

**MARION COUNTY  
SCHOOL DISTRICT  
AUDIT REPORT  
JUNE 30, 2023**

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November 3, 2023

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on 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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, *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 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.

***Change in Accounting Principle***

As described in Note A to the financial statements, in 2023, the District adopted new guidance, GASB statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

### ***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, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control 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 related 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 3, 2023 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, 2023**

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, 2023. 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 \$35.1 million in revenues, 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 \$31.3 million in General Fund revenues for the prior year.
- Total local taxes collected were \$13,723,248 including property, vehicles, and utility taxes. Penalties and interest, omitted property taxes, and revenue in lieu of taxes are also included in this amount. \$1,881,098 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 58.1 cents (real estate), 58.1 cents (tangible property), and 52.6 cents (motor vehicles) per \$100 of assessed value, and continued the 3% utility tax.
- General Fund expenditures totaled \$33.38 million, compared to \$31.87 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.
- As of June 30, 2023 the high schools renovation is ongoing and ground has been broken for the new Calvary Elementary School.

**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 \$14.9 million as of June 30, 2023.

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>FY22</u>	<u>FY23</u>	<u>FY22</u>	<u>FY23</u>	<u>FY22</u>	<u>FY23</u>
Current Assets	\$ 24,560,021	38,331,262	\$ 1,705,042	1,220,968	\$26,265,063	39,552,230
Non-Current Assets	31,085,957	43,918,193	317,594	708,353	31,403,551	44,626,546
Total Assets	55,645,978	82,249,455	2,022,626	1,929,321	57,668,614	84,178,776
Deferred Outflows	3,781,528	8,467,940	577,731	1,077,224	4,359,259	9,545,164
Total Assets and Deferred Outflows	59,427,506	90,717,395	2,600,367	3,006,545	62,027,873	93,723,940
Current Liabilities	2,884,511	3,091,476	29,912	6,362	2,914,423	3,097,838
Non-Current Liabilities	41,886,048	67,129,818	1,989,823	2,607,126	43,875,871	69,736,944
Total Liabilities	44,770,559	70,221,294	2,019,735	2,613,488	46,790,294	72,834,782
Deferred Inflows	4,942,148	5,312,697	755,584	672,410	5,697,732	5,985,107
Total Liabilities and Deferred Inflows	49,712,707	75,533,991	2,775,319	3,285,898	52,488,026	78,819,889
Net Position:						
Invested in capital (net of debt)	2,225,573	20,468,424	317,594	708,353	2,543,167	21,176,777
Restricted	17,816,404	2,150,793	(492,546)	(987,706)	17,323,858	1,163,087
Unrestricted	(10,327,178)	(7,435,813)			(10,327,178)	(7,435,813)
Total Net Position	\$ 9714,799	\$15,183,404	\$(174,952)	(279,353)	\$ 9,539,847	14,904,051

## Statement of Activities

Revenues	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>FY22</u>	<u>FY23</u>	<u>FY22</u>	<u>FY23</u>	<u>FY22</u>	<u>FY23</u>
<u>Program Revenues:</u>						
Charges for Services	\$ 44,775	26,688	\$ 153,245	162,047	\$ 198,020	188,735
Operating Grants and Contributions	6,575,368	6,848,463	3,264,672	3,290,817	9,840,040	10,139,280
Capital Grants and Contributions	110,908	3,133,073			110,908	3,133,073
<u>General Revenue:</u>						
Property Taxes	9,318,671	8,338,491			9,318,671	8,338,491
Motor Vehicle Taxes	930,528	995,081			930,528	995,081
Distilled Spirits	0	1,924,243				1,924,243
Utility Taxes	1,972,073	2,208,332			1,972,073	2,208,332
Other Taxes	184,295	257,101			184,295	257,101
State Aid - Formula Grants	21,961,380	24,775,607			21,961,380	24,775,607
Investment Earnings	50,193	128,347	8,763	9,645	58,956	137,992
Miscellaneous Revenues	770,466	1,107,149			770,466	1,107,149
Fund Transfer	127,538	126,982	(127,538)	(126,982)	0	0
Gain (Loss) on Sale of Capital Assets	9,480	18,932			9,480	18,932
<b>Total Revenues</b>	<b>42,055,675</b>	<b>49,888,489</b>	<b>3,299,142</b>	<b>3,335,527</b>	<b>45,354,817</b>	<b>53,224,016</b>
<u>Expenses</u>						
Instructional	24,863,469	29,741,741			24,863,469	29,741,741
Student Support Services	1,375,876	1,267,449			1,375,876	1,267,449
Staff Support Services	1,820,389	1,649,073			1,820,389	1,649,073
District Administration	1,412,021	1,220,763			1,412,021	1,220,763
School Administration	1,991,658	2,383,363			1,991,658	2,383,363
Business Support Services	1,103,313	1,374,349			1,103,313	1,374,349
Plant Operation & Maintenance	2,652,435	2,920,137			2,652,435	2,920,137
Student Transportation	2,234,710	2,362,938			2,234,710	2,362,938
Food Service			2,900,777	3,439,928	2,900,777	3,439,928
Community Service Operations	323,523	370,665			323,523	370,665
Adult Education Operations	28,033	(397)			28,033	(397)
Facilities Acquisition & Construction	46	255,341			46	255,341
Interest on Long-Term Debt	647,772	874,462			647,772	874,462
<b>Total Expenses</b>	<b>38,453,245</b>	<b>44,419,884</b>	<b>2,900,777</b>	<b>3,439,928</b>	<b>41,354,022</b>	<b>47,859,812</b>
Change in Net Position	3,602,420	5,468,605	398,365	(104,401)	4,000,795	5,364,204
Net Position, July 1	6,112,369	9,714,799	(573,317)	(174,952)	5,539,052	9,539,847
Net Position June 30,	<b>\$ 9,714,799</b>	<b>15,183,404</b>	<b>(174,952)</b>	<b>(279,353)</b>	<b>\$ 9,539,847</b>	<b>14,904,051</b>

**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.

<b>On-Behalf Distribution 2022-2023</b>	
<b>Health Insurance, Life, Admin,HRA/Dental/Vision</b>	\$ 3,566,177
<b>Kentucky Teachers Retirement</b>	\$ 7,689,587
<b>Technology</b>	\$ 115,050
<b>Debt Service</b>	<u>\$ 581,803</u>
<b>Total On-Behalf Payments</b>	<u>\$ 11,952,617</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	FY22	%	FY23	%
Property Tax	7,618,241	24.33	6,457,393	18.39
Motor Vehicle	930,528	2.97	995,081	2.83
Utility	1,972,073	6.30	2,208,332	6.29
Distilled Spirits	-	-	1,924,243	5.48
Other Tax	184,295	.59	257,101	0.73
Interest Income	47,537	.15	66,830	0.19
State SEEK	11,614,470	37.09	11,824,961	33.65
State On-Behalf	8,702,022	27.79	11,123,427	31.65
State – Other	11,979	.04	10,000	0.03
Federal	174,077	.56	201,246	0.57
Other Revenue	57,625	.18	68,555	0.19
<b>Totals</b>	<b>31,312,847</b>	<b>100.00</b>	<b>35,137,199</b>	<b>100.00</b>

State sources (State SEEK, On-behalf and Other State revenue) increased in value and percentage from \$20,328,471 or 64.92% for FY2022 to \$22,958,388 or 65.33% for FY2023. Local taxes (Property, Motor Vehicle, Utility and Other Local Tax) increased from \$10,705,137 or 34.19% to \$11,842,150 or 33.72% of total General Fund revenue over the same periods. Total General Fund revenue increased \$3,824,352 or about 12.21%. The majority of the increase (\$2,421,405) is due to the larger amount of the state paid on-behalf for employee benefits, not actually revenue in the district.

## General Fund Expenditure Table.

Again, for FY2023, approximately 83.6% of the general fund expenses were spent for salaries and fringe benefits (75.54% + 8.01% = 83.55%). This calculation is without the state on-behalf expenditure included. A breakdown of all general fund expenditures is found in the chart below.

Expense	FY22	% without On-behalf	% including On-behalf	FY23	% without On-behalf	% including On-behalf
Salaries	\$ 17,427,720	75.85	55.20	16,812,995	75.54	50.37
Benefits	1,870,549	8.15	5.93	1,782,003	8.01	5.34
On-Behalf	8,600,070	--	27.24	11,123,427	-	33.33
All Other	3,676,456	16.00	11.63	3,660,254	16.45	10.96
Totals	\$ 31,574,795	100.00	100.00	33,378,679	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 FY2023 costs increased \$1,803,884 or about 5.72% as compared to the previous fiscal year.

### 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 \$22,855,300 with actual results being \$38,115,457, including other financing sources. Budgeted expenditures were \$28,755,300 compared to actual expenditures of \$33,986,980, including other financing uses. The most significant variance between budget and actual was the District's contingency account of \$1,978,737 which is required by law to be budgeted, but no actual expenses were incurred. 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, including Right of Use 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, 2023 and 2022.

	Governmental Activities (Net of Depreciation)		Business – Type Activities (Net of Depreciation)		Total Primary Government (Net of Depreciation)	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Land	\$814,396	\$ 814,396	\$ -	\$ -	\$ 814,396	\$ 814,396
Construction in Progress	6,311,142	16,306,299			6,311,142	16,306,299
Buildings and Improvements	22,047,316	24,468,501			22,047,316	24,468,501
Technology	216,373	486,903			216,373	486,903
Vehicles	1,390,166	1,331,299			1,390,166	1,331,299
General Equipment	207,171	292,335	317,594	708,353	524,765	1,000,688
Right of Use – Copiers	99,393	67,157			99,393	67,157
Right of Use – SBITA		151,303				151,303
<b>Total</b>	<b>31,085,957</b>	<b>\$ 43,918,193</b>	<b>\$ 317,594</b>	<b>\$ 708,353</b>	<b>\$ 31,403,551</b>	<b>44,626,546</b>

The table below shows the changes in capital assets for fiscal years ended June 30, 2023 and 2022.

	Governmental Activities		Business – Type Activities		Total Primary Government	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Beginning Balance	\$ 26,568,248	\$ 31,085,957	\$ 144,333	\$ 317,594	\$ 26,712,581	\$ 31,403,551
Additions	6,398,134	14,926,022	197,146	439,579	6,595,280	15,365,601
Retirements	1,588	(529)			1,588	(529)
Depreciation & Amortization	(1,882,013)	(2,093,257)	(23,885)	(48,820)	(1,905,898)	(2,142,077)
<b>Ending Balance</b>	<b>\$ 31,085,957</b>	<b>\$ 43,918,193</b>	<b>\$ 317,594</b>	<b>\$ 708,353</b>	<b>\$ 31,403,551</b>	<b>\$ 44,626,546</b>

## **Long-Term Debt**

At year-end the District had \$48,275,000 in bonds outstanding. A total of \$1,950,000 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, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS:</b>			
Cash & Cash Equivalents - Note C	36,382,246	1,128,313	37,510,559
Accounts Receivable:			
Taxes - Current	404,304	0	404,304
Taxes - Delinquent	10,976	0	10,976
Accounts	30,000	0	30,000
Intergovernmental - State	2,494	0	2,494
Intergovernmental - Federal	1,501,242	55,692	1,556,934
Inventories for Consumption	0	36,963	36,963
Total Current Assets	38,331,262	1,220,968	39,552,230
Noncurrent Assets - Note F & S			
Intangible Right of Use Asset - Copiers - Net of Amortization	67,157	0	67,157
Intangible Right of Use Asset - Software Agreements - Net of Amortization	151,303	0	151,303
Land	814,396	0	814,396
Buildings & Improvements	55,778,471	0	55,778,471
Furniture & Equipment	8,616,178	1,451,266	10,067,444
Construction in Progress	16,306,299	0	16,306,299
Less: Accumulated Depreciation	(37,815,611)	(742,913)	(38,558,524)
Total Noncurrent Assets	43,918,193	708,353	44,626,546
<b>TOTAL ASSETS</b>	<b>82,249,455</b>	<b>1,929,321</b>	<b>84,178,776</b>
Deferred Outflows Related to Pensions	2,712,179	685,351	3,397,530
Deferred Outflows Related to Other Post Employment Benefits	5,662,299	391,873	6,054,172
Deferred Outflows from Advanced Bond Refundings	93,462		93,462
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>8,467,940</b>	<b>1,077,224</b>	<b>9,545,164</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>90,717,395</b>	<b>3,006,545</b>	<b>93,723,940</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	37,810	6,362	44,172
Accrued Salaries	2,991		2,991
Accrued Sick Leave - Note A	158,296		158,296
Advances from Grantors	508,848		508,848
Lease Obligation	32,803		32,803
SBITA Liability	130,288		130,288
Bond Obligations - Note E	1,950,000		1,950,000
Accrued Interest Payable	270,440		270,440
Total Current Liabilities	3,091,476	6,362	3,097,838
Noncurrent Liabilities:			
Lease Obligation	37,240		37,240
SBITA Liability	11,187		11,187
Bond Obligations - Note E	46,709,366		46,709,366
Net Pension Liability	8,517,197	2,184,851	10,702,048
Net Other Post Employment Benefits Liability	11,213,788	422,275	11,636,063
Accrued Sick Leave - Note A	641,040		641,040
Total Noncurrent Liabilities	67,129,818	2,607,126	69,736,944
<b>TOTAL LIABILITIES</b>	<b>70,221,294</b>	<b>2,613,488</b>	<b>72,834,782</b>
Deferred Inflows Related to Pensions	1,163,628	309,129	1,472,757
Deferred Inflows Related to Other Post Employment Benefits	4,149,069	363,281	4,512,350
<b>TOTAL DEFERRED INFLOWS</b>	<b>5,312,697</b>	<b>672,410</b>	<b>5,985,107</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>75,533,991</b>	<b>3,285,898</b>	<b>78,819,889</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	20,468,424	708,353	21,176,777
Restricted for:			
Capital Projects	1,765,874		1,765,874
Student Activities	258,745		258,745
School Activities	124,661		124,661
Debt Service	1,513		1,513
Food Service		(987,706)	(987,706)
Unrestricted	(7,435,813)		(7,435,813)
<b>TOTAL NET POSITION</b>	<b>15,183,404</b>	<b>(279,353)</b>	<b>14,904,051</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>90,717,395</b>	<b>3,006,545</b>	<b>93,723,940</b>

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

MARION COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

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
<b>GOVERNMENTAL ACTIVITIES:</b>							
Instructional	29,741,741	12,000	5,844,845	2,941,078	(20,943,818)		(20,943,818)
Support Services:							
Student Support Services	1,267,449		542,472		(724,977)		(724,977)
Staff Support Services	1,649,073		70,689		(1,578,384)		(1,578,384)
District Administration	1,220,763				(1,220,763)		(1,220,763)
School Administration	2,383,363				(2,383,363)		(2,383,363)
Business Support Services	1,374,349				(1,374,349)		(1,374,349)
Plant Operation & Maintenance	2,920,137	7,750	54		(2,912,333)		(2,912,333)
Student Transportation	2,362,938	6,938	52,436		(2,303,564)		(2,303,564)
Community Service Operations	370,665		337,967		(32,698)		(32,698)
Adult Education Operations	(397)				397		397
Facilities Acquisition and Construction	255,341				(255,341)		(255,341)
Interest on Long-Term Debt	874,462			191,995	(682,467)		(682,467)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>44,419,884</b>	<b>26,688</b>	<b>6,848,463</b>	<b>3,133,073</b>	<b>(34,411,660)</b>		<b>(34,411,660)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Food Service	3,439,928	162,047	3,290,817			12,936	12,936
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>3,439,928</b>	<b>162,047</b>	<b>3,290,817</b>	<b>0</b>	<b>0</b>	<b>12,936</b>	<b>12,936</b>
<b>TOTAL SCHOOL DISTRICT</b>	<b>47,859,812</b>	<b>188,735</b>	<b>10,139,280</b>	<b>3,133,073</b>	<b>(34,411,660)</b>	<b>12,936</b>	<b>(34,398,724)</b>
<b>GENERAL REVENUES:</b>							
Taxes:							
Property					8,338,491		8,338,491
Motor Vehicle					995,081		995,081
Distilled Spirits					1,924,243		1,924,243
Utility					2,208,332		2,208,332
Other					257,101		257,101
State Aid - Formula Grants					24,775,607		24,775,607
Investment Earnings					128,347	9,645	137,992
Miscellaneous					896,992		896,992
Fund Transfer (Expense)					126,982	(126,982)	0
Loss Compensation					210,157		210,157
Gain(Loss) Sale of Assets					18,932		18,932
<b>TOTAL GENERAL REVENUES</b>					<b>39,880,265</b>	<b>(117,337)</b>	<b>39,762,928</b>
<b>CHANGE IN NET POSITION</b>					<b>5,468,605</b>	<b>(104,401)</b>	<b>5,364,204</b>
<b>NET POSITION - BEGINNING</b>					<b>9,714,799</b>	<b>(174,952)</b>	<b>9,539,847</b>
<b>NET POSITION - ENDING</b>					<b>15,183,404</b>	<b>(279,353)</b>	<b>14,904,051</b>

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



MARION COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE	CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>					
Cash & Cash Equivalents	8,791,792	0	25,421,115	2,169,339	36,382,246
Accounts Receivable:					
Taxes - Current	404,304				404,304
Taxes - Delinquent	10,976				10,976
Accounts		30,000			30,000
Interfund Receivable	1,025,315				1,025,315
Intergovernmental - State		2,494			2,494
Intergovernmental - Federal		1,501,242			1,501,242
<b>TOTAL ASSETS</b>	<u>10,232,387</u>	<u>1,533,736</u>	<u>25,421,115</u>	<u>2,169,339</u>	<u>39,356,577</u>
<b>LIABILITIES AND FUND BALANCE:</b>					
<b>Liabilities:</b>					
Accounts Payable	19,691	(427)	18,010	536	37,810
Accrued Salaries & Benefits	2,991				2,991
Interfund Payable		1,025,315			1,025,315
Advances from Grantors		508,848			508,848
<b>Total Liabilities</b>	<u>22,682</u>	<u>1,533,736</u>	<u>18,010</u>	<u>536</u>	<u>1,574,964</u>
<b>Fund Balance:</b>					
<b>Restricted for:</b>					
Capital Projects			25,403,105	1,783,884	27,186,989
Debt Service				1,513	1,513
Student Activities				258,745	258,745
School Activities				124,661	124,661
<b>Committed for:</b>					
Sick Leave	158,296				158,296
Site Based Carryforward	9,333				9,333
Unassigned Fund Balance	10,042,076				10,042,076
<b>Total Fund Balance</b>	<u>10,209,705</u>	<u>0</u>	<u>25,403,105</u>	<u>2,168,803</u>	<u>37,781,613</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>10,232,387</u>	<u>1,533,736</u>	<u>25,421,115</u>	<u>2,169,339</u>	<u>39,356,577</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, 2023

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

TOTAL GOVERNMENTAL FUND BALANCE		37,781,613
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	401,696	
Accumulated Amortization	(183,236)	
Cost of Capital Assets	81,515,344	
Accumulated Depreciation	<u>(37,815,611)</u>	
		43,918,193
Deferred Outflows on Bond Refundings are not a current asset and therefore are not reported as assets in governmental funds.		93,462
Deferred Outflows Related to Pensions are not a current asset and therefore are not reported as assets in governmental funds.		2,712,179
Deferred Outflows Related to Other Post Employment Benefits are not a current and therefore are not reported as assets in governmental funds.		5,662,299
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	(48,275,000)	
Unamortized Bond Premiums	(935,887)	
Unamortized Bond Discounts	551,521	
Net Pension Liability	(8,517,197)	
Net Other Post Employment Benefits Liability	(11,213,788)	
Accrued Interest on Bonds	(270,440)	
Lease Obligation	(70,043)	
SBITA Liability	(141,475)	
Accrued Sick Leave	<u>(799,336)</u>	
		(69,671,645)
Deferred Inflows Related to Pensions are not a current liabilities and therefore are not reported as liabilities in governmental funds.		(1,163,628)
Deferred Inflows Related to Other Post Employment Benefits are not a current liabilities and therefore are not reported as liabilities in governmental funds.		<u>(4,149,069)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>15,183,404</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, 2023

	GENERAL	SPECIAL REVENUE	CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Taxes:					
Property	6,457,393			1,881,098	8,338,491
Motor Vehicle	995,081				995,081
Utility	2,208,332				2,208,332
Distilled Spirtis	1,924,243				1,924,243
Other	257,101				257,101
Earnings on Investments	66,830	390	61,127		128,347
Intergovernmental - State	22,958,388	1,527,650		2,009,214	26,495,252
Intergovernmental - Federal	201,246	8,060,645			8,261,891
Other Sources	68,555	69,570		785,555	923,680
<b>TOTAL REVENUES</b>	<b>35,137,169</b>	<b>9,658,255</b>	<b>61,127</b>	<b>4,675,867</b>	<b>49,532,418</b>
<b>EXPENDITURES:</b>					
Instructional	21,011,069	5,984,705		749,601	27,745,375
Support Services:					
Student Support Services	1,171,657	304,833			1,476,490
Staff Support Services	1,505,914	72,380		552	1,578,846
District Administration	1,216,619				1,216,619
School Administration	2,321,451				2,321,451
Business Support Services	1,320,566				1,320,566
Plant Operation & Maintenance	2,666,513	55		105	2,666,673
Student Transportation	2,112,328	53,688			2,166,016
Community Service Operations	24,611	346,054			370,665
Adult Education Operations	0	(397)			(397)
Facilities Acquisition & Construction	27,951	2,941,078	11,258,585		14,227,614
Debt Service:					
Principal				1,795,000	1,795,000
Interest				851,649	851,649
<b>TOTAL EXPENDITURES</b>	<b>33,378,679</b>	<b>9,702,396</b>	<b>11,258,585</b>	<b>3,396,907</b>	<b>57,736,567</b>
<b>EXCESS(DEFICIT) REVENUES OVER EXPENDITURES</b>	<b>1,758,490</b>	<b>(44,141)</b>	<b>(11,197,458)</b>	<b>1,278,960</b>	<b>(8,204,149)</b>
<b>OTHER FINANCING SOURCES(USES):</b>					
Proceeds from Sale of Assets	19,461				19,461
Loss Compensation	210,157				210,157
Proceeds from Sale of Bonds			22,045,000		22,045,000
Discount on Issuance of Bonds			(313,470)		(313,470)
Operating Transfers In - Note N	2,748,670	125,939	2,437,591	2,121,549	7,433,749
Operating Transfers Out - Note N	(608,301)	(81,798)	(118,566)	(6,498,102)	(7,306,767)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>2,369,987</b>	<b>44,141</b>	<b>24,050,555</b>	<b>(4,376,553)</b>	<b>22,088,130</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>4,128,477</b>	<b>0</b>	<b>12,853,097</b>	<b>(3,097,593)</b>	<b>13,883,981</b>
<b>FUND BALANCES - BEGINNING</b>	<b>6,081,228</b>	<b>0</b>	<b>12,550,008</b>	<b>5,266,396</b>	<b>23,897,632</b>
<b>FUND BALANCES - ENDING</b>	<b>10,209,705</b>	<b>0</b>	<b>25,403,105</b>	<b>2,168,803</b>	<b>37,781,613</b>

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, 2023

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

NET CHANGES - GOVERNMENTAL FUNDS		13,883,981
<p>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.</p>		
Depreciation Expense	(1,939,570)	
Capital Outlays	<u>14,653,268</u>	12,713,698
<p>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.</p>		
Lease Liability Paid	31,362	
Software Agreements Liability Paid	131,279	
Bond Principal Paid	1,795,000	
Bond Proceeds	<u>(21,731,530)</u>	(19,773,889)
<p>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.</p>		
Amortization-Deferred Outflows on Advanced Bond Refundings	(49,793)	
Amortization-Bond Premiums	50,409	
Amortization-Bond Discounts	(14,266)	
Amortization-Right of Use Asset - Copiers	(32,236)	
Amortization-Right of Use Asset - Certain Software Agreements	(121,451)	
District Pension Contributions	815,457	
Cost of Benefits Earned Net of Employee Contributions - Pension	(766,846)	
District Other Post Employment Benefits Contributions	628,491	
Cost of Benefits Earned Net of Employee Contributions - OPEB	(1,945,279)	
Accrued Interest Payable	155	
Accrued Sick Leave	<u>80,703</u>	(1,354,656)
<p>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.</p>		
Loss- Sale of Assets		<u>(529)</u>
CHANGES - NET POSITION GOVERNMENTAL FUNDS		<u><u>5,468,605</u></u>

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

MARION COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	ENTERPRISE FUND
	FOOD SERVICE
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	1,128,313
Accounts Receivable	55,692
Inventories for Consumption	36,963
Total Current Assets	1,220,968
Noncurrent Assets:	
Furniture & Equipment	1,451,266
Less: Accumulated Depreciation	(742,913)
Total Noncurrent Assets	708,353
TOTAL ASSETS	1,929,321
Deferred Outflows Related to Pensions	685,351
Deferred Outflows Related to Other Post Employment Benefits	391,873
TOTAL ASSETS AND DEFERRED OUTFLOWS	3,006,545
LIABILITIES:	
Current Liabilities:	
Account Payable	6,362
Total Current Liabilities	6,362
Noncurrent Liabilities:	
Net Pension Liability	2,184,851
Net Other Post Employment Benefits Liability	422,275
Total Noncurrent Liabilities	2,607,126
TOTAL LIABILITIES	2,613,488
Deferred Inflows Related to Pensions	309,129
Deferred Inflows Related to Other Post Employment Benefits	363,281
TOTAL LIABILITIES AND DEFERRED INFLOWS	3,285,898
Net Position:	
Net Investment in Capital Assets	708,353
Restricted	(987,706)
Total Net Position	(279,353)
TOTAL LIABILITIES AND NET POSITION	3,006,545

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, 2023

	ENTERPRISE FUND
	FOOD SERVICE
OPERATING REVENUES:	
Lunchroom Sales	162,047
TOTAL OPERATING REVENUES	162,047
OPERATING EXPENSES:	
Salaries & Benefits	1,566,481
Contract Services	97,341
Materials & Supplies	1,704,909
Depreciation - Note F	48,820
Other Operating Expenses	22,377
TOTAL OPERATING EXPENSES	3,439,928
OPERATING INCOME(LOSS)	(3,277,881)
NONOPERATING REVENUES(EXPENSES):	
Federal Grants	2,814,431
State Grants	268,804
Donated Commodities	207,582
Transfer Out to General Fund	(126,982)
Interest Income	9,645
TOTAL NONOPERATING REVENUE	3,173,480
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS	(104,401)
CAPITAL CONTRIBUTIONS	0
CHANGE IN NET POSITION	(104,401)
TOTAL NET POSITION - BEGINNING	(174,952)
TOTAL NET POSITION - ENDING	(279,353)

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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from:	
Lunchroom Sales	162,047
Cash Paid to/for:	
Employees	(1,284,457)
Supplies	(1,518,923)
Other Activities	(119,717)
	(119,717)
Net Cash Used by Operating Activities	(2,761,050)

CASH FLOWS FROM NON-CAPITAL AND RELATED  
FINANCING ACTIVITIES:

Transfer Out to General Fund	(126,982)
Federal Grants	3,125,237
State Grants	21,416
	21,416
Net Cash Provided by Non-Capital and Related Financing Activities	3,019,671

CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES:

Purchase of Capital Assets	(439,579)
----------------------------	-----------

CASH FLOWS FROM INVESTING ACTIVITIES

Receipt of Interest Income	9,645
	9,645

Net Increase in Cash and Cash Equivalents (171,313)

Balances, Beginning of Year 1,299,626

Balances, End of Year 1,128,313

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

Operating Loss	(3,277,881)
Adjustments to Reconcile Operating Loss to Net Cash (Used) by Operating Activities	
Depreciation	48,820
State On-Behalf Payments	247,388
Donated Commodities	207,582
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:	
Inventory	1,955
Deferred Outflows	(499,493)
Deferred Inflows	(83,174)
Net Pension Liability	522,393
Net Other Post Employment Benefits	94,910
Accounts Payable	(23,550)
	(23,550)

Net Cash Used by Operating Activities (2,761,050)

Schedule of Non-Cash Transactions:

Donated Commodities	207,582
State On-Behalf Payments	247,388

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

MARION COUNTY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2023

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
ASSETS:	
Cash and Cash Equivalents	
Investments - Note D	131,382
TOTAL ASSETS	<u>131,382</u>
LIABILITIES:	
Accounts Payable	-
TOTAL LIABILITIES	<u>-</u>
NET POSITION HELD IN TRUST	<u>131,382</u>
TOTAL LIABILITIES AND NET POSITION HELD IN TRUST	<u><u>131,382</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)	7,562
DEDUCTIONS:	
Broker Fees	1,873
Benefits Paid	<u>6,000</u>
Changes in Net Position	(311)
NET POSITION HELD IN TRUST - BEGINNING OF YEAR	<u>131,693</u>
NET POSITION HELD IN TRUST - END OF YEAR	<u><u>131,382</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, 2023

**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, 2023, to finance the General Fund operations were \$0.581 per \$100 valuation for real property, \$0.581 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:

<b>Description</b>	<b>Governmental Activities Estimated Lives</b>
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	158,296	Sick Leave Commitment
General Fund	9,333	Site Based Carryforward

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.

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.

### Changes in Accounting Principle

Effective July 1, 2022, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*. GASB No. 96 establishes accounting and financial reporting guidance for subscription-based technology contracts and vendor-provided technology. This implementation had no adjustment on beginning net position. It is noted that many of the District's technology-related contracts are reviewed annually to ensure the District has the right to change, renegotiate, or not renew for both educational and financial reasons. Beginning net position has not been restated as the net impact on the District's Net Investment in Capital Assets is not material to the District.

### **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 \$37,510,559. Of the total cash balance, \$323,601 was covered by Federal Depository Insurance, with \$25,113,444 covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name, and the remaining \$12,073,514 was uncollateralized at June 30, 2023. Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Cash and cash equivalents at June 30, 2023, consisted of the following:

	<b>Bank Balance</b>	<b>Book Balance</b>
U.S. Bank	6,241	6,137
Citizens National Bank	39,664,448	37,436,958
Farmers National Bank	<u>68,345</u>	<u>67,464</u>
Total	<u>39,739,034</u>	<u>37,510,559</u>

Breakdown per financial statements:

Governmental Funds	36,382,246
Proprietary Funds	<u>1,128,313</u>
Cash per Statement of Net Position	<u>37,510,559</u>

**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, 2023, consist of the following:

	<u>Fair Value</u>
Money Market Funds	\$ 6,380
Mutual Funds	<u>125,002</u>
Total	<u>131,382</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

**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 \$52,904,000.

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%

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 16, 2023, the District issued \$22,045,000 in Revenue Bonds with a 4.00% interest rate. The net proceeds of \$21,595,350 (after bond discount of \$313,470 and bond issuance costs of \$136,180) were deposited in the construction fund. The final principal payment matures April 1, 2045.

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, 2023, 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>
2023-24	1,950,000	1,573,733	470,551	3,053,182
2024-25	1,905,000	1,625,045	471,550	3,058,495
2025-26	1,945,000	1,568,071	447,758	3,065,313
2026-27	1,940,000	1,506,946	372,647	3,074,299
2027-28	2,020,000	1,437,088	373,925	3,083,163
2028-29	2,100,000	1,363,242	370,206	3,093,036
2029-30	2,155,000	1,284,659	339,222	3,100,437
2030-31	2,080,000	1,221,556	252,708	3,048,848
2031-32	2,175,000	1,134,519	249,283	3,060,236
2032-33	2,200,000	1,051,438	181,134	3,070,304
2033-34	2,285,000	975,244	182,866	3,077,378
2034-35	2,375,000	896,056	185,381	3,085,675
2035-36	2,125,000	821,194	181,448	2,764,746
2036-37	2,190,000	754,644	181,605	2,763,039
2037-38	2,155,000	684,744	182,825	2,656,919
2038-39	2,230,000	615,519	184,045	2,661,474
2039-40	2,300,000	543,700	185,510	2,658,190
2040-41	2,340,000	468,175	148,054	2,660,121
2041-42	2,425,000	383,275	149,604	2,658,671
2042-43	2,365,000	295,200		2,660,200
2043-44	2,460,000	200,600		2,660,600
2044-45	2,555,000	102,200		2,657,200
	<u>48,275,000</u>	<u>20,506,848</u>	<u>5,110,322</u>	<u>63,671,526</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government</b>					
Governmental Activities:					
Revenue Bonds Payable	28,025,000	22,045,000	(1,795,000)	48,275,000	1,950,000
Add: Bond Premium	986,295	-	(50,409)	935,886	-
Less: Bond Discount	(252,316)	(313,470)	14,266.00	(551,520)	-
Net Revenue Bonds Payable	28,758,979	21,731,530	(1,831,143)	48,659,366	1,950,000
Lease Obligation	101,405	-	(31,362)	70,043	32,803
SBITA Liability	-	272,754	(131,279)	141,475	130,288
Net Pension Liability	6,587,042	1,930,155	-	8,517,197	-
Net OPEB Liability	7,510,110	3,703,678	-	11,213,788	-
Accrued Sick Leave	880,039	-	(80,703)	799,336	158,296
Total Governmental Activities	43,837,575	27,638,117	(2,074,487)	69,401,205	2,271,387
Proprietary Activities:					
Net Pension Liability	1,662,458	522,393	-	2,184,851	-
Net OPEB Liability	327,365	94,910	-	422,275	-
Total Proprietary Activities:	1,989,823	617,303	-	2,607,126	-
Total Long-Term Liabilities	45,827,398	28,255,420	(2,074,487)	72,008,331	2,271,387

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE F - CAPITAL ASSETS**

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

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
<b>GOVERNMENTAL ACTIVITIES:</b>				
Non-Depreciable Assets:				
Land	814,396			814,396
Construction	6,311,142	9,995,157		16,306,299
Depreciable Assets:				
Buildings & Building Improvements	51,801,355	3,977,116		55,778,471
Technology Equipment	2,887,749	346,687	(217,559)	3,016,877
Vehicles	4,458,706	215,765		4,674,471
General Equipment	830,201	118,543	(23,914)	924,830
Intangible Right of Use Asset - Copiers	128,942			128,942
Intangible Right of Use Asset - Subscription Agreements	-	272,754		272,754
<b>TOTAL AT HISTORICAL COST</b>	<b>67,232,491</b>	<b>14,926,022</b>	<b>(241,473)</b>	<b>81,917,040</b>
<b>LESS ACCUMULATED DEPRECIATION &amp; AMORTIZATION FOR:</b>				
Buildings & Building Improvements	29,754,039	1,555,931		31,309,970
Technology Equipment	2,671,376	75,778	(217,180)	2,529,974
Vehicles	3,068,540	274,632		3,343,172
General Equipment	623,030	33,229	(23,764)	632,495
Intangible Right of Use Asset - Copiers	29,549	32,236		61,785
Intangible Right of Use Asset - Subscription Agreements	-	121,451		121,451
<b>TOTAL ACCUMULATED DEPRECIATION &amp; AMORTIZATION</b>	<b>36,146,534</b>	<b>2,093,257</b>	<b>(240,944)</b>	<b>37,998,847</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL NET</b>	<b>31,085,957</b>	<b>12,832,765</b>	<b>(529)</b>	<b>43,918,193</b>
<b>PROPRIETARY ACTIVITIES:</b>				
Depreciable Assets:				
Technology Equipment	15,003		(1,401)	13,602
General Equipment	1,010,609	439,579	(12,524)	1,437,664
<b>TOTALS AT HISTORICAL COST</b>	<b>1,025,612</b>	<b>439,579</b>	<b>(13,925)</b>	<b>1,451,266</b>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Technology Equipment	15,003		(1,401)	13,602
General Equipment	693,015	48,820	(12,524)	729,311
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>708,018</b>	<b>48,820</b>	<b>(13,925)</b>	<b>742,913</b>
<b>PROPRIETARY ACTIVITIES CAPITAL NET</b>	<b>317,594</b>	<b>390,759</b>	<b>-</b>	<b>708,353</b>
<b>DEPRECIATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:</b>				
Instructional				1,308,165
Student Support Services				293
Staff Support Services				23,561
District Administration				46,507
School Administration				4,192
Plant Operations & Maintenance				270,146
Student Transportation				286,706
<b>TOTAL DEPRECIATION</b>				<b>1,939,570</b>
<b>AMORTIZATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:</b>				
Instructional				153,687
<b>TOTAL DEPRECIATION &amp; AMORTIZATION</b>				<b>2,093,257</b>

**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.

**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](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, 2022, 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	\$ 10,702,048
Commonwealth's proportional share of the TRS net pension liability associated with the District	<u>82,481,661</u>
	<u>\$ 93,183,709</u>

The net pension liability for each plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2022, the District's proportion was 0.148043 percent and at June 30, 2021, the District's portion was 0.129388 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$974,389 related to CERS and \$7,525,723 related to TRS. The District also recognized revenue of \$7,525,723 for TRS support provided by the Commonwealth. At June 30, 2023, 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)	\$ 11,442	\$ 95,306
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,456,231	1,181,867
Changes in proportion and differences between District contributions and proportionate share of contributions	893,698	195,584
District contributions subsequent to the measurement date	<u>1,036,159</u>	<u>-</u>
Total	<u>\$ 3,397,530</u>	<u>\$ 1,472,757</u>

\$1,036,159 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2024	265,541
2025	408,982
2026	(89,934)
2027	304,025
2028	-

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

*Actuarial assumptions*—The total pension liability in the June 30, 2022 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
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	2.13 percent
Measurement Date	3.37 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	37.40%	4.20%
Small Cap U.S. Equity	2.60%	4.70%
Developed International Equity	16.50%	5.30%
Emerging Markets Equity	5.50%	5.40%
Fixed Income	15.00%	-0.1%
High Yield Bonds	2.00%	1.70%
Other Additional Categories	5.00%	2.20%
Real Estate	7.00%	4.0%
Private Equity	7.00%	6.9%
Cash	2.0%	-0.3%
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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years, closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.0%
Investment rate of return	6.25%
Projected salary increases	3.30 to 10.30%, varies by service
Inflation rate	2.30%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvements scale using a base year of 2019

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Phase-In provision

Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

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
<b>Equity</b>	<b>60.00%</b>	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
<b>Fixed Income</b>	<b>20.00%</b>	
Core Bonds	10.00%	0.28%
Specialty Credit / High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
<b>Inflation Protected</b>	<b>20.00%</b>	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Total	100.0%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

*Discount rate*—For CERS, projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

*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	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	13,376,233	10,702,048	8,490,276
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, 2022, the Marion County District reported a liability of \$8,714,000 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, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was .3510 percent, compared to .2499 percent at June 30, 2022.

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	\$ 8,714,000
State's proportionate share of the net OPEB liability associated with the District	<u>2,863,000</u>
Total	<u>\$11,577,000</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,650,554 and revenue of \$152,997 for support provided by the state. At June 30, 2023, 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	\$ -	\$ 2,757,138
Changes of assumptions	1,332,278	-
Net difference between projected and actual earnings on pension plan investments	348,500	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,023,255	49,678
District contributions subsequent to the measurement date	<u>510,354</u>	<u>-</u>
Total	<u><u>4,214,387</u></u>	<u><u>2,806,816</u></u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Of the total amount reported as deferred outflows of resources related to OPEB, \$510,354 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<b>Year ended June 30:</b>	
2024	\$ (63,227)
2025	(32,366)
2026	14,301
2027	446,351
2028	377,103
Thereafter	155,056

*Actuarial assumptions* – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 20, 2021
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	3.37%
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	
Under Age 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
Ages 65 and Older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2025
Medicare Part B Premiums	6.97% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2024

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2021 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 remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2021 valuation of the Health Trust were based on a review of recent plan experience done concurrently with June 30, 2021 valuation. The health care cost trend assumption was updated for the June 30, 2021 valuation and was shown as an assumption change in the TOL roll-forward while the change initial per capita claims costs were included with experience in the TOL roll-forward.

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
Global Equity	58.00%	5.10%
Fixed Income	9.00%	(0.10)%
Real Estate	6.50%	4.00%
Private Equity	8.00%	6.90%
Additional Category: High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.20%
Cash (LIBOR)	1.00%	-0.30%
	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	10,933,000	8,714,000	6,876,000

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	6,532,000	8,714,000	11,426,000

*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, 2022, 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>142,000</u>
Total	<u>\$ 142,000</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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Global Equity	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	-0.10%
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	-0.30%
	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, 2021.

*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 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

*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, 3.39% of the gross annual payroll of members is contributed for the year ended June 30, 2023 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, 2023, the Marion County District reported a liability of \$ 2,922,063 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, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District’s proportion was .148064 percent, compared to .129357 percent at June 30, 2022.

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	\$ 2,922,063
State’s proportionate share of the net OPEB liability associated with the District	-0-
Total	<u>\$ 2,922,063</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023, the District recognized OPEB expense of \$374,493. At June 30, 2023, 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	\$ 294,130	\$ 670,097
Changes of assumptions	462,145	380,805
Net difference between projected and actual earnings on pension plan investments	544,118	425,519
Changes in proportion and differences between District contributions and proportionate share of contributions	283,930	229,113
District contributions subsequent to the measurement date	<u>255,462</u>	<u>-</u>
Total	<u>1,839,785</u>	<u>1,705,534</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$150,110 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year and implicit subsidy of \$105,352 totaling \$255,462 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:

<b>Year ended June 30:</b>	
2024	\$ (23,956)
2025	(27,263)
2026	(144,928)
2027	74,936
2028	-
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

*Actuarial assumptions* – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Inflation	2.30%
Payroll Growth Rate	2.00%
Investment rate of return	6.25%
Salary Increases	3.30% to 10.30%, varies by service
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post - 65	Initial trend starting at 9.00% at January 1, 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The single discount rate of 5.70% for CERS Nonhazardous was used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2022. Based on the assumptions and the projection of cash flows of each fiscal year ending, the plan’s fiduciary net position and future contributions were projected 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 paid from the plan. However, the cost associated with the implicit subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<b>Growth</b>	<b>68.50%</b>	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
<b>Liquidity</b>	<b>11.50%</b>	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
<b>Diversifying Strategies</b>	<b>20.00%</b>	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Total	100.0%	

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.70%, 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 (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	4.70%	5.70%	6.70%
District's proportionate share of net OPEB liability	3,906,322	2,922,063	2,108,400

*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:

	1% Decrease	Current Trend Rate	1% Increase
Systems' net pension liability	2,172,489	2,922,063	3,822,160

*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 \$279,353 at June 30, 2023. Additionally, the following funds have operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance:

Special Revenue	44,141
Construction Fund	11,197,458
Debt Service Fund	2,064,846
District Activity Fund	72,556

**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:

<b>Type</b>	<b>From Fund</b>	<b>To Fund</b>	<b>Purpose</b>	<b>Amount</b>
Matching	General	Special Revenue	Technology Match	88,939
Matching	General	Special Revenue	USDA Grant	37,000
Operating	Student Activity	District Activity	Operations	56,703
Operating	Capital Outlay	General Fund	Operations	1,808,826
Operating	Building	General Fund	Operations	817,462
Operating	Building	Debt Service	Debt Service	1,815,111
Operating	Special Revenue	Debt Service	Debt Service	81,798
Operating	Building	Construction	Construction	2,000,000
Operating	General Fund	Construction Fund	Construction	319,025
Reclassifying	Construction Fund	Construction Fund	Residual Funds	118,566
Reclassifying	General Fund	Special Revenue	Operations	(4,600)
Operating	General	Debt Service	Debt Service	<u>167,937</u>
			Total Governmental Funds	7,306,767
Indirect Costs	Food Service	General	Operations	<u>126,982</u>
			Total Transfers	<u>7,433,749</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	\$1,025,315

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 3, 2023, the date the financials were available for release.

Subsequent to June 30, 2023, Marion County School District approved five BG-1s for various roof replacements, masonry work at Glasscock, and a partial window replacement at West Marion. The anticipated costs of the projects total \$3,486,823 and the District plans to issue bonds to fund these improvements.

There are no additional events requiring disclosure.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE Q – ON-BEHALF PAYMENT**

For the year ended June 30, 2023, \$11,952,617 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)	\$7,525,723
Teachers Retirement System (GASB 75)	163,864
Health Insurance	3,649,781
Life Insurance	5,350
Administrative Fee	42,740
HRA/Dental/Vision	212,713
Federal Reimbursement	(344,407)
Technology	115,050
SFCC Debt Service Payments	<u>581,803</u>
Total	<u>\$11,952,617</u>

**NOTE S – LONG-TERM OBLIGATIONS - LEASES**

The District is committed under a noncancellable operating 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 \$128,942. The ending balance at June 30, 2023 is \$70,043. The District has recognized an intangible right of use asset for the terms of the lease but the District will not acquire the equipment at the end 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>
2024	32,803	2,481
2025	34,310	974
2026	<u>2,930</u>	<u>11</u>
Total	<u>101,405</u>	<u>7,388</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**

\$272,754 has been recorded as an intangible right of use asset in capital assets for certain software agreements. Due to the implementation of GASB Statement NO. 96, 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. 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>
2024	130,288	6,387
2025	<u>11,187</u>	<u>514</u>
Total	<u>141,475</u>	<u>6,901</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE U – COMMITMENTS**

Marion County School District is renovating Marion County High School. Construction for this project is ongoing as of the audit date. It is anticipated that the completion of this project will cost an additional \$3,217,459.

Marion County School District also approved a BG-1 for the high school gym roof replacement. It is anticipated that this project will cost \$452,700. It is also expected that insurance proceeds will cover 100% of these costs.

Marion County School District is building outdoor classroom spaces at each of its schools. Construction as of June 30, 2023 was in the preliminary phases. It is anticipated that the completion of this project will cost an additional \$700,395. These costs are expected to be funded by ESSER ARP funds.

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 \$20,197,884.

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, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Taxes	10,515,000	10,515,000	11,842,150	1,327,150
Other Local Sources	32,000	32,000	68,555	36,555
State Sources	12,130,300	12,130,300	22,958,388	10,828,088
Federal Sources	135,000	135,000	201,246	66,246
Other Sources	43,000	43,000	3,045,118	3,002,118
<b>TOTAL REVENUES</b>	<b>22,855,300</b>	<b>22,855,300</b>	<b>38,115,457</b>	<b>15,260,157</b>
<b>EXPENDITURES:</b>				
Instructional	15,111,896	15,111,896	21,011,069	(5,899,173)
Student Support Services	913,063	913,063	1,171,657	(258,594)
Staff Support Services	1,419,053	1,419,053	1,505,914	(86,861)
District Administration	1,240,097	1,240,097	1,216,619	23,478
School Administration	1,403,023	1,403,023	2,321,451	(918,428)
Business Support Services	978,177	978,177	1,320,566	(342,389)
Plant Operation & Maintenance	2,872,196	2,872,196	2,666,513	205,683
Student Transportation	2,461,546	2,461,546	2,112,328	349,218
Community Service Operations	52,175	52,175	24,611	27,564
Facilities Acquisition & Construction	10,000	10,000	27,951	(17,951)
Other	2,294,074	2,294,074	608,301	1,685,773
<b>TOTAL EXPENDITURES</b>	<b>28,755,300</b>	<b>28,755,300</b>	<b>33,986,980</b>	<b>(5,231,680)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,900,000)</b>	<b>(5,900,000)</b>	<b>4,128,477</b>	<b>10,028,477</b>
<b>FUND BALANCES - BEGINNING</b>	<b>5,900,000</b>	<b>5,900,000</b>	<b>6,081,228</b>	<b>181,228</b>
<b>FUND BALANCES - ENDING</b>	<b>0</b>	<b>0</b>	<b>10,209,705</b>	<b>10,209,705</b>

On-behalf payments for the general fund totaling \$11,123,427 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, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Other Local Sources	300,595	300,595	69,570	(231,025)
State Sources	1,396,544	1,396,544	1,527,650	131,106
Federal Sources	3,632,413	3,632,413	8,060,645	4,428,232
Other Sources	202,409	202,409	126,329	(76,080)
<b>TOTAL REVENUES</b>	<u>5,531,961</u>	<u>5,531,961</u>	<u>9,784,194</u>	<u>4,252,233</u>
<b>EXPENDITURES:</b>				
Instructional	4,723,195	4,723,195	5,984,705	(1,261,510)
Student Support Services	259,272	259,272	304,833	(45,561)
Staff Support Services	115,000	115,000	72,380	42,620
District Administration	0	0	0	0
School Administration	0	0	0	0
Business Support Services	0	0	0	0
Plant Operation & Maintenance	0	0	55	(55)
Student Transportation	0	0	53,688	(53,688)
Community Service Operations	343,560	343,560	346,054	(2,494)
Adult Education	0	0	(397)	397
Facility Acquisition & Construction	0	0	2,941,078	(2,941,078)
Other	90,934	90,934	81,798	9,136
<b>TOTAL EXPENDITURES</b>	<u>5,531,961</u>	<u>5,531,961</u>	<u>9,784,194</u>	<u>(4,252,233)</u>
<b>NET CHANGE IN FUND BALANCE</b>	0	0	0	0
<b>FUND BALANCES - BEGINNING</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCES - ENDING</b>	<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
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%
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
<b>TOTAL</b>	<b>\$ 96,394,423</b>	<b>\$ 106,254,758</b>	<b>\$ 135,901,392</b>	<b>\$ 129,140,223</b>	<b>\$ 63,065,214</b>	<b>\$ 63,636,486</b>	<b>\$ 65,627,287</b>	<b>\$ 61,120,871</b>	<b>\$ 82,481,661</b>
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
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	45.59%	44.70%	57.04%	39.80%	59.30%	58.80%	58.27%	65.59%	56.41%

*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 PENSION LIABILITY  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023
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%
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
State of Kentucky's share of the net pension liability associated with the district	\$ -	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<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>
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
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%
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%

*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  
 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>
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>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<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
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%

*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  
 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>
Contractually required contributions (actuarially determined)	\$ 442,377	\$ 440,446	\$ 542,219	\$ 569,403	\$ 575,994	\$ 690,256	\$ 648,924	\$ 875,523	\$ 875,523
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>
Contribution deficiency (excess)	<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
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%

*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  
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>
District's proportion of net OPEB liability	0.156684%	0.155387%	0.138547%	0.137716%	0.129357%	0.148064%
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
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-	-	-	-
<b>TOTAL</b>	<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>
District's covered-employee payroll	3,932,344	3,551,136	3,576,455	3,362,302	4,066,751	4,305,931
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%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%	51.67%	62.91%	60.95%

*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>
District's proportion of net OPEB liability	0.2537%	0.2492%	0.2857%	0.2278%	0.2499%	0.3510%
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
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>
<b>TOTAL</b>	<b><u>16,439,000</u></b>	<b><u>16,099,000</u></b>	<b><u>13,150,000</u></b>	<b><u>11,262,000</u></b>	<b><u>9,715,000</u></b>	<b><u>11,577,000</u></b>
District's covered-employee payroll	\$ 15,772,834	\$ 15,598,190	\$ 15,920,586	\$ 16,083,556	\$ 17,231,647	\$ 17,011,798
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%
Plan fiduciary net position as a percentage of the total OPEB liability	21.18%	25.50%	32.60%	39.05%	51.74%	47.75%

*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>
District's proportion of net OPEB liability	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>
<b>TOTAL</b>	<b><u>99,000</u></b>	<b><u>128,000</u></b>	<b><u>136,000</u></b>	<b><u>151,000</u></b>	<b><u>58,000</u></b>	<b><u>142,000</u></b>
District's covered-employee payroll	\$ 15,772,834	\$ 15,598,190	\$ 15,920,586	\$ 16,083,556	\$ 17,231,647	\$ 17,011,798
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%
Plan fiduciary net position as a percentage of the total OPEB liability	79.99%	75.00%	73.40%	71.57%	89.15%	73.97%

*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 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>
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>
Contribution deficiency (excess)	<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
Contributions as a percentage of Covered employee payroll	4.70%	5.26%	4.76%	4.76%	5.78%	3.39%

*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>
Contractually required contributions (actuarially determined)	\$ 444,141	\$ 467,946	\$ 477,618	\$ 482,506	\$ 516,949	\$ 510,354
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>
Contribution deficiency (excess)	<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
Contributions as a percentage of Covered employee payroll	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>
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>
Contribution deficiency (excess)	<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
Contributions as a percentage of Covered employee payroll	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, 2023

**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 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%.

**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	21.9 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary Increase	3.00% to 7.50%, includes wage inflation at 2.75%
Investment rate of return	7.10 %, includes price inflation at 2.50%
Cost-of-living adjustments	1.50% annually

**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 report at <https://trs.ky.gov/wp-content/uploads/2023/06/TRS-GASB-68-Report-2022-Actuary.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, 2023

**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, 2023

**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.

**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:

Valuation Date	June 30, 2020
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, Closed
	<i>Gains/losses incurring after 2019 will be amortized over separate 20-year amortization basis</i>
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30 percent
Salary Increase	3.30-10.30 percent, varies by service
Investment Rate of Return	6.25 percent
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS

The retiree mortality is a System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

**NOTE C – CHANGES OF BENEFITS**

There were no changes in benefits for CERS non-hazardous pensions.

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, 2023

**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.

**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**

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](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, 2023

**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.

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, 2023

**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, 2020
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, closed
	<i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30%-10.30%, varies by service
Investment Rate of Return	6.25 %
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 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 2021 premiums were known at the time of valuation and were incorporated into the liability measurement.

**NOTE C – CHANGES OF BENEFITS**

There were no changes in benefits for CERS, non-hazardous OPEB.

OTHER SUPPLEMENTARY  
INFORMATION



MARION COUNTY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2023

	CAPITAL OUTLAY FUND	BUILDING FUND	DEBT SERVICE FUND	DISTRICT ACTIVITY FUND	STUDENT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS:						
Cash & Cash Equivalents	<u>                    </u>	1,783,884	1,513	125,197	258,745	2,169,339
TOTAL ASSETS	<u>          0          </u>	<u>1,783,884</u>	<u>1,513</u>	<u>125,197</u>	<u>258,745</u>	<u>2,169,339</u>
LIABILITIES AND FUND BALANCES:						
Interfund Payable						0
Accounts Payable				536		536
Total Liabilities	<u>          0          </u>	<u>          0          </u>	<u>          0          </u>	<u>          536          </u>	<u>          0          </u>	<u>          536          </u>
Fund Balance:						
Restricted for:						
Capital Projects		1,783,884				1,783,884
Debt Service			1,513			1,513
Student Activities					258,745	258,745
School Activities				124,661		124,661
Total Fund Balance	<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>
TOTAL LIABILITIES AND FUND BALANCES	<u>          0          </u>	<u>1,783,884</u>	<u>1,513</u>	<u>125,197</u>	<u>258,745</u>	<u>2,169,339</u>

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, 2023

	CAPITAL OUTLAY FUND	BUILDING FUND	DEBT SERVICE FUND	DISTRICT ACTIVITY FUND	STUDENT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
REVENUES:						
Taxes:						
Property		1,881,098				1,881,098
Intergovernmental - State	296,461	1,130,950	581,803			2,009,214
Other Sources				20,234	765,321	785,555
TOTAL REVENUES	<u>296,461</u>	<u>3,012,048</u>	<u>581,803</u>	<u>20,234</u>	<u>765,321</u>	<u>4,675,867</u>
EXPENDITURES:						
Instructional				92,133	657,468	749,601
Support Services:						
Instructional Staff Support				552		552
Plant Operations & Maintenance				105		105
Debt Service:						
Principal			1,795,000			1,795,000
Interest			851,649			851,649
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>2,646,649</u>	<u>92,790</u>	<u>657,468</u>	<u>3,396,907</u>
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	296,461	3,012,048	(2,064,846)	(72,556)	107,853	1,278,960
OTHER FINANCING SOURCES(USES):						
Operating Transfers In - Note N			2,064,846	56,703		2,121,549
Operating Transfers Out - Note N	(1,808,826)	(4,632,573)			(56,703)	(6,498,102)
TOTAL OTHER FINANCING SOURCES(USES)	<u>(1,808,826)</u>	<u>(4,632,573)</u>	<u>2,064,846</u>	<u>56,703</u>	<u>(56,703)</u>	<u>(4,376,553)</u>
NET CHANGE IN FUND BALANCES	<u>(1,512,365)</u>	<u>(1,620,525)</u>	<u>0</u>	<u>(15,853)</u>	<u>51,150</u>	<u>(3,097,593)</u>
FUND BALANCES, BEGINNING	<u>1,512,365</u>	<u>3,404,409</u>	<u>1,513</u>	<u>140,514</u>	<u>207,595</u>	<u>5,266,396</u>
FUND BALANCES - ENDING	<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>

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, 2023

	FUND BALANCE JULY 1, 2022	REVENUES	EXPENDITURES	FUND BALANCE JUNE 30, 2023
Marion County High School	110,461	455,087	421,402	144,146
Charitable Gaming	501	3,778	3,778	501
Marion County Middle School	21,191	46,774	45,828	22,137
Marion County Knight Academy	18,609	69,368	59,579	28,398
Lebanon Elementary School	9,597	22,383	22,115	9,865
Calvary Elementary School	13,671	34,196	30,939	16,928
Glasscock Elementary School	21,986	61,795	53,148	30,633
West Marion Elementary School	11,579	71,940	77,382	6,137
Total	<u>207,595</u>	<u>765,321</u>	<u>714,171</u>	<u>258,745</u>

MARION COUNTY SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
HIGH SCHOOL ACTIVITY FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	CASH			CASH	ACCOUNTS	ACCOUNTS	FUND
	BALANCE	RECEIPTS	DISBURSEMENTS	BALANCE	RECEIVABLE	PAYABLE	BALANCE
	JULY 1, 2022			JUNE 30, 2023	JUNE 30, 2023	JUNE 30, 2023	JUNE 30, 2023
Academic Team	0	1,882	627	1,255	0	0	1,255
AP Account	0	1,234	1,234	0	0	0	0
AP Govt	17	0	0	17	0	0	17
AP Social Studies	24	0	24	0	0	0	0
Art Department	352	2,047	2,361	38	0	0	38
Band	341	3,136	751	2,726	0	0	2,726
Chorus	1,281	770	1,175	876	0	0	876
Beta Club	2,802	56,472	55,725	3,549	0	0	3,549
Beta - NHS Charitable	307	3,639	3,718	228	0	0	228
Central KY Beta Inv	97	1,314	1,345	66	0	0	66
Business Ed Department	1,110	5,618	4,884	1,844	0	0	1,844
Environmental Class	803	0	0	803	0	0	803
Reclaiming History	75	164	181	58	0	0	58
Class of 2022	5,113	0	5,113	0	0	0	0
CLASS of 2023	317	14,491	11,810	2,998	0	0	2,998
CLASS of 2024	317	0	0	317	0	0	317
FCCLA	1,688	7,605	7,215	2,078	0	0	2,078
AG Class	320	0	0	320	0	0	320
FFA	1,819	39,206	39,423	1,602	0	0	1,602
FCA	2	0	0	2	0	0	2
Journalism	68	0	68	0	0	0	0
FMD	0	216	0	216	0	0	216
General	2,600	37,915	38,500	2,015	0	0	2,015
Graphic Designs	4,315	3,023	4,338	3,000	0	0	3,000
Knight Way Media	0	75	0	75	0	0	75
Library	0	20	20	0	0	0	0
National Honor Society	1,006	1,950	2,478	478	0	0	478
Pep Club	20	1,806	1,377	449	0	0	449
Project Lead The Way	0	400	400	0	0	0	0
PLTW Alumni Acct	147	0	0	147	0	0	147
ROTC	7,879	25,388	22,755	10,512	0	0	10,512
SMILE Club	561	0	0	561	0	0	561
Student Ambassador	364	1,441	1,445	360	0	0	360
Student Council	22	1,250	1,115	157	0	0	157
Student of the Week	231	0	0	231	0	0	231
Teachers' Activity	649	1,529	1,675	503	0	0	503
TSA	407	260	417	250	0	0	250
Yearbook Journalism	14,560	5,897	4,531	15,926	0	0	15,926
Peers Over Pressure	398	1,500	558	1,340	0	0	1,340
Esports	0	1,890	192	1,698	0	0	1,698
Athletic Department	6,619	120,070	120,883	5,806	0	0	5,806

Baseball	552	7,418	7,774	196	0	0	196
Bass Fishing Team	4,977	3,369	3,545	4,801	0	0	4,801
Boys' Basketball	881	14,358	12,535	2,704	0	0	2,704
Boys' Soccer	5,462	5,717	6,439	4,740	0	0	4,740
Tennis	1,198	1,968	1,400	1,766	0	0	1,766
Cheerleaders	1,207	11,888	5,924	7,171	0	0	7,171
Cross Country	1,859	8,857	6,785	3,931	0	0	3,931
Football	560	4,062	1,138	3,484	0	0	3,484
Girls' Basketball	2,596	6,061	5,340	3,317	0	0	3,317
Girls' Soccer	4,217	5,964	2,430	7,751	0	0	7,751
Track	660	6,185	4,873	1,972	0	0	1,972
Golf	4,579	15,650	13,379	6,850	0	0	6,850
Softball	1,632	7,612	7,318	1,926	0	0	1,926
Swim Team	2,021	3,555	2,403	3,173	0	0	3,173
Volleyball	5,365	41,294	36,908	9,751	0	0	9,751
Concessions	1,000	46,031	39,515	7,516	0	0	7,516
Uniform Rotation Ac	13,827	12,227	16,695	9,359	0	0	9,359
Start Up Change	0	800	800	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
DAF Instruction	0	17,158	17,158	0	0	0	0
DAF Athletics	0	5,440	5,440	0	0	0	0
DAF Library	0	20	20	0	0	0	0
DAF Building/Grounds M&R	0	1,660	1,660	0	0	0	0
Total All Funds	<u>110,461</u>	<u>569,502</u>	<u>535,817</u>	<u>144,146</u>	<u>0</u>	<u>0</u>	<u>142,891</u>
Interfund Transfers	<u>0</u>	<u>(114,415)</u>	<u>(114,415)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>110,461</u></u>	<u><u>455,087</u></u>	<u><u>421,402</u></u>	<u><u>144,146</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>144,146</u></u>

MARION COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

<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	310G	618
Title I - Parent Involvement	84.010	3100002	310GM	2,680
Title I - Grants to Local Educational Agencies	84.010	3100002	310GP	172
Title I - Grants to Local Educational Agencies	84.010	3100002	310I	259,302
Title I - Parent Involvement	84.010	3100002	310IM	1,440
Title I - Grants to Local Educational Agencies	84.010	3100002	310IP	198
Title I - Grants to Local Educational Agencies	84.010	3100002	310J	604,888
Title I - Parent Involvement	84.010	3100002	310JM	1,737
Title I - Grants to Local Educational Agencies	84.010	3100002	310JN	23,707
Title I - Educational Recovery Special (MOA)	84.010	3100002	320JE	132,909
Title I Total				1,027,651 *
Migrant Education - State Grant Program	84.011	3110002	311GY	27,700
Migrant Education - State Grant Program	84.011	3110002	311I	73,703
Migrant Education - State Grant Program	84.011	3110002	311J	192,256
Migrant Education Total				293,659
IDEA - Special Education - Grants to State	84.027	3810002	337G	4,306
IDEA - Special Education - Grants to State	84.027	3810002	337I	342,577
IDEA - Special Education - Grants to State	84.027	3810002	337IP	7,994
IDEA - Special Education - Grants to State	84.027	3810002	337J	472,636
IDEA - Special Education - Grants to State	84.027	3810002	337JP	8,551
IDEA - Education Academic Promgram Mangaer (MOA)	84.027	3810002	489J	64,460
IDEA - Special Education - Preschool Grants	84.173	3800002	343J	55,781
COVID-19 - ARP IDEA	84.027X	4900002	478I	142,807
COVID-19 - ARP IDEA Preschool	84.173X	4900002	488I	9,296
Special Education Cluster Total				1,108,408 *
Perkins Vocational Education	84.048	3710002	348IA	1,205
Perkins Vocational Education	84.048	3710002	348J	20,852
Perkins Vocational Education Total				22,057
Community Based Work Transition	84.341	371F	371F	49,130
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401G	27,859
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401GP	8,556
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401I	124,240
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401IP	2,859
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401J	5,859
Title II - Part A - Supporting Effective Instruction State Grant Total				169,373
Title III - Limited English Proficiency Part A	84.365	3300002	345G	5,769
Title III - Limited English Proficiency, Immigrant	84.365	3300002	345GI	4,667
Title III - Limited English Proficiency Part A	84.365	3300002	345I	16,095
Title III - Limited English Proficiency Part A	84.365	3300002	345J	849
Title III Total				27,380
Title IV, Student Support and Academic Enrichment	84.424	3420002	552GP	40
Title IV, Student Support and Academic Enrichment	84.424	3420002	552GW	4,111
Title IV, Student Support and Academic Enrichment	84.424	3420002	552IP	3,019
Title IV, Student Support and Academic Enrichment	84.424	3420002	552IS	21,543
Title IV, Student Support and Academic Enrichment	84.424	3420002	552IT	7,914
Title IV, Student Support and Academic Enrichment	84.424	3420002	552IW	9,498
Title IV, Student Support and Academic Enrichment	84.424	3420002	552JP	671
Title IV, Student Support and Academic Enrichment	84.424	3420002	552JS	863
Title IV, Student Support and Academic Enrichment	84.424	3420002	552JT	310
Title IV, Student Support and Academic Enrichment	84.424	3420002	552JW	10,005
Title IV Total				57,974
Rural and Low Income Schools	84.358	3140002	350G	43,652
Rural and Low Income Schools	84.358	3140002	350I	70,939
Rural and Low Income Schools Total				114,591
21st Century Learning Center	84.287	3400002	550D	125

MARION COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2023

<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	193,799
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4200002	554GD	1,036,201
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4200003	554GS	99,405
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4000002	613F	398
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300002	473G	2,941,078
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300003	473GD	3,889
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	473GI	85,123
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	563J	14,137
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425W	4980002	476IC	8,401
COVID-19 Education Stabilization Fund Total				<u>4,382,431</u> *
Gaining Early Awareness for Readiness for Undergraduate Programs	84.334	614I	614I	7,702
Gaining Early Awareness for Readiness for Undergraduate Programs	85.334	614J	614J	3,472
Gaining Early Awareness for Readiness for Undergraduate Programs Total				<u>11,174</u>
School Health Profiles	93.079	493F	493F	650
School Health Profiles	93.079	493I	493I	600
School Health Profiles Total				<u>1,250</u>
Total U.S. Department of Education				<u>7,265,203</u>
<u>U.S. Department of Defense</u>				
ROTC	12.404	DIRECT	504J	64,040
<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	552,489 *
<u>U.S. Department of Agriculture</u>				
Passed-Through State Department of Education				
Summer Meal Program	10.559	7690024-22	7690024-22	2,064
Summer Meal Program	10.559	7690024-23	7690024-23	165
Summer Meal Program	10.559	7700001-22	7700001-22	3,905
Summer Meal Program	10.559	7740023-22	7740023-22	19,738
Summer Meal Program	10.559	7740023-23	7740023-23	57,278
National School Lunchroom	10.555	7750002-22	7750002-22	351,902
National School Lunchroom	10.555	7750002-23	7750002-23	1,457,435
National School Lunchroom	10.555	9980000-22	9980000-22	80,051
National School Lunchroom	10.555	9980000-23	9980000-23	37,658
School Breakfast Program	10.553	7760005-22	7760005-22	147,901
School Breakfast Program	10.553	7760005-23	7760005-23	645,425
Child Nutrition Cluster				<u>2,803,522</u>
Child & Adult Care Food Program	10.558	7790021-22	7790021-22	1,705
Child & Adult Care Food Program	10.558	7790021-23	7790021-23	5,529
Child & Adult Care Food Program	10.558	7800016-22	7800016-22	127
Child & Adult Care Food Program	10.558	7800016-23	7800016-23	412
Child & Adult Care Food Program Total				<u>7,773</u>
State P-EBT Administrative Costs Grant	10.649	9990000-22	9990000-22	3,135
Total Passed-Through Kentucky Department of Education				<u>2,814,430</u>
Distance Learning and Telemedicine Grants	10.855	Direct	023J	281,763
Passed Through State Department of Agriculture				
Food Distribution	10.565	057502-10	05702-10	207,582
Total U.S. Department of Agriculture				<u>3,303,775</u>
Total Federal Financial Assistance				<u>11,185,507</u>

\* Tested as major program

MARION COUNTY SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

**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, 2023. 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, 2023

**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
84.010 84.027/84.173/84.027X/84.173X	Title 1 Special Education Cluster*

*\*-Includes COVID-19 ARP IDEA and COVID-19 ARP IDEA Preschool*

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, 2023

There were no prior year audit findings.

**WHITE AND COMPANY, P.S.C.**  
**Certified Public Accountants**  
**219 South Proctor Knott Avenue**  
**Lebanon, Kentucky 40033**  
**(270) 692-2102**  
**Fax (270) 692-2101**

Charles M. White, CPA  
Stephanie A. Abell, CPA

Email: charles.white@whitecpas.com

November 3, 2023

**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, 2023, 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 3, 2023.

**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 have not been 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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Charles M. White, CPA  
Stephanie A. Abell, CPA

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November 3, 2023

**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, 2023. 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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

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Charles M. White, CPA  
Stephanie A. Abell, CPA

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November 3, 2023

**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, 2023, 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:**

No matters were noted.

**Current Year Activity Fund Recommendations:**

**2023-1 Current 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.

**Management Response:**

We have already spoken to bookkeepers to remind them of this documentation requirement and will continue to do so in the future.

**Prior Year District Recommendations:**

**2022-1 Prior Year Recommendation:**

During prior year testing, two instances of a lack of a receiving report were noted for a District level disbursement. We recommend that receiving reports or signed invoices indicating receipt of goods be documented with all applicable disbursements.

**Current Year Status:**

No such matters were found during current year testing for District level transactions.



**Current Year District Recommendations:**

2023-2 Current 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.

Management Response:

By August 2023, the District was once again fully collateralized. In the future, when we issue bonds, we will do our best to work with the bank at the time of issuance to ensure there is no gap in collateral coverage.

2023-3 Current 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.

Management Response:

We will copy any voided paperwork and ensure the Finance Officer has a copy of said paperwork so that he can doublecheck that the check has been voided while completing the next applicable bank reconciliation.

2023-4 Current 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:

We reversed the entry and have adjusted procedures accordingly. We have also discussed this matter with all parties involved to ensure that this is not a repeated issue.

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

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Charles M. White, CPA  
Stephanie A. Abell, CPA

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November 3, 2023

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, 2023. 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 27, 2023. 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. As described in Note A to the financial statements, the District changed policies related to Subscription-Based Information Technology Arrangements by adopting Statement of Governmental Accounting Standards No. 96, Subscription-Based Information Technology Arrangements, in 2023. The District did not have a cumulative prior period impact as its only applicable lease began in the year of adoption. No other new accounting policies were adopted and the application of existing policies was not changed during 2023. 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 the 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 key factors and assumptions 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 3, 2023.

### *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 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