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 J – 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 is covered through the purchase of commercial insurance. The District has purchased certain policies, which are retrospectively related including Workers’ Compensation insurance.

NOTE K – RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers’ compensation, errors and omissions, and general liability coverage, the District obtains quotes from commercial insurance companies. Currently, the District maintains insurance coverage through Ohio Casualty Insurance Company.

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 L – DEFICIT OPERATING BALANCES

The Food Service Fund had a deficit fund balance in the amount of \$(292,149) at June 30, 2024. Additionally, the following funds have operations that resulted in a current year deficit of expenditures over revenues (after consideration of other financing sources and uses) resulting in a corresponding reduction of fund balance:

Construction Fund	\$10,780,278
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NOTE M – COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the School District at risk for a substantial loss (contingency).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	Technology Match	58,757
Operating	Student Activity	District Activity	Operations	76,706
Operating	Building	Debt Service	Debt Service	2,742,761
Operating	Special Revenue	Debt Service	Debt Service	82,779
Construction	General	Construction Fund	Residual Funds	38,490
Reclassifying	Construction	Construction Fund	Residual Funds	32,003
Indirect Costs	Special Revenue	General	Operations	22,786
Operating	General	Debt Service	Debt Service	<u>170,347</u>
			Total Governmental Funds	3,224,629
Indirect Costs	Food Service	General	Operations	<u>144,557</u>
			Total Transfers	<u><u>3,369,186</u></u>

The transfer to and from the construction fund was to move residual funds remaining from projects completed in the prior year to available funds for a current project.

NOTE O – INTERFUND RECEIVABLES AND PAYABLES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue	\$313,119

The interfund payables/receivables represent temporary financing that will be repaid within one year.

NOTE P – SUBSEQUENT EVENTS

Management has reviewed subsequent events through November 6, 2024, the date the financials were available for release. There are no additional events requiring disclosure.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE Q – ON-BEHALF PAYMENT

For the year ended June 30, 2024, \$9,790,441 in on-behalf payments were made by the Commonwealth of Kentucky for the benefit of the District. Payments for life insurance, health insurance, Kentucky teacher retirement matching pension contributions, administrative fees, technology and debt service were paid by the State for the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts. These payments were as follows:

Teachers Retirement System (GASB 68 Schedule A)	\$4,685,066
Teachers Retirement System (GASB 75)	395,749
Health Insurance	4,085,196
Life Insurance	5,215
Administrative Fee	41,656
HRA/Dental/Vision	165,813
Federal Reimbursement	(241,656)
Technology	125,556
SFCC Debt Service Payments	<u>527,846</u>
Total	<u>\$9,790,441</u>

NOTE S – LONG-TERM OBLIGATIONS - LEASES

The District is committed under a noncancellable lease for copiers beginning August 2021 for 4 years with a monthly payment amount of \$2,940. The total lease liability measured at present value is \$67,157. The ending balance at June 30, 2024 is \$37,239. The District has recognized an intangible right of use asset for the terms of the lease. Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	34,310	974
2026	<u>2,929</u>	<u>11</u>
Total	<u>37,239</u>	<u>985</u>

See Note F for the total of assets recognized as well as the accumulated amortization for those assets.

NOTE T – LONG-TERM OBLIGATIONS – SBITA LIABILITY

\$494,946 has been recorded as an intangible right of use asset in capital assets for certain software agreements. These arrangements for various educational and administrative software met the criteria of a SBITA; thus, requiring it to be recorded by the District as intangible assets and a SBITA liability. These assets will be amortized over the terms of the agreement. See Note F for the total of assets recognized as well as the accumulated amortization for those assets. A summary of the principal and interest amounts for the remaining agreements include the following principal and interest payments:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	82,190	7,048
2026	<u>74,199</u>	<u>3,339</u>
Total	<u>156,389</u>	<u>10,387</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE U – COMMITMENTS

Marion County School District approved a BG-1 for the Area Technology Center partial roof replacement. It is anticipated that this project will cost an additional \$ 949,325.

Marion County School District approved a BG-1 for the Marion Middle partial roof replacement. It is anticipated that this project will cost an additional \$ 564,034.

Marion County School District approved a BG-1 for the Marion Middle partial window replacement. It is anticipated that this project will cost an additional \$ 403,477.

Marion County School District approved a BG-1 for the Glasscock Elementary School masonry and window replacement. It is anticipated that this project will cost an additional \$ 928,868.

Marion County School District is in the process of building a new Calvary Elementary School. Construction for this project is ongoing as of the audit date. It is anticipated that this project will cost an additional \$ 11,397,733.

REQUIRED SUPPLEMENTARY
INFORMATION

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	11,870,000	11,870,000	12,263,915	393,915
Other Local Sources	12,200	12,200	69,689	57,489
State Sources	11,298,880	11,298,880	20,415,748	9,116,868
Federal Sources	135,000	135,000	196,759	61,759
Other Sources	418,137	418,137	1,478,458	1,060,321
TOTAL REVENUES	23,734,217	23,734,217	34,424,569	10,690,352
EXPENDITURES:				
Instructional	14,991,838	14,991,838	19,952,353	(4,960,515)
Student Support Services	989,038	989,038	1,137,500	(148,462)
Staff Support Services	1,247,203	1,247,203	1,658,574	(411,371)
District Administration	1,562,739	1,562,739	1,098,297	464,442
School Administration	1,415,108	1,415,108	2,072,816	(657,708)
Business Support Services	824,467	824,467	1,210,186	(385,719)
Plant Operation & Maintenance	2,784,791	2,784,791	3,658,711	(873,920)
Student Transportation	2,399,179	2,399,179	2,261,747	137,432
Community Service Operations	52,175	52,175	19,135	33,040
Facilities Acquisition & Construction	10,000	10,000	0	10,000
Other	6,457,679	6,457,679	302,877	6,154,802
TOTAL EXPENDITURES	32,734,217	32,734,217	33,372,196	(637,979)
NET CHANGE IN FUND BALANCE	(9,000,000)	(9,000,000)	1,052,373	10,052,373
FUND BALANCES - BEGINNING	9,000,000	9,000,000	10,209,705	1,209,705
FUND BALANCES - ENDING	0	0	11,262,078	11,262,078

On-behalf payments for the general fund totaling \$ 8,996,179 are not budgeted by Marion County School District.

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Other Local Sources	291,763	291,763	21,639	(270,124)
State Sources	1,637,141	1,637,141	1,596,546	(40,595)
Federal Sources	3,445,027	3,445,027	6,290,418	2,845,391
Other Sources	98,538	98,538	65,207	(33,331)
TOTAL REVENUES	<u>5,472,469</u>	<u>5,472,469</u>	<u>7,973,810</u>	<u>2,501,341</u>
EXPENDITURES:				
Instructional	4,623,886	4,623,886	6,602,173	(1,978,287)
Student Support Services	300,667	300,667	238,887	61,780
Staff Support Services	120,295	120,295	77,079	43,216
District Administration	0	0	0	0
School Administration	0	0	0	0
Business Support Services	0	0	0	0
Plant Operation & Maintenance	0	0	0	0
Student Transportation	0	0	20,000	(20,000)
Community Service Operations	339,672	339,672	337,178	2,494
Facility Acquisition & Construction	0	0	592,928	(592,928)
Other	87,949	87,949	105,565	(17,616)
TOTAL EXPENDITURES	<u>5,472,469</u>	<u>5,472,469</u>	<u>7,973,810</u>	<u>(2,501,341)</u>
NET CHANGE IN FUND BALANCE	0	0	0	0
FUND BALANCES - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES - ENDING	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability \$	-	-	-	-	-	-	-	-	-	-
State of Kentucky's share of the net pension liability associated with the district	96,394,423	106,254,758	135,901,392	129,140,223	63,065,214	63,636,486	65,627,287	61,120,871	82,481,661	77,888,136
TOTAL	<u>\$ 96,394,423</u>	<u>\$ 106,254,758</u>	<u>\$ 135,901,392</u>	<u>\$ 129,140,223</u>	<u>\$ 63,065,214</u>	<u>\$ 63,636,486</u>	<u>\$ 65,627,287</u>	<u>\$ 61,120,871</u>	<u>\$ 82,481,661</u>	<u>\$77,888,136</u>
District's covered-employee payroll	\$ 14,732,249	\$ 14,399,066	\$ 15,081,686	\$ 15,772,834	\$ 15,598,190	\$ 15,920,586	\$ 16,083,556	\$ 17,231,647	\$ 17,011,798	\$17,128,383
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	45.59%	44.70%	57.04%	39.80%	59.30%	58.80%	58.27%	65.59%	56.41%	57.68%

MARION COUNTY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 COUNTY EMPLOYEES RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of net pension liability	0.149159%	0.144760%	0.147930%	0.156684%	0.155393%	0.138583%	0.137756%	0.129388%	0.148043%	0.148694%
District's proportionate share of the net pension liability	\$ 4,839,279	6,353,138	7,283,415	9,171,196	9,463,907	9,746,604	10,565,771	8,249,500	10,702,048	9,540,963
State of Kentucky's share of the net pension liability associated with the district	\$ -	-	-	-	-	-	-	-	-	-
TOTAL	<u>4,839,279</u>	<u>6,353,138</u>	<u>7,283,415</u>	<u>9,171,196</u>	<u>9,463,907</u>	<u>9,746,604</u>	<u>10,565,771</u>	<u>8,249,500</u>	<u>10,702,048</u>	<u>9,540,963</u>
District's covered-employee payroll	\$ 3,469,620	\$ 3,544,319	\$ 3,828,762	\$ 3,932,344	\$ 3,551,136	\$ 3,576,455	\$ 3,362,302	\$ 4,066,751	\$ 4,305,931	\$ 4,502,922
District's proportionate share of the net pension liability as a percentage of its covered-payroll	157.02%	139.48%	190.23%	233.22%	266.50%	272.52%	314.24%	202.85%	248.54%	211.88%
Plan fiduciary net position as a percentage of the total pension liability	66.801%	63.46%	55.50%	53.30%	53.54%	50.45%	47.81%	57.33%	52.42%	57.48%

MARION COUNTY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS TO THE
 TEACHERS RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 14,732,249	\$ 14,399,066	\$ 15,081,686	\$ 15,772,834	\$ 15,598,190	\$ 15,920,586	\$ 16,083,556	\$ 17,231,647	\$ 17,011,798	17,128,383
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

MARION COUNTY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS TO THE
 COUNTY EMPLOYEES RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contributions (actuarially determined)	\$ 442,377	\$ 440,446	\$ 542,219	\$ 569,403	\$ 575,994	\$ 690,256	\$ 648,924	\$ 875,523	\$ 875,523	\$ 1,086,112
Contributions in relation to the actuarially determined contributions	<u>442,377</u>	<u>440,446</u>	<u>542,219</u>	<u>569,403</u>	<u>575,994</u>	<u>690,256</u>	<u>648,924</u>	<u>875,523</u>	<u>875,523</u>	<u>1,086,112</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,469,620	\$ 3,544,319	\$ 3,828,762	\$ 3,932,344	\$ 3,551,136	\$ 3,576,455	\$ 3,362,302	\$ 4,066,751	\$ 4,305,931	\$ 4,502,922
Contributions as a percentage of Covered employee payroll	12.75%	12.42%	13.95%	14.48%	16.22%	19.30%	19.30%	21.17%	23.40%	23.34%

MARION COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - MEDICAL INSURANCE
COUNTY EMPLOYEES RETIREMENT SYSTEM (NON-HAZARDOUS)
FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
District's proportion of net OPEB liability	0.156684%	0.155387%	0.138547%	0.137716%	0.129357%	0.148064%	0.000000%
District's proportionate share of the net OPEB liability	3,149,884	2,758,865	2,330,298	3,325,423	2,476,475	2,922,063	(205,289)
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-	-	-	-	-
TOTAL	<u><u>3,149,884</u></u>	<u><u>2,758,865</u></u>	<u><u>2,330,298</u></u>	<u><u>3,325,423</u></u>	<u><u>2,476,475</u></u>	<u><u>2,922,063</u></u>	<u><u>(205,289)</u></u>
District's covered-employee payroll	3,932,344	3,551,136	3,576,455	3,362,302	4,066,751	4,305,931	4,502,922
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	80.10%	77.69%	65.16%	98.90%	60.90%	67.86%	-4.56%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%	51.67%	62.91%	60.95%	104.23%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

MARION COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
District's proportion of net OPEB liability	0.2537%	0.2492%	0.2857%	0.2278%	0.2499%	0.3510%	0.0000%
District's proportionate share of the net OPEB liability	9,048,000	8,647,000	7,275,000	6,253,000	5,361,000	8,714,000	5,850,000
State of Kentucky's share of the net OPEB liability associated with the district	<u>7,391,000</u>	<u>7,452,000</u>	<u>5,875,000</u>	<u>5,009,000</u>	<u>4,354,000</u>	<u>2,863,000</u>	<u>4,931,000</u>
TOTAL	<u>16,439,000</u>	<u>16,099,000</u>	<u>13,150,000</u>	<u>11,262,000</u>	<u>9,715,000</u>	<u>11,577,000</u>	<u>10,781,000</u>
District's covered-employee payroll	\$ 15,772,834	\$ 15,598,190	\$ 15,920,586	\$ 16,083,556	\$ 17,231,647	\$ 17,011,798	\$ 17,128,383
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	57.36%	55.44%	45.70%	38.88%	31.11%	51.22%	34.15%
Plan fiduciary net position as a percentage of the total OPEB liability	21.18%	25.50%	32.60%	39.05%	51.74%	47.75%	52.97%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

MARION COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - LIFE INSURANCE PLAN
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
District's proportion of net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net OPEB liability	-	-	-	-	-	-	-
State of Kentucky's share of the net OPEB liability associated with the district	<u>99,000</u>	<u>128,000</u>	<u>136,000</u>	<u>151,000</u>	<u>58,000</u>	<u>142,000</u>	<u>122,000</u>
TOTAL	<u><u>99,000</u></u>	<u><u>128,000</u></u>	<u><u>136,000</u></u>	<u><u>151,000</u></u>	<u><u>58,000</u></u>	<u><u>142,000</u></u>	<u><u>122,000</u></u>
District's covered-employee payroll	\$ 15,772,834	\$ 15,598,190	\$ 15,920,586	\$ 16,083,556	\$ 17,231,647	\$ 17,011,798	\$ 17,128,383
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	79.99%	75.00%	73.40%	71.57%	89.15%	73.97%	76.91%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

MARION COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSURANCE PLAN
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contributions (actuarially determined)	\$ 184,820	\$ 186,790	\$ 170,239	\$ 160,046	\$ 239,042	\$ 150,110	\$ -
Contributions in relation to the actuarially determined contributions	<u>184,820</u>	<u>186,790</u>	<u>170,239</u>	<u>160,046</u>	<u>239,042</u>	<u>150,110</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,932,344	\$ 3,551,136	\$ 3,576,455	\$ 3,362,302	\$ 4,066,751	\$ 4,305,931	\$ 4,502,922
Contributions as a percentage of Covered employee payroll	4.70%	5.26%	4.76%	4.76%	5.78%	3.39%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

MARION COUNTY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSURANCE PLAN
 TEACHERS RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contributions (actuarially determined)	\$ 444,141	\$ 467,946	\$ 477,618	\$ 482,506	\$ 516,949	\$ 510,354	\$ 513,851
Contributions in relation to the actuarially determined contributions	<u>444,141</u>	<u>467,946</u>	<u>477,618</u>	<u>482,506</u>	<u>516,949</u>	<u>510,354</u>	<u>513,851</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 14,804,699	\$ 15,598,190	\$ 15,920,586	\$ 16,083,556	\$ 17,231,647	\$ 17,011,798	\$ 17,128,383
Contributions as a percentage of Covered employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

MARION COUNTY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS TO THE LIFE INSURANCE PLAN
 TEACHERS RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 15,772,834	\$ 15,598,190	\$ 15,920,586	\$ 16,083,556	\$ 17,231,647	\$ 17,011,798	\$ 17,128,383
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

MARION COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

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

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

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

In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%. • In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

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

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

MARION COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

TEACHERS' RETIREMENT SYSTEM

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule:

Actuarial Cost Method	Entry age
Amortization Period	Level percentage of payroll, closed
Remaining amortization period	24.4 years
Asset valuation method	5-year smoothed fair value
Inflation	3.00%
Salary Increase	3.00% to 7.30%, includes wage inflation at 2.75%
Investment rate of return	7.50 %, net of pension plan investment expense, including inflation

NOTE C – CHANGES OF BENEFITS

2022: A new benefit tier was added for members joining the System on and after January 1, 2022. A complete listing of benefits can be found within the reports at <https://trs.ky.gov/administration/financial-reports-information/>.

MARION COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2015

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

The assumed investment rate of return was decreased from 7.75% to 7.50%.

The assumed inflation rate was reduced from 3.5% to 3.255%.

The assumed rate of wage inflation was reduced from 1.00% to .75%.

Payroll growth assumption was reduced from 4.5% to 4%.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2016

There were no changes of assumptions for the year ended June 30, 2016.

2017

The following changes were made by the KRS Board of Trustees and reflected in the valuation performed as of June 30, 2017:

The assumed rate of inflation was reduced to 2.30% from 3.25%

The assumed salary increases were reduced to 3.05%, average, from 4.00%, average including inflation

The assumed investment rate of return was reduced to 6.25% from 7.50%

2018

There were no changes in assumptions.

2019

The following changes were made by the KRS Board of Trustees and reflected in the valuation performed as of June 30, 2019:

The projected salary increase was changed to 3.3-11.5% from 3.05%

MARION COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

The asset valuation method was changed to 20% of the difference between the market value assets and the expected actuarial value of assets if recognized from 5-year smoothed market.

The payroll growth rate was changed to 2.0% from 4.0%.

The investment rate of return was change to 6.25% from 7.5%.

The inflation rate was changed to 2.3% from 3.25%.

2020

There were no changes of assumptions for the year ended June 30, 2020.

2021

There were no changes of assumptions for the year ended June 30, 2021.

2022

There were no changes of assumptions for the year ended June 30, 2022.

2023

The Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022", and include a change in the investment return assumption from 6.25% to 6.50%. A copy of this study can be found at <https://www.kyret.ky.gov/About/Board-ofTrustees/Experience%20Studies/2022%20CERS%20Actuarial%20Experience%20Study%20for%20the%20Period%20Ending%20June%2030,%202022.pdf>.

MARION COUNTY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 FOR THE YEAR ENDED JUNE 30, 2024

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The following actuarial methods and assumptions were used to determine the rates reported in that schedule. Assumptions have been listed for the non-hazardous plan.

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate 20-year amortization bases
Payroll Growth Rate	2.00%
Investment Return	6.25%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

NOTE C – CHANGES OF BENEFITS

There was a relatively small change for future retirees in the nonhazardous plans. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023, for the nonhazardous plans in determined using these updated benefits provisions. There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022.

MARION COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017

There were no changes in assumptions.

2018

There were no changes in assumptions.

2019

There were no changes in assumptions.

2020

Health Care Cost Trend Rates were updated for the June 30, 2019 valuation.

2021

Health Trust and Life Trust

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.

The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%.

The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2022

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

2023

The TRS 4 retirement decrements were updated to reflect future anticipated experience.

MARION COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

TEACHERS' RETIREMENT SYSTEM

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The Health Trust is not funded based on an actuarially determined contribution, but instead is funded based on statutorily determined amounts.

NOTE C – CHANGES OF BENEFITS

2018: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

2022: A new benefit tier was added for members joining the System on and after January 1, 2022. A description of benefit provisions applicable to these members can be found at https://trs.ky.gov/wp-content/uploads/2023/06/TRS-GASB-75-Report_6.30.2022-MD-6.30.2023-RD-FINAL.pdf.

MARION COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017

The assumed investment return was changed from 7.5% to 6.2%

The price inflation assumption was changed from 3.25% to 2.30% which resulted in a .95% decrease in the salary increase assumption at all years of service

The payroll growth assumption (*applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.0% to 2.0%

For the non-hazardous plan, the single discount rate changed from 6.89% to 5.84%. For the hazardous plan the single discount rate changed from 7.37% to 5.96%

2018

There were no changes in assumptions.

2019

The investment rate of return was changed to 6.25% from 7.0%.

The projected salary increases changed to 3.05-11.55% from 4.0%.

The inflation rate changed to 2.3% from 3.25%.

The payroll growth rate changed to 2.0% from 4.0%.

2020

There were no changes in assumptions.

2021

The single discount rates used to calculate the total OPEB liability changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plan's long-term healthcare costs.

2022

There were no changes in assumptions.

2023

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experiences Study for the Period Ending June 30, 2022". Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. A copy of this study can be found at <https://www.kyret.ky.gov/About/Board-of-Trustees/Experience%20Studies/2022%20CERS%20Actuarial%20Experience%20Study%20for%20the%20Period%20Ending%20June%2030,%202022.pdf>.

MARION COUNTY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY
 FOR THE YEAR ENDED JUNE 30, 2024

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Methods and assumptions used in the actuarially determined contributions – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.00%
Investment Return	6.25%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Healthcare Trend Rates:	
Pre - 65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of valuation and were incorporated into the liability measurement.
Post - 65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of valuation and were incorporated into the liability measurement.

NOTE C – CHANGES OF BENEFITS

There was a relatively small change for future retirees in the nonhazardous plans. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023, for the nonhazardous plans is determined using these updated benefits provisions. There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022.

OTHER SUPPLEMENTARY
INFORMATION

MARION COUNTY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

	CAPITAL OUTLAY FUND	BUILDING FUND	DEBT SERVICE FUND	DISTRICT ACTIVITY FUND	STUDENT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
ASSETS:						
Cash & Cash Equivalents	289,615	1,983,616	1,513	135,989	267,713	2,678,446
TOTAL ASSETS	289,615	1,983,616	1,513	135,989	267,713	2,678,446
LIABILITIES AND FUND BALANCES:						
Accounts Payable				536		536
Total Liabilities	0	0	0	536	0	536
Fund Balance:						
Restricted for:						
Capital Projects	289,615	1,983,616				2,273,231
Debt Service			1,513			1,513
Student Activities					267,713	267,713
School Activities				135,453		135,453
Total Fund Balance	289,615	1,983,616	1,513	135,453	267,713	2,677,910
TOTAL LIABILITIES AND FUND BALANCES	289,615	1,983,616	1,513	135,989	267,713	2,678,446

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	CAPITAL OUTLAY FUND	BUILDING FUND	DEBT SERVICE FUND	DISTRICT ACTIVITY FUND	STUDENT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
REVENUES:						
Taxes:						
Property		2,039,923				2,039,923
Intergovernmental - State	289,615	902,570	527,847			1,720,032
Other Sources				10,284	866,874	877,158
TOTAL REVENUES	<u>289,615</u>	<u>2,942,493</u>	<u>527,847</u>	<u>10,284</u>	<u>866,874</u>	<u>4,637,113</u>
EXPENDITURES:						
Instructional				76,160	781,199	857,359
Support Services:						
Instructional Staff Support				39		39
Plant Operations & Maintenance						0
Debt Service:						
Principal			1,950,000			1,950,000
Interest			1,573,733			1,573,733
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>3,523,733</u>	<u>76,199</u>	<u>781,199</u>	<u>4,381,131</u>
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	289,615	2,942,493	(2,995,886)	(65,915)	85,675	255,982
OTHER FINANCING SOURCES(USES):						
Operating Transfers In - Note N	0	0	2,995,886	76,707		3,072,593
Operating Transfers Out - Note N	0	(2,742,761)	0	0	(76,707)	(2,819,468)
TOTAL OTHER FINANCING SOURCES(USES)	<u>0</u>	<u>(2,742,761)</u>	<u>2,995,886</u>	<u>76,707</u>	<u>(76,707)</u>	<u>253,125</u>
NET CHANGE IN FUND BALANCES	<u>289,615</u>	<u>199,732</u>	<u>0</u>	<u>10,792</u>	<u>8,968</u>	<u>509,107</u>
FUND BALANCES, BEGINNING	<u>0</u>	<u>1,783,884</u>	<u>1,513</u>	<u>124,661</u>	<u>258,745</u>	<u>2,168,803</u>
FUND BALANCES - ENDING	<u><u>289,615</u></u>	<u><u>1,983,616</u></u>	<u><u>1,513</u></u>	<u><u>135,453</u></u>	<u><u>267,713</u></u>	<u><u>2,677,910</u></u>

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
 FUND 25: STUDENT ACTIVITY FUND
 FOR THE YEAR ENDED JUNE 30, 2024

	FUND BALANCE JULY 1, 2023	REVENUES	EXPENDITURES <i>(including Transfers Out)</i>	FUND BALANCE JUNE 30, 2024
Marion County High School	144,146	521,446	526,087	139,505
Charitable Gaming	501	3,082	3,081	502
Marion County Middle School	22,137	34,148	33,051	23,234
Marion County Knight Academy	28,398	84,284	93,181	19,501
Lebanon Elementary School	9,865	42,705	35,725	16,845
Calvary Elementary School	16,928	34,628	31,906	19,650
Glasscock Elementary School	30,633	74,078	61,765	42,946
West Marion Elementary School	6,137	72,503	73,110	5,530
Total	<u>258,745</u>	<u>866,874</u>	<u>857,906</u>	<u>267,713</u>

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
HIGH SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	CASH BALANCE JULY 1, 2023	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2024	ACCOUNTS RECEIVABLE JUNE 30, 2024	ACCOUNTS PAYABLE JUNE 30, 2024	FUND BALANCE JUNE 30, 2024
Academic Team	1,255	-	1,074	181	0	0	181
AP Account	0	1,180	1,180	0	0	0	0
AP Govt	17	30	0	47	0	0	47
AP Social Studies	0	0	0	0	0	0	0
Art Department	38	1,700	1,201	537	0	0	537
Band	2,726	996	2,055	1,667	0	0	1,667
Chorus	876	1,244	1,554	566	0	0	566
Beta Club	3,549	114,900	115,930	2,519	0	0	2,519
Beta - NHS Charitable	228	4,050	4,080	198	0	0	198
Central KY Beta Inv	66	0	0	66	0	0	66
Book Club	0	500	252	248	0	0	248
Business Ed Department	1,844	10,122	9,179	2,787	0	0	2,787
Eventlink Deposits	0	113,808	113,808	0	0	0	0
Environmental Class	803	0	0	803	0	0	803
Reclaiming History	58	1,815	1,114	759	0	0	759
Class of 2022	0	0	0	0	0	0	0
CLASS of 2023	2,998	0	2,998	0	0	0	0
CLASS of 2024	317	15,315	13,894	1,738	0	0	1,738
FCCLA	2,078	10,097	9,893	2,282	0	0	2,282
AG Class	320	0	0	320	0	0	320
FFA	1,602	47,630	39,767	9,465	0	0	9,465
FCA	2	648	149	501	0	0	501
Journalism	0	0	0	0	0	0	0
FMD	216	426	150	492	0	0	492
General	2,015	27,568	23,026	6,557	0	0	6,557
Graphic Designs	3,000	2,603	2,389	3,214	0	0	3,214
Knight Way Media	75	500	0	575	0	0	575
Library	0	1,000	1,000	0	0	0	0
Mock Trial	0	2,189	2,020	169	0	0	169
National Honor Society	478	2,870	2,989	359	0	0	359
Pep Club	449	842	672	619	0	0	619
Project Lead The Way	0	330	330	0	0	0	0
PLTW Alumni Acct	147	0	0	147	0	0	147
ROTC	10,512	16,697	17,072	10,137	0	0	10,137
SMILE Club	561	0	0	561	0	0	561
Student Ambassador	360	1,522	1,211	671	0	0	671
Student Council	157	1,103	723	537	0	0	537
Student of the Week	231	0	0	231	0	0	231
Teachers' Activity	503	1,664	1,686	481	0	0	481
TSA	250	735	422	563	0	0	563
Yearbook Journalism	15,926	9,239	6,916	18,249	0	0	18,249
Peers Over Pressure	1,340	500	0	1,840	0	0	1,840
Esports	1,698	350	2,000	48	0	0	48
Athletic Department	5,806	93,465	91,706	7,565	0	0	7,565
MCMS Athletics	0	1,119	1,101	18	0	0	18
Baseball	196	2,660	2,563	293	0	0	293
Bass Fishing Team	4,801	5,320	6,326	3,795	0	0	3,795
Boys' Basketball	2,704	6,269	4,155	4,818	0	0	4,818

Boys' Soccer	4,740	5,089	4,988	4,841	0	0	4,841
Tennis	1,767	400	1,986	181	0	0	181
Cheerleaders	7,171	5,054	8,505	3,720	0	0	3,720
Cross Country	3,931	7,660	8,729	2,862	0	0	2,862
Football	3,484	4,524	7,352	656	0	0	656
Girls' Basketball	3,317	3,139	6,209	247	0	0	247
Girls' Soccer	7,751	3,054	7,726	3,079	0	0	3,079
Track	1,972	4,906	1,735	5,143	0	0	5,143
Golf	6,850	17,251	15,173	8,928	0	0	8,928
Softball	1,926	9,012	9,340	1,598	0	0	1,598
Swim Team	3,173	2,141	3,856	1,458	0	0	1,458
Volleyball	9,751	31,880	35,504	6,127	0	0	6,127
Concessions	7,515	30,724	37,239	1,000	0	0	1,000
Uniform Rotation Ac	9,359	23,303	20,857	11,805	0	0	11,805
Start Up Change	0	1,600	1,600	0	0	0	0
Heather Garrett Sch	1,135	0	0	1,135	0	0	1,135
Nancy Colvin Sch	58	0	0	58	0	0	58
Coach Rob Scholarship	44	0	0	44	0	0	44
EL/Migrant Scholarship	0	1,000	1,000	0	0	0	0
DAF Instruction	0	16,231	16,231	0	0	0	0
DAF Athletics	0	8,995	8,995	0	0	0	0
DAF Library	0	0	0	0	0	0	0
DAF Building/Grounds M&R	0	1,900	1,900	0	0	0	0
Total All Funds	<u>144,146</u>	<u>680,869</u>	<u>685,510</u>	<u>139,505</u>	<u>0</u>	<u>0</u>	<u>139,505</u>
Interfund Transfers	<u>0</u>	<u>159,423</u>	<u>159,423</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>144,146</u></u>	<u><u>521,446</u></u>	<u><u>526,087</u></u>	<u><u>139,505</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>139,505</u></u>

MARION COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>PASS THROUGH NUMBER (if applicable)</u>	<u>MUNIS PROJECT NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Education</u>				
Passed-Through Kentucky Department of Education				
Title I - Grants to Local Educational Agencies	84.010	3100002	310IN	339
Title I - Grants to Local Educational Agencies	84.010	3100002	310IP	4
Title I - Grants to Local Educational Agencies	84.010	3100002	310J	385,994
Title I - Parent Involvement	84.010	3100002	310JM	9,477
Title I - Grants to Local Educational Agencies	84.010	3100002	310K	683,729
Title I - Parent Involvement	84.010	3100002	310KM	2,848
Title I - Grants to Local Educational Agencies	84.010	3100002	310KN	18,882
Title I - Grants to Local Educational Agencies	84.010	3100002	310KP	185
Title I - Educational Recovery Special (MOA)	84.010	3100002	320JE	10,552
Title I - Educational Recovery Special (MOA)	84.010	3100002	320KE	139,291
Title I Total				1,251,301
Migrant Education - State Grant Program	84.011	3110002	311J	22,367
Migrant Education - State Grant Program	84.011	311002	311JY	14,788
Migrant Education - State Grant Program	84.011	3110002	311K	194,665
Migrant Education Total				231,820
IDEA - Special Education - Grants to State	84.027	3810002	337J	277,958
IDEA - Special Education - Grants to State	84.027	3810002	337JP	8,019
IDEA - Special Education - Grants to State	84.027	3810002	337K	478,719
IDEA - Special Education - Grants to State	84.027	3810002	337KP	2,743
IDEA - Education Academic Promgram Mangaer (MOA)	84.027	3810002	489J	1,970
IDEA - Special Education - Preschool Grants	84.173	3800002	343I	120
IDEA - Special Education - Preschool Grants	84.173	3800002	343K	37,112
COVID-19 - ARP IDEA	84.027X	4900002	478I	27,280
COVID-19 - ARP IDEA	84.027X	4900002	478IP	4,972
COVID-19 - ARP IDEA Preschool	84.173X	4900002	488I	14,987
Special Education Cluster Total				853,880
Perkins Vocational Education	84.048	3710002	348IA	200
Perkins Vocational Education	84.048	3710002	348J	1,714
Perkins Vocational Education	84.048	3710002	348JA	1,775
Perkins Vocational Education	84.048	3710002	348K	21,454
Perkins Vocational Education Total				25,143
Community Based Work Transition	84.341	371F	371F	18,312
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401I	8,769
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401IP	4,922
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401J	110,065
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401JP	8,548
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401K	23,922
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401KP	1,436
Title II - Part A - Supporting Effective Instruction State Grant Total				157,662
Title III - Limited English Proficiency Part A	84.365	3300002	345J	17,975
Title III - Limited English Proficiency Part A	84.365	3300002	345K	3,034
Title III Total				21,009
Title IV, Student Support and Academic Enrichment	84.424	3420002	552IT	314
Title IV, Student Support and Academic Enrichment	84.424	3420002	552JP	3,544
Title IV, Student Support and Academic Enrichment	84.424	3420002	552JS	38,185
Title IV, Student Support and Academic Enrichment	84.424	3420002	552JT	10,247
Title IV, Student Support and Academic Enrichment	84.424	3420002	552JW	7,995
Title IV, Student Support and Academic Enrichment	84.424	3420002	552KS	16,706
Title IV, Student Support and Academic Enrichment	84.424	3420002	552KW	2,507
Title IV Total				79,498

MARION COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>PASS THROUGH NUMBER (if applicable)</u>	<u>MUNIS PROJECT NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Education (continued)</u>				
Passed-Through Kentucky Department of Education (continued)				
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4200002	554G	191,836
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4200002	554GD	293,799
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4200003	554GS	9,368
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300002	473G	861,447
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300003	473GE	4,846
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	473GI	2,641
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	473GL	1,613,916
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	473GW	3,889
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	563J	28,266
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425W	4980002	476IC	13,300
COVID-19 Education Stabilization Fund Total				3,023,308
Gaining Early Awareness for Readiness for Undergraduate Programs	84.334	614J	614J	4,161
Gaining Early Awareness for Readiness for Undergraduate Programs	84.334	614K	614K	2,906
Gaining Early Awareness for Readiness for Undergraduate Programs Total				7,067
Total U.S. Department of Education				5,669,000
<u>U.S. Department of Health and Human Services</u>				
Passed-Through Kentucky Department of Education				
COVID-19 Child Care Development Block Grant - ARP Stabilization	93.575	562IP	562IP	15
COVID-19 Child Care Development Block Grant - ARP Stabilization	93.575	562JP	562JP	47,511
COVID-19 Child Care Development Block Grant - ARP Stabilization	93.575	562KP	562KP	553,776
COVID-19 Child Care Development Block Grant - ARP Stabilization Total				601,302
<u>U.S. Environmental Protection Agency</u>				
Passed-Through Kentucky Department of Transportation				
Diesel Emissions Reduction Act	66.040	004K	004K	20,000
<u>U.S. Department of Agriculture</u>				
Passed-Through State Department of Education				
Summer Meal Program	10.559	7690024-23	7690024-23	9,726
Summer Meal Program	10.559	7690024-24	7690024-24	248
Summer Meal Program	10.559	7740023-23	7740023-23	38,451
Summer Meal Program	10.559	7740023-24	7740023-24	183,621
National School Lunchroom	10.555	7750002-23	7750002-23	390,439
National School Lunchroom	10.555	7750002-24	7750002-24	1,383,457
National School Lunchroom	10.555	9980000-23	9980000-23	100,678
School Breakfast Program	10.553	7760005-23	7760005-23	173,345
School Breakfast Program	10.553	7760005-24	7760005-24	630,094
Child Nutrition Cluster				2,910,059
State Administrative Expenses for Child Nutrition	10.560	7700001-23	7700001-23	6,913
Total Passed-Through Kentucky Department of Education				2,916,972
Passed Through State Department of Agriculture				
Food Distribution	10.565	057502-10	05702-10	161,231
Total U.S. Department of Agriculture				3,078,203
Total Federal Financial Assistance				9,368,505

MARION COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Marion County School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Marion County School District, it is not intended to and does not present the financial position, changes in net asset, or cash flows of Marion County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed.

NOTE D – DE MINIMIS COST RATE

The District did not elect to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE E – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

MARION COUNTY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of audit issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditor’s report issued on compliance for major programs (unmodified):

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D/84.425U/84.425W 93.575	COVID-19 Education Stabilization Fund COVID-19 Child Care Development Block Grant – ARP Stabilization

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement of Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

MARION COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2024

There were no prior year audit findings.

WHITE AND COMPANY, P.S.C.
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Charles M. White, CPA
Stephanie A. Abell, CPA

Email: charles.white@whitecpas.com

November 6, 2024

**INDEPENDENT AUDITOR’S 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**

Members of the Board of Education
Marion County School District
Lebanon, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Appendix I to the Independent Auditor’s Contract – Audit Extension Request*, *Appendix II to the Independent Auditor’s Contract – Instructions for Submission of the Audit Contract*, *Audit Acceptance Statement*, *AFR and Balance Sheet*, *Statement of Certification*, and *Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Marion County School District’s basic financial statements, and have issued our report thereon dated November 6, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no material instances of noncompliance of specific state statutes or regulation identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

WHITE AND COMPANY, P.S.C.
Certified Public Accountants
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Stephanie A. Abell, CPA

Email: charles.white@whitecpas.com

November 6, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Members of the Board of Education
Marion County School District
Lebanon, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Marion County School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Marion County School District's major federal programs for the year ended June 30, 2024. Marion County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Marion County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *Appendix I to the Independent Auditor's Contract – Audit Extension Request, Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

WHITE AND COMPANY, P.S.C.
Certified Public Accountants
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Charles M. White, CPA
Stephanie A. Abell, CPA

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November 6, 2024

MANAGEMENT LETTER

Members of the Board of Education
Marion County School District
Lebanon, Kentucky

In planning and performing our audit of the financial statements of Marion County School District for the year ended June 30, 2024, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. Our professional standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We feel that the District's financial statements are free of material misstatement. However, we offer the following suggestions that we feel will strengthen your organization's internal control structure.

Prior Year Activity Fund Recommendations:

2023-1 Prior Year Recommendation:

During current year testing, there was one instance found at Lebanon Elementary School and four instances found at Glasscock Elementary School where a receiving reports or other documentation was not found to support the receipt of goods prior to disbursement of funds. We recommend that the receipt of goods be documented prior to payment being issued.

Current Year Status:

No such instances were found.

Current Year Activity Fund Recommendations:

2024-1 Current Year Recommendation:

During current year testing, there was one instance noted at Lebanon Elementary School and one instance noted at Calvary Elementary School of purchase order being dated after invoice dates. In both instances, the disbursement related to goods and purchases for a school fundraiser. We recommend that in these circumstances a standard invoice be utilized instead of a purchase order. To strengthen the documentation, we would further recommend that a copy of the fundraiser approval form be placed with the standard invoice to clearly document the intent and purpose of the disbursement.

Management Response:

We will discuss this with our bookkeepers and recommend that the standard invoice be completed and approved for these types of fundraising disbursements. Further, a copy of the school fundraiser approval form will be attached to the disbursement.

2024-2 Current Year Recommendation:

During current year testing, there was one instance noted at Calvary Elementary School and one instance noted at Glasscock Elementary School of multiple receipt forms being utilized for fundraiser receipts instead of the fundraiser reconciliation form. We recommend that the appropriate fundraiser form provided within Redbook be utilized for fundraising deposits.

Management Response:

We will utilize the fundraising forms provided in Redbook for deposits for fundraisers going forward.

Prior Year District Recommendations:

2023-2 Prior Year Recommendation:

Pledged collateral was reviewed for the District as of June 30, 2023. It was noted that the District was significantly uncollateralized at June 30, 2023 as a result of Calvary Elementary School bond issuance. We recommend that the District work with its financial institution at the time of bond issuances to ensure collateral is maintained.

Current Year Status:

No such instances were found in current year testing.

2023-3 Prior Year Recommendation:

Towards the end of the year, a check was voided (and appropriately reissued). However, the original check was not yet voided in MUNIS. To ensure that checks are voided timely, we recommend that a copy of the voided check paperwork be given to the Finance Officer to put with his bank reconciliation information so that he can ensure the check has been voided prior to completion of the applicable bank reconciliation.

Current Year Status:

No such matters were found during FY 2024 testing.

2023-4 Prior Year Recommendation:

During current year testing, an incorrect journal entry was found that impacted expenditures across years. We recommend that the District's Finance Officer review all journal entries prior to posting if multiple years could be impacted.

Management Response:

No such matters were found during the current year review of adjusting journal entries.

Current Year District Recommendations:

None.

We would like to offer our assistance throughout the year if and when new or unusual situations arise. Our awareness of new developments when they occur would help to ensure that the District is complying with requirements such as those mentioned above.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

WHITE AND COMPANY, P.S.C.
Certified Public Accountants
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Lebanon, Kentucky 40033
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Charles M. White, CPA
Stephanie A. Abell, CPA

Email: charles.white@whitecpas.com

November 6, 2024

Members of the Board of Education
Marion County School District
Lebanon, 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 Marion County School District for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 19, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Marion County School District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by Marion County School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting Marion County School District's financial statements was:

Management's estimate of the sick leave liability is based on current pay rates and those currently eligible for retirement. We evaluated the methods, assumptions, and data used to develop the sick leave liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 6, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Marion County School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Marion County School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements for non-major governmental funds and the combining statement for school activity funds, and the statement of receipts, disbursements, and fund balance – High School Activity Fund which accompany the financial statements but are not RSI. With

respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the budgetary comparison information on pages 58 and 59, or on the schedules of the district's proportionate share of net pension liabilities and other post-employment benefit plans on pages 61-62 and 64-66, or on the schedules of contributions to the County Employees Retirement System and Teachers Retirement System pension plans or the County Employees Retirement System and Teachers Retirement System other post-employment benefit plans on pages 62-63 and 67-69, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of Members of the Board of Education and management of Marion County School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants