MARION COUNTY
SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2025

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December 15, 2025

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County School District as of and for the year ended June 30, 2025, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note A to the financial statements, in 2025, the District adopted new guidance, GASB statement No. 101, *Compensated Absences*. 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 risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Marion County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Marion County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the district's proportionate share of net pension liabilities, and the schedules of the district's proportionate share of net other post-employment benefits on pages 4 through 11, 58 through 61, and 64 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting

Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025 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, 2025

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, 2025. 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 $35.55 million in revenues and other financing sources, which primarily consisted of funding through the State's Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property taxes, motor vehicle, and utilities taxes. This compares to $34.42 million in General Fund revenues and other financing sources for the prior year.

- Total local taxes collected were $15,630,875 including property, vehicles, and utility taxes. Penalties and interest, omitted property taxes, and revenue in lieu of taxes are also included in this amount. $2,232,120 the total local taxes collected was for the building fund (5 Cent Levy and Recallable Nickel Levy) required for participation in the School Facilities Construction Commission (SFCC). SFCC funds must be used for projects identified in the District's Facility Plan.

- The District levied tax rates of 57.7 cents (real estate), 57.7 cents (tangible property), and 52.6 cents (motor vehicles) per $100 of assessed value, and continued the 3% utility tax.

- General Fund expenditures including other financing uses totaled $34.1 million, compared to $33.37 million in the prior year.

- Over time, increases or decreases in net position can serve as a useful indicator of whether financial position of the District is improving or deteriorating. As of June 30, 2025, the District's total net position was $21,484,062, an increase of $4,233,511 from 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 2025. The plan indicated nearly $55.65 million dollars in needs.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary fund is our food service operation. All other activities of the district are included in the governmental funds.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $21.48 million as of June 30, 2025.

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

	Governmental Activities		Business Activities		Total	
	FY24	FY25	FY24	FY25	FY24	FY25
Current Assets	$ 29,286,542	17,817,394	923,422	285,971	30,209,964	18,103,365
Non-Current Assets	58,693,389	70,375,807	849,634	1,890,383	59,543,023	72,266,190
Total Assets	87,979,931	88,193,201	1,773,056	2,176,354	89,752,987	90,369,555
Deferred Outflows	5,924,319	4,222,874	868,113	530,763	6,792,432	4,753,637
Total Assets and Deferred Outflows	93,904,250	92,416,075	2,641,169	2,707,117	96,545,419	95,123,192
Current Liabilities	3,364,039	3,345,445	903	13,988	3,364,942	3,359,433
Non-Current Liabilities	62,508,456	61,926,758	1,693,689	1,612,499	64,202,145	63,539,257
Total Liabilities	65,872,495	65,872,495	1,694,592	1,626,487	67,567,087	66,898,690
Deferred Inflows	7,167,534	5,797,673	1,238,726	942,767	8,406,260	6,740,440
Total Liabilities and Deferred Inflows	73,049,029	71,069,876	2,933,318	2,569,254	75,973,347	73,639,130
Net Position:						
Invested in capital (net of debt)	8,235,136	22,006,973	849,634	1,890,383	9,084,770	23,897,356
Restricted	17,300,737	4,692,437	(1,141,783)	(1,752,520)	16,158,954	2,939,917
Unrestricted	(4,671,652)	(5,353,211)			(4,671,652)	(5,353,211)
Restatement-See Note V	(3,195,476)		(126,045)		(3,321,521)	
Total Net Position	$17,688,745	21,346,199	(418,194)	137,863	17,250,551	21,484,062

Statement of Activities

	Governmental Activities		Business Activities		Total	
Revenues	**FY24**	**FY25**	**FY24**	**FY25**	**FY24**	**FY25**
Program Revenues:						
Charges for Services	144,766	240,245	174,351	108,385	319,117	348,630
Operating Grants and Contributions	7,595,857	5,045,983	3,458,881	3,399,245	11,054,738	8,445,228
Capital Grants and Contributions	1,025,319	331,718		49,820	1,025,319	381,538
General Revenue:						
Property Taxes	8,777,799	9,275,943			8,777,799	9,275,943
Motor Vehicle Taxes	1,122,137	1,127,294			1,122,137	1,127,294
Distilled Spirits	1,973,410	2,743,115			1,973,410	2,743,115
Utility Taxes	2,140,690	2,044,735			2,140,690	2,044,735
Other Taxes	289,802	439,788			289,802	439,788
State Aid - Formula Grants	21,858,660	22,633,976			21,858,660	22,633,976
Investment Earnings	1,630,008	991,552	38,330	9,747	1,668,338	1,001,299
Miscellaneous Revenues	578,151	780,824			578,151	780,824
Fund Transfer	144,557	(381,242)	(144,557)	381,242	0	0
Loss Compensation	492,404	1,751			492,404	1,751
Gain (Loss) on Sale of Capital Assets	35,467	(606,661)			35,467	(606,661)
Total Revenues	47,809,027	44,669,021	3,527,005	3,948,439	51,336,032	48,617,460
Expenses						
Instructional	27,259,275	26,177,086			27,259,275	26,177,086
Student Support Services	1,294,158	1,379,529			1,294,158	1,379,524
Staff Support Services	1,526,533	1,460,427			1,526,533	1,460,427
District Administration	1,122,238	1,259,965			1,122,238	1,259,965
School Administration	1,933,973	2,010,025			1,933,973	2,010,025
Business Support Services	1,119,283	1,482,960			1,119,283	1,482,960
Plant Operation & Maintenance	3,378,541	3,245,207			3,378,541	3,245,207
Student Transportation	2,388,796	1,765,951			2,388,796	1,765,951
Food Service			3,539,801	3,392,382	3,539,801	3,392,382
Community Service Operations	356,313	419,644			356,313	419,644
Facilities Acquisition & Construction	36,728	20,678			36,728	20,678
Interest on Long-Term Debt	1,712,372	1,770,095			1,712,372	1,770,095
Total Expenses	42,128,210	40,991,567	3,539,801	3,392,382	45,668,011	44,383,949
Change in Net Position	5,680,817	3,677,454	(12,796)	556,057	5,668,021	4,233.511
Net Position, July 1	15,183,404	17,668,745	(279,353)	(418,194)	14,904,051	17,250,551
Restatement – See Note V	(3,195,476)		(126,045)		(3,321,521)	
Net Position June 30,	17,688,745	21,346,199	(418,194)	137,863	17,250,551	21,484,062

On-Behalf Payments,

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

On-Behalf Distribution 2024-25

Health Insurance, Life, Admin,HRA/Dental/Vision	$ 4,003,464
Kentucky Teachers Retirement	$ 5,010,231
Technology	$ 81,396
Debt Service	$ 546,436
Total On-Behalf Payments	$ 9,641,527

General Fund Revenue Table .

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

Revenue	FY24	%	FY25	%
Property Tax	6,737,876	19.58	7,043,823	19.81
Motor Vehicle	1,122,137	3.26	1,127,294	3.17
Utility	2,140,690	6.22	2,044,735	5.75
Distilled Spirits	1,973,410	5.73	2,743,115	7.72
Other Tax	289,802	0.84	439,788	1.24
Interest Income	768,867	2.23	753,821	2.12
State SEEK	11,419,569	33.17	11,958,291	33.64
State On-Behalf	8,996,179	26.14	8,849,637	24.89
State – Other		0	40,374	0.11
Federal	196,759	0.57	157,205	0.44
Other	779,280	2.26	393,345	1.11
Totals	34,424,569	100.00	35,551,428	100.00

State sources (State SEEK, On-behalf and Other State revenue) increased in value from $20,415,748 for FY2024 to $20,808,302 for FY2025. Local taxes (Property, Motor Vehicle, Utility and Other Local Tax) increased from $12,263,915 or 35.65% to $13,398,755 or 37.69% of total General Fund revenue over the same periods. Total General Fund revenue increased $1,126,859. The majority of the increase is due to the increase in tax revenues.

General Fund Expenditure Table.

For FY2025, aapproximately 74.92% of the general fund expenses were spent for salaries and fringe benefits (68.18+ 6.74% = 74.92%). This calculation is without the state on-behalf expenditure included. A breakdown of all general fund expenditures is found in the chart below.

Expense	FY24	% without On-behalf	% including On-behalf	FY25	% without On-behalf	% including On-behalf
Salaries	17,348,263	70.79	51.98	17,267,566	68.18	50.64
Benefits	1,767,370	7.21	5.30	1,707,183	6.74	5.01
On-Behalf	8,870,623	-	26.58	8,768,242	-	25.72
All Other	5,385,940	21.98	16.14	6,353,326	25.08	18.63
Totals	$33,372,196	100.00	100.00	$34,096,317	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. On-Behalf related to technology has been included with the "All Other" category above.

The total FY2025 costs increased by $826,502 when on-behalf is excluded. However, when on-behalf is included, costs increased $724,121.

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 $25,083,684 with actual results being $35,551,428. Budgeted expenditures were $36,083,684 compared to actual expenditures of $34,096,317. The most significant variance between budget and actual was the District's contingency account of $3,353,038 which is required by law to be budgeted, but no actual expenses were incurred. The other significant variance is from the receipt of on-behalf. On-behalf revenues and expenditures are not budgeted for the District. For many years, the District has prepared its budget in a conservative manner. A sizable fund balance at the beginning of the year is important since the majority of the District's tax revenue is not received until approximately five months into the fiscal year. The District's fund balance is used to offset the delay in tax receipts for the year.

FUTURE BUDGETARY IMPLICATIONS

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The table below shows capital assets net of depreciation for the governmental activities, business-type activities and total primary government for fiscal years ended June 30, 2024 and 2025.

	Governmental Activities (Net of Depreciation)		Business – Type Activities (Net of Depreciation)		Total Primary Government (Net of Depreciation)	
	2024	2025	2024	2025	2024	2025
Land	$ 814,396	$ 814,396	$ -	$ -	$ 814,396	$ 814,396
Construction in Progress	13,515,044	3,086,100			13,515,044	3,086,100
Buildings and Improvements	42,066,913	63,510,366			42,066,913	63,510,366
Technology	564,552	528,305			564,552	528,305
Vehicles	1,260,179	1,608,193			1,260,179	1,608,193
General Equipment	268,732	462,244	849,634	1,890,383	1,118,366	2,352,627
Right of Use – Copiers	34,922	2,687			34,922	2,687
Right of Use – SBITA	168,651	363,516			168,657	363,516
Total	58,693,389	70,375,807	$849,634	$ 1,890,383	$ 59,543,023	$ 72,266,190

The table below shows the changes in capital assets for fiscal years ended June 30, 2024 and 2025.

	Governmental Activities		Business – Type Activities		Total Primary Government	
	2024	2025	2024	2025	2024	2025
Beginning Balance	$ 43,918,193	$ 58,693,389	$ 708,353	$ 849,634	$ 44,626,546	$ 59,543,023
Additions	17,050,944	15,591,347	224,178	1,152,806	17,275,122	16,744,153
Retirements	387	(646,270)			387	(646,270)
Depreciation & Amortization	(2,276,135)	(3,262,659)	(82,897)	(112,057)	(2,359,032)	(3,374,716)
Ending Balance	$ 58,693,389	$ 70,375,807	$ 849,634	$ 1,890,383	$ 59,543,023	$ 72,266,190

Long-Term Debt

At year-end the District had $48,279,518 in bonds outstanding. A total of $2,025,107 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, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents - Note C	16,898,429	0	16,898,429
Accounts Receivable:			
Taxes - Current	523,363		523,363
Taxes - Delinquent	11,592		11,592
Accounts	29,070		29,070
Intergovernmental - State & Local	5,947		5,947
Intergovernmental - Federal	335,824	254,904	590,728
Interfund Receivable	13,169		13,169
Inventories for Consumption	0	31,067	31,067
Total Current Assets	17,817,394	285,971	18,103,365
Noncurrent Assets - Note F & S			
Intangible Right of Use Asset - Copiers - Net of Amortization	2,687		2,687
Intangible Right of Use Asset - Software Agreements - Net of Amortization	363,516		363,516
Land	814,396		814,396
Buildings & Improvements	96,220,023		96,220,023
Furniture & Equipment	7,202,571	2,610,965	9,813,536
Construction in Progress	3,086,100		3,086,100
Less: Accumulated Depreciation	(37,313,486)	(720,582)	(38,034,068)
Total Noncurrent Assets	70,375,807	1,890,383	72,266,190
TOTAL ASSETS	88,193,201	2,176,354	90,369,555
Deferred Outflows Related to Pensions	1,519,732	362,616	1,882,348
Deferred Outflows Related to Other Post Employment Benefits	2,690,954	168,147	2,859,101
Deferred Outflows from Advanced Bond Refundings	12,188		12,188
TOTAL DEFERRED OUTFLOWS	4,222,874	530,763	4,753,637
TOTAL ASSETS AND DEFERRED OUTFLOWS	92,416,075	2,707,117	95,123,192
LIABILITIES:			
Current Liabilities:			
Accounts Payable	55,022	819	55,841
Due to General Fund		13,169	13,169
Compensated Absences	198,464		198,464
Advances from Grantors	632,859		632,859
Financing Lease Obligation	2,929		2,929
SBITA Liability	74,199		74,199
Bond Obligations - Note E	2,025,107		2,025,107
Accrued Interest Payable	356,865		356,865
Total Current Liabilities	3,345,445	13,988	3,359,433
Noncurrent Liabilities:			
Bond Obligations - Note E	46,254,411		46,254,411
Net Pension Liability	6,895,336	1,745,898	8,641,234
Net Other Post Employment Benefits Liability	4,902,253	(253,407)	4,648,846
Compensated Absences	3,874,758	120,008	3,994,766
Total Noncurrent Liabilities	61,926,758	1,612,499	63,539,257
TOTAL LIABILITIES	65,272,203	1,626,487	66,898,690
Deferred Inflows Related to Pensions	1,377,606	367,043	1,744,649
Deferred Inflows Related to Other Post Employment Benefits	4,420,067	575,724	4,995,791
TOTAL DEFERRED INFLOWS	5,797,673	942,767	6,740,440
TOTAL LIABILITIES AND DEFERRED INFLOWS	71,069,876	2,569,254	73,639,130
NET POSITION:			
Net Investment in Capital Assets	22,006,973	1,890,383	23,897,356
Restricted for:			
Capital Projects	4,009,831		4,009,831
Student Activities	265,843		265,843
School Activities	125,635		125,635
Debt Service	1,513		1,513
SFCC Escrow	289,615		289,615
Food Service		(1,752,520)	(1,752,520)
Unrestricted	(5,353,211)		(5,353,211)
TOTAL NET POSITION	21,346,199	137,863	21,484,062
TOTAL LIABILITIES AND NET POSITION	92,416,075	2,707,117	95,123,192

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

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
FUNCTION/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instructional	26,177,086	239,686	4,218,534		(21,718,866)		(21,718,866)
Support Services:							
Student Support Services	1,379,529		215,619		(1,163,910)		(1,163,910)
Staff Support Services	1,460,427		145,311		(1,315,116)		(1,315,116)
District Administration	1,259,965				(1,259,965)		(1,259,965)
School Administration	2,010,025				(2,010,025)		(2,010,025)
Business Support Services	1,482,960				(1,482,960)		(1,482,960)
Plant Operation & Maintenance	3,245,207	559			(3,244,648)		(3,244,648)
Student Transportation	1,765,951		61,637		(1,704,314)		(1,704,314)
Community Service Operations	419,644		404,882		(14,762)		(14,762)
Facilities Acquisition and Construction	20,678			74,893	54,215		54,215
Interest on Long-Term Debt	1,770,095			256,825	(1,513,270)		(1,513,270)
TOTAL GOVERNMENTAL ACTIVITIES	40,991,567	240,245	5,045,983	331,718	(35,373,621)		(35,373,621)
BUSINESS-TYPE ACTIVITIES:							
Food Service	3,392,382	108,385	3,399,245	49,820		165,068	165,068
TOTAL BUSINESS-TYPE ACTIVITIES	3,392,382	108,385	3,399,245	49,820	0	165,068	165,068
TOTAL SCHOOL DISTRICT	44,383,949	348,630	8,445,228	381,538	(35,373,621)	165,068	(35,208,553)
GENERAL REVENUES:							
Taxes:							
Property					9,275,943		9,275,943
Motor Vehicle					1,127,294		1,127,294
Distilled Spirits					2,743,115		2,743,115
Utility					2,044,735		2,044,735
Other					439,788		439,788
State Aid - Formula Grants					22,633,976		22,633,976
Investment Earnings					991,552	9,747	1,001,299
Miscellaneous					780,824		780,824
Fund Transfer (Expense)					145,252	(145,252)	0
Fund Transfer (Expense)					(526,494)	526,494	0
Loss Compensation					1,751		1,751
Gain(Loss) Sale of Assets					(606,661)		(606,661)
TOTAL GENERAL REVENUES					39,051,075	390,989	39,442,064
CHANGE IN NET POSITION					3,677,454	556,057	4,233,511
NET POSITION - BEGINNING RESTATED - SEE NOTE V					17,668,745	(418,194)	17,250,551
NET POSITION - ENDING					21,346,199	137,863	21,484,062

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

MARION COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	GENERAL FUND	SPECIAL REVENUE	CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash & Cash Equivalents	11,911,778	293,678	2,615,266	2,077,707	16,898,429
Accounts Receivable:					
Taxes - Current	523,363				523,363
Taxes - Delinquent	11,592				11,592
Accounts	29,070				29,070
Due from School Food Service	13,169				13,169
Intergovernmental - State & Local		5,947			5,947
Intergovernmental - Federal		335,824			335,824
Prepaid Expense	280,113				280,113
TOTAL ASSETS	12,769,085	635,449	2,615,266	2,077,707	18,097,507
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts Payable	51,896	2,590	0	536	55,022
Advances from Grantors		632,859			632,859
Total Liabilities	51,896	635,449	0	536	687,881
Fund Balance:					
Restricted for:					
Capital Projects			2,615,266	1,394,565	4,009,831
SFCC Escrow				289,615	289,615
Debt Service				1,513	1,513
Student Activities				265,843	265,843
School Activities				125,635	125,635
Committed for:					
Sick Leave	198,464				198,464
Assigned Fund Balance	1,260,113				1,260,113
Unassigned Fund Balance	11,258,612				11,258,612
Total Fund Balance	12,717,189	0	2,615,266	2,077,171	17,409,626
TOTAL LIABILITIES AND FUND BALANCES	12,769,085	635,449	2,615,266	2,077,707	18,097,507

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, 2025

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

TOTAL GOVERNMENTAL FUND BALANCE		17,409,626
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	904,011	
Accumulated Amortization	(537,808)	
Cost of Capital Assets	107,323,090	
Accumulated Depreciation	(37,313,486)	
		70,375,807
Reclassification of Prepaid Software Expense as an intangible right of use asset		(280,113)
Deferred Outflows on Bond Refundings are not a current asset and therefore are not reported as assets in governmental funds.		12,188
Deferred Outflows Related to Pensions are not a current asset and therefore are not reported as assets in governmental funds.		1,519,732
Deferred Outflows Related to Other Post Employment Benefits are not a current and therefore are not reported as assets in governmental funds.		2,690,954
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	(47,970,000)	
Unamortized Bond Premiums	(851,705)	
Unamortized Bond Discounts	542,187	
Net Pension Liability	(6,895,336)	
Net Other Post Empoyment Benefits Liability	(4,902,253)	
Accrued Interest Payable	(356,865)	
Lease Obligation	(2,929)	
SBITA Liability	(74,199)	
Accrued Sick Leave	(4,073,222)	
		(64,584,322)
Deferred Inflows Related to Pensions are not a current liabilities and therefore are not reported as liabilities in governmental funds.		(1,377,606)
Deferred Inflows Related to Other Post Employment Benefits are not a current lialities and therefore are not reported as liabilities in governmental funds.		(4,420,067)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		21,346,199

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, 2025

	GENERAL	SPECIAL REVENUE	CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Taxes:					
Property	7,043,823			2,232,120	9,275,943
Motor Vehicle	1,127,294				1,127,294
Utility	2,044,735				2,044,735
Distilled Spirits	2,743,115				2,743,115
Other	439,788				439,788
Earnings on Investments	753,821	5,457	232,274		991,552
Intergovernmental - State	20,848,302	1,648,230	10,233	2,042,499	24,549,264
Intergovernmental - Federal	157,205	3,111,396			3,268,601
Intergovernmental - Local	21,263				21,263
Other Sources	115,493	59,830	0	1,018,295	1,193,618
TOTAL REVENUES	35,294,839	4,824,913	242,507	5,292,914	45,655,173
EXPENDITURES:					
Instructional	19,699,807	3,903,270		1,029,908	24,632,985
Support Services:					
Student Support Services	1,235,508	208,013			1,443,521
Staff Support Services	1,489,045	140,185		75	1,629,305
District Administration	1,192,920				1,192,920
School Administration	2,108,796				2,108,796
Business Support Services	1,248,232				1,248,232
Plant Operation & Maintenance	3,618,880				3,618,880
Student Transportation	2,395,787				2,395,787
Community Service Operations	29,044	390,600			419,644
Facilities Acquisiton, Improvements & Construction	19,038	64,660	13,929,366		14,013,064
Debt Service:					
Principal	34,310			1,965,000	1,999,310
Interest	974			1,765,062	1,766,036
TOTAL EXPENDITURES	33,072,341	4,706,728	13,929,366	4,760,045	56,468,480
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	2,222,498	118,185	(13,686,859)	532,869	(10,813,307)
OTHER FINANCING SOURCES(USES):					
Proceeds from Sale of Assets	39,609				39,609
Loss Compensation	1,751				1,751
Operating Transfers In - Note N	215,229	57,708	2,210,864	3,285,963	5,769,764
Operating Transfers Out - Note N	(1,023,976)	(175,893)	(531,566)	(4,419,571)	(6,151,006)
TOTAL OTHER FINANCING SOURCES	(767,387)	(118,185)	1,679,298	(1,133,608)	(339,882)
NET CHANGE IN FUND BALANCE	1,455,111	0	(12,007,561)	(600,739)	(11,153,189)
FUND BALANCES - BEGINNING	11,262,078	0	14,622,827	2,677,910	28,562,815
FUND BALANCES - ENDING	12,717,189	0	2,615,266	2,077,171	17,409,626

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, 2025

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

NET CHANGES - GOVERNMENTAL FUNDS		(11,153,189)
Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital exceeds depreciation expense for the year.		
Depreciation Expense	(3,145,166)	
Capital Outlays	15,311,224	
		12,166,058
Bond proceeds, certain leases, and certain software agrrements are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Lease Liability Paid	34,310	
Software Agreements Liability Paid	82,190	
Bond Principal Paid	1,965,000	
		2,081,500
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Amortization-Deferred Outflows on Advanced Bond Refundings	(40,637)	
Amortization-Bond Premiums	51,296	
Amortization-Bond Discounts	(31,189)	
Amortization-Right of Use Asset - Copiers	(32,235)	
Amortization-Right of Use Asset - Certain Software Agreements	(85,258)	
District Pension Contributions	865,022	
Cost of Benefits Earned Net of Employee Contributions - Pension	(813,804)	
District Other Post Employment Benefits Contributions	512,888	
Cost of Benefits Earned Net of Employee Contributions - OPEB	839,352	
Accrued Interest Payable	23,519	
Compensated Absences	(59,599)	
		1,229,355
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.		
Loss- Sale of Assets		(646,270)
CHANGES - NET POSITION GOVERNMENTAL FUNDS		3,677,454

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

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	ENTERPRISE FUND
	FOOD SERVICE
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	0
Accounts Receivable	254,904
Inventories for Consumption	31,067
Total Current Assets	285,971
Noncurrent Assets:	
Furniture & Equipment	2,610,965
Less: Accumulated Depreciation	(720,582)
Total Noncurrent Assets	1,890,383
TOTAL ASSETS	2,176,354
Deferred Outflows Related to Pensions	362,616
Deferred Outflows Related to Other Post Employment Benefits	168,147
TOTAL ASSETS AND DEFERRED OUTFLOWS	2,707,117
LIABILITIES:	
Current Liabilities:	
Account Payable	819
Due to General Fund	13,169
Total Current Liabilities	13,988
Noncurrent Liabilities:	
Compensated Absences	120,008
Net Pension Liability	1,745,898
Net Other Post Employment Benefits Liability	(253,407)
Total Noncurrent Liabilities	1,612,499
TOTAL LIABILITIES	1,626,487
Deferred Inflows Related to Pensions	367,043
Deferred Inflows Related to Other Post Employment Benefits	575,724
TOTAL LIABILITIES AND DEFERRED INFLOWS	2,569,254
Net Position:	
Net Investment in Capital Assets	1,890,383
Restricted	(1,752,520)
Total Net Position	137,863
TOTAL LIABILITIES AND NET POSITION	2,707,117

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, 2025

	ENTERPRISE FUND
	FOOD SERVICE
OPERATING REVENUES:	
Lunchroom Sales	108,385
TOTAL OPERATING REVENUES	108,385
OPERATING EXPENSES:	
Salaries & Benefits	1,359,238
Contract Services	81,869
Materials & Supplies	1,830,355
Depreciation - Note F	112,057
Other Operating Expenses	8,863
TOTAL OPERATING EXPENSES	3,392,382
OPERATING INCOME(LOSS)	(3,283,997)
NONOPERATING REVENUES(EXPENSES):	
Federal Grants	2,932,758
State Grants	272,428
Donated Commodities	243,879
Transfer Out to General Fund	(145,252)
Interest Income	9,747
TOTAL NONOPERATING REVENUE	3,313,560
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS	29,563
CAPITAL CONTRIBUTIONS	526,494
CHANGE IN NET POSITION	556,057
TOTAL NET POSITION - BEGINNING RESTATED - SEE NOTE V	(418,194)
TOTAL NET POSITION - ENDING	137,863

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, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from:	
Lunchroom Sales	108,385
Cash Paid to/for:	
Employees	(1,279,629)
Supplies	(1,582,256)
Other Activities	(90,732)
Net Cash Used by Operating Activities	(2,844,232)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfer Out to General Fund	(145,252)
Capital Contributions from Construction Fund	526,494
Federal Grants	2,865,681
State Grants	27,075
Net Cash Provided by Non-Capital and Related Financing Activities	3,273,998
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of Capital Assets	(1,152,806)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of Interest Income	9,747
Net Increase in Cash and Cash Equivalents	(713,293)
Balances, Beginning of Year	713,293
Balances, End of Year	-
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	(3,283,997)
Adjustments to Reconcile Operating Loss to Net Cash (Used) by Operating Activities	
Depreciation	112,057
State On-Behalf Payments	245,353
Donated Commodities	243,879
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:	
Inventory	(8,765)
Deferred Outflows	337,350
Deferred Inflows	(295,959)
Net Pension Liability	(191,642)
Net Other Post Employment Benefits	(9,556)
Compensated Absences	(6,037)
Accounts Payable	13,085
Net Cash Used by Operating Activities	(2,844,232)
Schedule of Non-Cash Transactions:	
Donated Commodities	243,879
State On-Behalf Payments	245,353

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

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	PRIVATE PURPOSE TRUST FUNDS
ASSETS:	
Cash and Cash Equivalents	-
Investments - Note D	146,362
TOTAL ASSETS	146,362
LIABILITIES:	
Accounts Payable	-
TOTAL LIABILITIES	-
NET POSITION HELD IN TRUST	146,362
TOTAL LIABILITIES AND NET POSITION HELD IN TRUST	146,362

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, 2025

	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS:	
Net Interest and Investment Gains(Losses)	14,713
DEDUCTIONS:	
Broker Fees	1,996
Benefits Paid	2,000
Changes in Net Position	10,717
NET POSITION HELD IN TRUST - BEGINNING OF YEAR	135,645
NET POSITION HELD IN TRUST - END OF YEAR	146,362

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

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.

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. <u>Governmental Fund Types</u>

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.

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 us 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.

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, 2025, to finance the General Fund operations were $0.577 per $100 valuation for real property, $.577 per $100 valuation for business personal property, and $0.526 per $100 valuation for motor vehicles.

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

Capital Assets

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

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

Description	**Governmental Activities Estimated Lives**
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Interfund Balances

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

Accumulated Unpaid Sick Leave Benefits

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

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

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

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

Budgetary Process

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

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

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

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.

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:

Fund Balance Type	Amount	Action
General Fund	$198,464	Sick Leave Commitment

The District assigned the following fund balances:

Fund Balance Type	Amount	Description
General Fund	$746,837	Facilities improvements & repairs
General Fund	$155,626	Instructional equipment (includes athletics)
General Fund	$357,650	Instructional software

It is noted that the assignment is at the level source of funding level. That is, certain facilities and improvements may occur from the construction fund at a later date but will be funded by the general fund.

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.

Major Special Revenue Fund	Revenue Source
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.

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 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, 2024, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* which establishes recognition and measurement criteria for liabilities associated with leave benefits earned by employees. Beginning net position was restated as a result of implementation. See Note V.

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 $16,898,429. Of the total cash balance, $328,885 was covered by Federal Depository Insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

Cash and cash equivalents at June 30, 2025, consisted of the following:

	Bank Balance	Book Balance
U.S. Bank	8,052	7,939
Citizens National Bank	19,567,072	16,819,545
Farmers National Bank	71,234	70,945
Total	19,646,358	16,898,429

Breakdown per financial statements:	
Governmental Funds	16,898,429
Proprietary Funds	-0-
Cash per Statement of Net Position	16,898,429

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, 2025, consist of the following:

	Fair Value
Cash	$ 0
Money Market Funds	8,953
Mutual Funds	137,409
Total	$ 146,362

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: PART 1 - BONDS

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

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

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

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

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

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, 2025, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	District's Portion
2025-26	2,005,000	1,710,933	466,349	3,249,584
2026-27	2,000,000	1,647,409	391,238	3,256,171
2027-28	2,080,000	1,575,151	392,516	3,262,635
2028-29	2,165,000	1,498,905	388,797	3,275,108
2029-30	2,225,000	1,417,721	357,813	3,284,908
2030-31	2,210,000	1,351,819	271,299	3,290,520
2031-32	2,310,000	1,259,581	267,874	3,301,707
2032-33	2,340,000	1,171,100	199,725	3,311,375
2033-34	2,435,000	1,089,306	201,457	3,322,849
2034-35	2,530,000	1,004,119	203,972	3,330,147
2035-36	2,285,000	923,056	200,040	3,008,016
2036-37	2,360,000	850,106	200,196	3,009,910
2037-38	2,435,000	773,406	201,416	3,006,990
2038-39	2,520,000	692,981	202,635	3,010,346
2039-40	2,600,000	609,563	204,101	3,005,462
2040-41	2,650,000	522,038	166,645	3,005,393
2041-42	2,750,000	424,738	168,195	3,006,543
2042-43	2,705,000	323,663	18,591	3,010,072
2043-44	2,810,000	215,038	18,592	3,006,446
2044-45	2,555,000	102,200		2,657,200
	47,970,000	19,162,833	4,521,451	62,611,382

NOTE E – LONG TERM OBLIGATIONS: PART 2 – COMPENSATED ABSENCES

The District recognizes liabilities for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. This standard requires the District to record a liability for leave that is attributable to services already rendered, accumulates, and is more likely than not to be used or paid. Types of compensated absences include vacation leave, sick leave, personal leave, and other paid time off as defined by District policies & procedures. The liability is measured using current pay rates.

The liability reflects both unused leave expected to be paid and leave used but not yet paid. The District evaluates usage patterns and payout eligibility annually to determine the “more likely than not” threshold.

Changes in the compensated absences liability for the fiscal year are as follows:

	Governmental		Proprietary		Total
Beginning Balance	4,013,622	*	126,045	*	4,139,667
Additions	716,958		21,134		738,092
Reductions	(657,358)		(27,171)		(684,529)
Ending Balance	4,073,222		120,008		4,193,230

The liability is reported in the government-wide financial statements and proprietary fund statements, as applicable.

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance		Additions	Reductions	Ending Balance	Due Within One Year
Primary Government						
Governmental Activities:						
Revenue Bonds Payable	49,935,000		-	(1,965,000)	47,970,000	2,005,000
Add: Bond Premium	903,001		-	(51,296)	851,705	51,296
Less: Bond Discount	(573,376)		-	31,189	(542,187)	(31,189)
Net Revenue Bonds Payable	50,264,625		-	(1,985,107)	48,279,518	2,025,107
Lease Obligation	37,239		-	(34,310)	2,929	2,929
SBITA Liability	156,389		-	(82,190)	74,199	74,199
Net Pension Liability	7,603,423		-	(708,087)	6,895,336	-
Net OPEB Liability	5,888,562		-	(986,039)	4,902,523	-
Compensated Absences	4,013,622	*	716,958	(657,358)	4,073,222	0
Total Governmental Activities	67,963,860		716,958	(4,453,091)	64,227,727	2,102,235
Proprietary Activities:						
Net Pension Liability	1,937,540		-	(191,642)	1,745,898	-
Net OPEB Liability	(243,851)		-	(9,556)	(253,407)	-
Compensated Absences	126,045	*	21,134	(27,171)	120,008	
Total Proprietary Activities:	1,819,734		21,134	(228,369)	1,612,499	-
Total Long-Term Liabilities	69,783,594		738,092	(4,681,460)	65,840,226	2,102,235

*-Beginning balance was restated to reflect a change in accounting principle with the adoption of GASBS No. 101, *Compensated Absences*.

NOTE F - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Non-Depreciable Assets:				
Land	814,396			814,396
Construction	13,515,044	(10,428,944)		3,086,100
Depreciable Assets:				
Buildings & Building Improvements	74,981,973	24,736,539	(3,498,489)	96,220,023
Technology Equipment	2,499,538	98,558	(1,033,561)	1,564,535
Vehicles	4,500,924	633,419	(537,453)	4,596,890
General Equipment	936,180	271,652	(166,686)	1,041,146
Intangible Right of Use Asset - Copiers	128,942			128,942
Intangible Right of Use Asset - Subscription Agreements	494,946	280,123		775,069
TOTAL AT HISTORICAL COST	97,871,943	15,591,347	(5,236,189)	108,227,101
LESS ACCUMULATED DEPRECIATION & AMORTIZATION FOR:				
Buildings & Building Improvements	32,915,060	2,688,981	(2,894,384)	32,709,657
Technology Equipment	1,934,986	124,679	(1,023,435)	1,036,230
Vehicles	3,240,745	285,405	(537,453)	2,988,697
General Equipment	667,448	46,101	(134,647)	578,902
Intangible Right of Use Asset - Copiers	94,020	32,235	-	126,255
Intangible Right of Use Asset - Subscription Agreements	326,295	85,258	-	411,553
TOTAL ACCUMULATED DEPRECIATION & AMORTIZATION	39,178,554	3,262,659	(4,589,919)	37,851,294
GOVERNMENTAL ACTIVITIES CAPITAL NET	58,693,389	12,328,688	(646,270)	70,375,807
PROPRIETARY ACTIVITIES:				
Depreciable Assets:				
Technology Equipment	12,844	-	(1,352)	11,492
General Equipment	1,661,842	1,152,806	(215,175)	2,599,473
TOTALS AT HISTORICAL COST	1,674,686	1,152,806	(216,527)	2,610,965
LESS ACCUMULATED DEPRECIATION FOR:				
Technology Equipment	12,844		(1,352)	11,492
General Equipment	812,208	112,057	(215,175)	709,090
TOTAL ACCUMULATED DEPRECIATION	825,052	112,057	(216,527)	720,582
PROPRIETARY ACTIVITIES CAPITAL NET	849,634	1,040,749	-	1,890,383

DEPRECIATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:	
Instructional	2,511,223
Student Support Services	119
Staff Support Services	15,426
District Administration	88,852
School Administration	1,652
Plant Operations & Maintenance	276,221
Student Transportation	251,673
TOTAL DEPRECIATION	3,145,166
AMORTIZATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:	
Instructional	117,493
TOTAL DEPRECIATION & AMORTIZATION	3,262,659

NOTE G – RETIREMENT PLANS

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

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

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

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

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old OR age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service or 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old OR age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not Available
Tier 4	Participation date	After January 1, 2022
	Retirement	Hybrid Plan with Defined Benefits and a self-fund supplemental plan

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.

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

	Required Contributions
Tier 1	5%
Tier 2	5% +1% for insurance
Tier 3	5% +1% for insurance

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

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

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

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

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

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

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

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 8.185%-9.775% 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 16.105% of salaries for local school district and regional cooperative employees in Tiers 1 and 2, 17.105% for those in Tier 3 and 13.75% for those in Tier 4. 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, 2025, 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:

District's proportionate share of the CERS net pension liability	$ 8,641,234
Commonwealth's proportional share of the TRS net pension liability associated with the District	70,641,219
	$ 79,282,453

The net pension liability for each plan was measured as of June 30, 2024, 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, 2025, the District's proportion was 0.144492 percent and at June 30, 2024, the District's portion was 0.148694 percent.

For the year ended June 30, 2025, the District recognized pension expense of $799,944 related to CERS and $4,685,066 related to TRS. The District also recognized revenue of $4,685,066 for TRS support provided by the Commonwealth. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience (liability experience)	$ 418,252	$ -0-
Changes of assumptions	-0-	390,414
Net difference between projected and actual earnings on pension plan investments	593,459	1,149,043
Changes in proportion and differences between District contributions and proportionate share of contributions	5,612	205,192
District contributions subsequent to the measurement date	865,025	-0-
Total	$ 1,882,348	$ 1,744,649

$865,025 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	(470,209)
2027	80,272
2028	(213,573)
2029	(123,816)

Actuarial assumptions—The total pension liability in the June 30, 2024 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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2023
Inflation	2.50 percent
Salary increases	3.00 – 7.50 percent
Long-Term Investment Rate of Return, net of pension plan investment expense, including inflation	7.10 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.66 percent
Measurement Date	3.94 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.

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

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

Discount rate - For TRS, The discount rate used to measure the TPL as of the Measurement Date was 7.10 percent. The projection of cash flows used to determine the discount rate 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 total pension liability.

County Employees' Retirement System (CERS)

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2023
Inflation rate	2.50%
Payroll Growth Rate	2.0% for CERS Nonhazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Nonhazardous
Investment Rate of Return	6.50% for CERS Nonhazardous

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Bonds	10.00%	2.85%
Specialty Credit / High Yield	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	100.0%	5.75%

Discount rate—For CERS, the projection of cash flows used to determine the discount rate of 6.50% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362 (passed in 2018) over the remaining 27 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the Annual Comprehensive Financial Report (ACFR).

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

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	11,139,962	8,641,234	6,567,948
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.

At June 30, 2025, the Marion County District reported a liability of $4,899,000 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, 2024, 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, 2025, the District's proportion was .2189 percent, compared to .2402 percent at June 30, 2024.

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	$ 4,899,000
State's proportionate share of the net OPEB liability associated with the District	4,365,000
Total	$ 9,264,000

For the year ended June 30, 2025, the District recognized OPEB expense of $83,522 and revenue of $383,612 for support provided by the state. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (liability experience)	-0-	$ 777,865
Changes of assumptions	659,942	-0-
Net difference between projected and actual earnings on pension plan investments	-0-	83,022
Changes in proportion and differences between District contributions and proportionate share of contributions	896,845	1,431,990
District contributions subsequent to the measurement date	512,887	-
Total	2,069,674	2,292,877

Of the total amount reported as deferred outflows of resources related to OPEB, $512,887 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2026	(225,269)
2027	(34,372)
2028	(63,985)
2029	(201,473)
2030	(187,195)
Thereafter	(23,796)

Actuarial assumptions – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 20, 2023
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	3.94%
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Health Trust	7.10%
Life Trust	7.10%
Health Trust Health Care Cost Trends	
Medica Trend	6.50% for FYE 2024, decreasing to an ultimate rate of 4.50% by FYE 2031
Medicare Part B Premiums	5.92% for FYE 2024 decreasing to an ultimate rate of 4.50% by FYE 2035

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

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

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

Asset Class	**Target Allocation**	**Long Term Expected Real Rate of Return**
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60%	5.50%
Developed International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	9.00%	1.90%
High Yield Bonds	8.00%	3.80%
Other Additional Categories	9.00%	3.70%
Real Estate	6.50%	3.20%
Private Equity	8.50%	8.00%
Cash	1.00%	1.60%
	100.00%	

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

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	6,509,000	4,899,000	3,565,000

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
District's proportionate share of net OPEB liability	3,309,000	4,899,000	6,509,000

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

Life Insurance Plan

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

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

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

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

District's proportionate share of the net OPEB liability	-0-
State's proportionate share of the net OPEB liability associated with the District	100,000
Total	$ 100,000

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.

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

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

Discount rate (SEIR) - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2023. For a listing of the additional methods and assumptions used in the projection of cash flows, see the GASB No. 75 Report for the Teachers' Retirement System of the State of Kentucky, which can be found at https://trs.ky.gov/administration/financial-reports-information/.

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

County Employees' Retirement System of Kentucky

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

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

Medical Insurance Plan

Plan description –The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS, the state retirement options. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. It is noted that while this insurance fund covers employees eligible through KERS, CERS, and SPRS, only the portion related to CERS is applicable to Marion County School District since the District does not have or qualify to have employees participate in KERS or SPRS.

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

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

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

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

At June 30, 2025, the Marion County District reported a liability of $ (250,154) 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, 2024, 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, 2025, the District's proportion was .144614 percent, compared to .148688 percent at June 30, 2024.

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	$ (250,154)
State's proportionate share of the net OPEB liability associated with the District	-0-
Total	$ (250,154)

For the year ended June 30, 2025, the District recognized OPEB expense of $ (685,200). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (liability experience)	$ 138,782	$ 1,968,215
Changes of assumptions	226,669	176,510
Net difference between projected and actual earnings on pension plan investments	219,891	448,171
Changes in proportion and differences between District contributions and proportionate share of contrbutions	136,275	110,018
District contributions subsequent to the measurement date	67,810	-
Total	789,427	2,702,914

Of the total amount reported as deferred outflows of resources related to OPEB, $0 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year and implicit subsidy of $67,810 totaling $67,810 will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2026	(798,200)
2027	(582,719)
2028	(567,299)
2029	(33,078)
2030	-

Actuarial assumptions – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Payroll Growth Rate	2.00% for CERS Nonhazardous
Investment rate of return	6.50%
Salary Increases	3.30% to 10.30%, varies by service for CERS Nonhazardous
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 7.10% at January 1, 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years
Post - 65	Initial trend starting at 8.00% in 2026, then gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table for Nonhazardous, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with ratees multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010

The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the nonhazardous plan and from 5.97% to 6.02% for the hazardous plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023, valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare health care costs. The total OPEB liability as of June 30, 2024, is determined using these updated assumptions. There have been no plan provisions that materially impact the total OPEB liability since June 30, 2023.

Discount Rate: The single discount rate of 5.99% for CERS Nonhazardous was used to measure the total OPEB liability as of June 30, 2024. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97%. Based on the assumptions and the projection of cash flows as of the fiscal year end, the plans fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy 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 plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	**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 5.99%, 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 (4.99%) or 1-percentage-point higher (6.99%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	4.99%	5.99%	6.99%
District's proportionate share of net OPEB liability	338,236	(250,154)	(744,872)

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	(601,829)	(250,154)	159,535

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

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

No funds for the District had a deficit fund balance at June 30, 2025. The following funds have operations that resulted in a current year deficit of expenditures over revenues (after consideration of other financing sources and uses) resulting in a corresponding reduction of fund balance:

Building Fund	$ 873,428
District Activity Fund	9,818
Student Activity Fund	1,870
Construction Fund	12,007,561

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).

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	Technology Match	57,708
Operating	Student Activity	District Activity	Operations	102,337
Operating	Building	Debt Service	Debt Service	2,900,045
Operating	Special Revenue	Debt Service	Debt Service	105,915
Construction	General	Construction Fund	Residual Funds	145,196
Construction	General	Construction Fund	Residual Funds	643,408
Construction	Building	Construction Fund	Operations	1,417,189
Construction	Construction	Food Service	Construction	526,494
Reclassifying	Construction	Construction Fund	Residual Funds	5,072
Indirect Costs	Special Revenue	General	Operations	69,977
Operating	General	Debt Service	Debt Service	177,665
		Total Governmental Funds		6,151,006
Indirect Costs	Food Service	General	Operations	145,252
Construction	Construction	Food Service	Construction	(526,494)
		Total Transfers		5,769,764

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

The transfer from the Construction Fund to Food Service was for the construction of the Calvary Elementary School cafeteria. This results in a capital contribution into Food Service funded through the school construction's revenue bonds.

NOTE O – INTERFUND RECEIVABLES AND PAYABLES

Receivable Fund	Payable Fund	Amount
General	School Food Service	$13,169

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

NOTE P – SUBSEQUENT EVENTS

Management has reviewed subsequent events through December 15, 2025, the date the financials were available for release. There are no additional events requiring disclosure.

NOTE Q – ON-BEHALF PAYMENT

For the year ended June 30, 2025, $9,641,527 in on-behalf payments were made by the Commonwealth of Kentucky for the benefit of the District. Payments for life insurance, health insurance, Kentucky teacher retirement matching pension contributions, administrative fees, technology and debt service were paid by the State for the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts. These payments were as follows:

Teachers Retirement System (GASB 68 Schedule A)	$4,591,445
Teachers Retirement System (GASB 75)	418,786
Health Insurance	4,155,034
Life Insurance	4,890
Administrative Fee	39,064
HRA/Dental/Vision	182,700
Federal Reimbursement	(378,224)
Technology	81,396
SFCC Debt Service Payments	546,436
Total	$9,641,527

NOTE S – LONG-TERM OBLIGATIONS - LEASES

The District is committed under a noncancellable lease for copiers beginning August 2021 for 4 years with a monthly payment amount of $2,940. The total lease liability measured at present value is $128,942. The ending balance at June 30, 2025 is $2,929. The District has recognized an intangible right of use asset for the terms of the lease. Annual requirements to amortize long-term obligations and related interest are as follows:

Year	Principal	Interest
2026	2,929	11
Total	2,929	11

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

$775,069 has been recorded as an intangible right of use asset in capital assets for certain software agreements. These arrangements for various educational and administrative software met the criteria of a SBITA; thus, requiring it to be recorded by the District as intangible assets and a SBITA liability. It is noted that one SBITA agreement entered into during the year ended June 30, 2025 has no liability as the agreement was fully prepaid in the amount of $280,113. These assets will be amortized over the terms of the agreement. See Note F for the total of assets recognized as well as the accumulated amortization for those assets. A summary of the principal and interest amounts for the remaining agreements include the following principal and interest payments:

Year	Principal	Interest
2026	74,199	3,339

NOTE U – COMMITMENTS

Marion County School District approved a BG-1 for the Glasscock Elementary School masonry and window replacement. It is anticipated that this project will cost an additional $329,685.

Marion County School District approved a BG-1 for the Marion County High School Soccer Practice Field. It is anticipated that this project will cost an additional $5,070.

Marion County School District approved a BG-1 for the ATC Renovation project. It is anticipated that this project will cost an additional $10,082,666.

Marion County School District approved a BG-1 for the Marion County High School parking lot. It is anticipated that this project will cost an additional $387,468.

Marion County School District approved a BG-1 for the Marion County Middle School Guaranteed Energy Savings project. It is anticipated that this project will cost an additional $253,407.

NOTE V – NET POSITION, AS RESTATED

The beginning net position of the Governmental Activities was decreased by $4,193,230 due to the implementation of GASB No. 101. Below are the details of the restatements:

	Government Activities	Proprietary Activities
Net Position June 30, 2024	20,864,221	(292,149)
Implementation of GASB No. 101		
Sick Leave under prior GASB	818,146	0
Compensated Absences Balance	(4,013,622)	(126,045)
Beginning Net Position Restated	17,688,745	(418,194)

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, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	12,020,000	12,020,000	13,398,755	1,378,755
Other Local Sources	14,700	14,700	21,263	6,563
State Sources	12,283,519	12,283,519	20,848,302	8,564,783
Federal Sources	140,000	140,000	157,205	17,205
Earnings on Investments	500,000	500,000	753,821	253,821
Other Sources	125,465	125,465	372,082	246,617
TOTAL REVENUES	25,083,684	25,083,684	35,551,428	10,467,744
EXPENDITURES:				
Instructional	15,109,548	15,109,548	19,699,807	(4,590,259)
Student Support Services	1,030,070	1,030,070	1,235,508	(205,438)
Staff Support Services	1,247,830	1,247,830	1,489,045	(241,215)
District Administration	1,173,708	1,173,708	1,192,920	(19,212)
School Administration	1,453,506	1,453,506	2,108,796	(655,290)
Business Support Services	923,857	923,857	1,248,232	(324,375)
Plant Operation & Maintenance	2,996,778	2,996,778	3,618,880	(622,102)
Student Transportation	2,394,895	2,394,895	2,395,787	(892)
Community Service Operations	39,675	39,675	29,044	10,631
Facilities Acquisition & Construction	0	0	19,038	(19,038)
Other	9,713,817	9,713,817	1,059,260	8,654,557
TOTAL EXPENDITURES	36,083,684	36,083,684	34,096,317	1,987,367
NET CHANGE IN FUND BALANCE	(11,000,000)	(11,000,000)	1,455,111	12,455,111
FUND BALANCES - BEGINNING	11,000,000	11,000,000	11,262,078	262,078
FUND BALANCES - ENDING	0	0	12,717,189	12,717,189

On-behalf payments for the general fund totaling $ 9,107,641 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, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Other Local Sources	77,509	77,509	59,830	(17,679)
State Sources	1,731,195	1,731,195	1,648,230	(82,965)
Federal Sources	3,269,917	3,269,917	3,111,396	(158,521)
Other Sources	61,975	61,975	63,165	1,190
TOTAL REVENUES	5,140,596	5,140,596	4,882,621	(257,975)
EXPENDITURES:				
Instructional	4,202,057	4,202,057	3,903,270	298,787
Student Support Services	294,875	294,875	208,013	86,862
Staff Support Services	0	0	140,185	(140,185)
District Administration	0	0	0	0
School Administration	0	0	0	0
Business Support Services	119,683	119,683	0	119,683
Plant Operation & Maintenance	0	0	0	0
Student Transportation	20,000	20,000	0	20,000
Community Service Operations	390,600	390,600	390,600	0
Facility Acquisition & Construction	0	0	64,660	(64,660)
Other	113,381	113,381	175,893	(62,512)
TOTAL EXPENDITURES	5,140,596	5,140,596	4,882,621	257,975
NET CHANGE IN FUND BALANCE	0	0	0	0
FUND BALANCES - BEGINNING	0	0	0	0
FUND BALANCES - ENDING	0	0	0	0

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-	-	-	-
State of Kentucky's share of the net pension liability associated with the district	106,254,758	135,901,392	129,140,223	63,065,214	63,636,486	65,627,287	61,120,871	82,481,661	77,888,136	70,641,219
TOTAL	$ 106,254,758	$ 135,901,392	$ 129,140,223	$ 63,065,214	$ 63,636,486	$ 65,627,287	$ 61,120,871	$ 82,481,661	$ 77,888,136	$ 70,641,219
District's covered-employee payroll	$ 14,399,066	$ 15,081,686	$ 15,772,834	$ 15,598,190	$ 15,920,586	$ 16,083,556	$ 17,231,647	$ 17,011,798	$ 17,128,383	$ 17,096,271
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	44.70%	57.04%	39.80%	59.30%	58.80%	58.27%	65.59%	56.41%	57.68%	60.36%

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of net pension liability	0.144760%	0.147930%	0.156684%	0.155393%	0.138583%	0.137756%	0.129388%	0.148043%	0.148694%	0.144492%
District's proportionate share of the net pension liability	6,353,138	7,283,415	9,171,196	9,463,907	9,746,604	10,565,771	8,249,500	10,702,048	9,540,963	8,641,234
State of Kentucky's share of the net pension liability associated with the district	-	-	-	-	-	-	-	-	-	
TOTAL	6,353,138	7,283,415	9,171,196	9,463,907	9,746,604	10,565,771	8,249,500	10,702,048	9,540,963	8,641,234
District's covered-employee payroll	$ 3,544,319	$ 3,828,762	$ 3,932,344	$ 3,551,136	$ 3,576,455	$ 3,362,302	$ 4,066,751	$ 4,305,931	$ 4,502,922	$ 4,388,749
District's proportionate share of the net pension liability as a percentage of its covered-payroll	139.48%	190.23%	233.22%	266.50%	272.52%	314.24%	202.85%	248.54%	211.88%	196.90%
Plan fiduciary net position as a percentage of the total pension liability	63.46%	55.50%	53.30%	53.54%	50.45%	47.81%	57.33%	52.42%	57.48%	61.61%

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contributions (actuarially determined)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 14,399,066	$ 15,081,686	$ 15,772,834	$ 15,598,190	$ 15,920,586	$ 16,083,556	$ 17,231,647	$ 17,011,798	17,128,383	17,096,271
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contributions (actuarially determined)	$ 440,446	$ 542,219	$ 569,403	$ 575,994	$ 690,256	$ 648,924	$ 875,523	$ 875,523	$ 1,086,112	$ 865,022
Contributions in relation to the actuarially determined contributions	440,446	542,219	569,403	575,994	690,256	648,924	875,523	875,523	1,086,112	865,022
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 3,544,319	$ 3,828,762	$ 3,932,344	$ 3,551,136	$ 3,576,455	$ 3,362,302	$ 4,066,751	$ 4,305,931	$ 4,502,922	$ 4,388,749
Contributions as a percentage of Covered employee payroll	12.42%	13.95%	14.48%	16.22%	19.30%	19.30%	21.17%	23.40%	23.34%	19.71%

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

	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of net OPEB liability	0.156684%	0.155387%	0.138547%	0.137716%	0.129357%	0.148064%	0.148688%	0.144614%
District's proportionate share of the net OPEB liability	3,149,884	2,758,865	2,330,298	3,325,423	2,476,475	2,922,063	(205,289)	(250,154)
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-	-	-	-	-	
TOTAL	3,149,884	2,758,865	2,330,298	3,325,423	2,476,475	2,922,063	(205,289)	(250,154)
District's covered-employee payroll	3,932,344	3,551,136	3,576,455	3,362,302	4,066,751	4,305,931	4,502,922	4,388,749
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	80.10%	77.69%	65.16%	98.90%	60.90%	67.86%	-4.56%	-5.70%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%	51.67%	62.91%	60.95%	104.23%	104.89%

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

	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of net OPEB liability	0.2537%	0.2492%	0.2857%	0.2278%	0.2499%	0.3510%	0.2402%	0.2198%
District's proportionate share of the net OPEB liability	9,048,000	8,647,000	7,275,000	6,253,000	5,361,000	8,714,000	5,850,000	4,899,000
State of Kentucky's share of the net OPEB liability associated with the district	7,391,000	7,452,000	5,875,000	5,009,000	4,354,000	2,863,000	4,931,000	4,365,000
TOTAL	16,439,000	16,099,000	13,150,000	11,262,000	9,715,000	11,577,000	10,781,000	9,264,000
District's covered-employee payroll	$ 15,772,834	$ 15,598,190	$ 15,920,586	$ 16,083,556	$ 17,231,647	$ 17,011,798	$ 17,128,383	$17,096,271
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	57.36%	55.44%	45.70%	38.88%	31.11%	51.22%	34.15%	28.66%
Plan fiduciary net position as a percentage of the total OPEB liability	21.18%	25.50%	32.60%	39.05%	51.74%	47.75%	52.97%	59.80%

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

	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net OPEB liability	-	-	-	-	-	-	-	
State of Kentucky's share of the net OPEB liability associated with the district	99,000	128,000	136,000	151,000	58,000	142,000	122,000	100,000
TOTAL	99,000	128,000	136,000	151,000	58,000	142,000	122,000	100,000
District's covered-employee payroll	$ 15,772,834	$ 15,598,190	$ 15,920,586	$ 16,083,556	$ 17,231,647	$ 17,011,798	$ 17,128,383	$17,096,271
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	79.99%	75.00%	73.40%	71.57%	89.15%	73.97%	76.91%	80.56%

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

	2018	2019	2020	2021	2022	2023	2024	2025
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	184,820	186,790	170,239	160,046	239,042	150,110	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 3,932,344	$ 3,551,136	$ 3,576,455	$ 3,362,302	$ 4,066,751	$ 4,305,931	$ 4,502,922	$ 4,388,749
Contributions as a percentage of Covered employee payroll	4.70%	5.26%	4.76%	4.76%	5.78%	3.39%	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 MEDICAL INSURANCE PLAN
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contributions (actuarially determined)	$ 444,141	$ 467,946	$ 477,618	$ 482,506	$ 516,949	$ 510,354	$ 513,851	$ 512,888
Contributions in relation to the actuarially determined contributions	444,141	467,946	477,618	482,506	516,949	510,354	513,851	512,888
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 14,804,699	$ 15,598,190	$ 15,920,586	$ 16,083,556	$ 17,231,647	$ 17,011,798	$ 17,128,383	$ 17,096,271
Contributions as a percentage of Covered employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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

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

	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contributions (actuarially determined)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	-	-	-	
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 15,772,834	$ 15,598,190	$ 15,920,586	$ 16,083,556	$ 17,231,647	$ 17,011,798	$ 17,128,383	$ 17,096,271
Contributions as a percentage of Covered employee payroll	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
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABLITY
FOR THE YEAR ENDED JUNE 30, 2025

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

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

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

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

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

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

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

TEACHERS' RETIREMENT SYSTEM

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

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

Actuarial Cost Method	Entry age
Amortization Period	Level percentage of payroll, closed
Remaining amortization period	22.9 years
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary Increase	3.00% to 7.50%, including inflation
Investment rate of return	7.1%, net of pension plan investment expense, including inflation

NOTE C – CHANGES OF BENEFITS

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

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 20013 (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%

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

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

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

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

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

2024
There were no changes of assumptions for the year ended June 30, 2024.

COUNTY EMPLOYEES RETIREMENT SYSTEM

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

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

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 *Gains/losses incurring after 2019 will be amortized over separate 20-year amortization bases*
Payroll Growth Rate	2.00%
Investment Return	6.50%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

NOTE C – CHANGES OF BENEFITS

2023: There was a relatively small change for future retirees in the nonhazardous plans. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023, for the nonhazardous plans in determined using these updated benefits provisions.

2024: None present.

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017

There were no changes in assumptions.

2018

There were no changes in assumptions.

2019

There were no changes in assumptions.

2020

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

2021

Health Trust and Life Trust

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

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

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

2022

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

2023

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

2024

The health care trend rates, as well as the morbidity factors, were updated to reflect future anticipated experience.

MARION COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABLITY
FOR THE YEAR ENDED JUNE 30, 2025

TEACHERS' RETIREMENT SYSTEM

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

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

NOTE C – CHANGES OF BENEFITS

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

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

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017
The assumed investment return was changed from 7.5% to 6.2%.

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

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

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

2018: There were no changes in assumptions.

2019

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

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

The inflation rate changed to 2.3% from 3.25%.

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

2020: There were no changes in assumptions.

2021
The single discount rates used to calculate the total OPEB liability changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plan's long-term healthcare costs.

2022: There were no changes in assumptions.

2023
The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experiences Study for the Period Ending June 30, 2022". Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year.

2024
The discount rate increased from 5.93% to 5.99%. The assumed increase in future healthcare costs, or trend assumption, was reviewed during the June 30, 2023 valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

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 the 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, 2024:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 *Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases*
Payroll Growth Rate	2.00%
Investment Return	6.25%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Healthcare Trend Rates:	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of valuation and were incorporated into the liability measurement.
Post - 65	Initial trend starting at 9.00% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of valuation and were incorporated into the liability measurement.

NOTE C – CHANGES OF BENEFITS

2023: There was a relatively small change for future retirees in the nonhazardous plans. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023, for the nonhazardous plans in determined using these updated benefits provisions.

OTHER SUPPLEMENTARY INFORMATION

MARION COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	CAPITAL OUTLAY FUND	BUILDING FUND	DEBT SERVICE FUND	DISTRICT ACTIVITY FUND	STUDENT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
ASSETS:						
Cash & Cash Equivalents	573,992	1,110,188	1,513	126,171	265,843	2,077,707
TOTAL ASSETS	573,992	1,110,188	1,513	126,171	265,843	2,077,707
LIABILITIES AND FUND BALANCES:						
Accounts Payable				536		536
Total Liabilities	0	0	0	536	0	536
Fund Balance:						
Restricted for:						
Capital Projects	284,377	1,110,188				1,394,565
SFCC Escrow	289,615					289,615
Debt Service			1,513			1,513
Student Activities					265,843	265,843
School Activities				125,635		125,635
Total Fund Balance	573,992	1,110,188	1,513	125,635	265,843	2,077,171
TOTAL LIABILITIES AND FUND BALANCES	573,992	1,110,188	1,513	126,171	265,843	2,077,707

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, 2025

	CAPITAL OUTLAY FUND	BUILDING FUND	DEBT SERVICE FUND	DISTRICT ACTIVITY FUND	STUDENT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
REVENUES:						
Taxes:						
Property		2,232,120				2,232,120
Intergovernmental - State	284,377	1,211,686	546,436			2,042,499
Other Sources				56,359	961,936	1,018,295
TOTAL REVENUES	284,377	3,443,806	546,436	56,359	961,936	5,292,914
EXPENDITURES:						
Instructional				168,439	861,469	1,029,908
Support Services:						
Instructional Staff Support				75		75
Plant Operations & Maintenance						0
Debt Service:						
Principal			1,965,000			1,965,000
Interest			1,765,062			1,765,062
TOTAL EXPENDITURES	0	0	3,730,062	168,514	861,469	4,760,045
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	284,377	3,443,806	(3,183,626)	(112,155)	100,467	532,869
OTHER FINANCING SOURCES(USES):						
Operating Transfers In - Note N	0	0	3,183,626	102,337		3,285,963
Operating Transfers Out - Note N	0	(4,317,234)	0	0	(102,337)	(4,419,571)
TOTAL OTHER FINANCING SOURCES(USES)	0	(4,317,234)	3,183,626	102,337	(102,337)	(1,133,608)
NET CHANGE IN FUND BALANCES	284,377	(873,428)	0	(9,818)	(1,870)	(600,739)
FUND BALANCES, BEGINNING	289,615	1,983,616	1,513	135,453	267,713	2,677,910
FUND BALANCES - ENDING	573,992	1,110,188	1,513	125,635	265,843	2,077,171

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, 2025

	FUND BALANCE JULY 1, 2024	REVENUES	EXPENDITURES *(including Transfers Out)*	FUND BALANCE JUNE 30, 2025
Marion County High School	139,505	685,022	699,157	125,370
Charitable Gaming	502	1,263	1,263	502
Marion County Middle School	23,234	38,491	35,232	26,493
Lebanon Middle School	19,501	48,713	48,355	19,859
Lebanon Elementary School	16,845	46,060	44,016	18,889
Calvary Elementary School	19,650	42,352	37,388	24,614
Glasscock Elementary School	42,946	32,898	33,668	42,176
West Marion Elementary School	5,530	67,137	64,727	7,940
Total	267,713	961,936	963,806	265,843

MARION COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
HIGH SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	CASH BALANCE JULY 1, 2024	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2025	ACCOUNTS RECEIVABLE JUNE 30, 2025	ACCOUNTS PAYABLE JUNE 30, 2025	FUND BALANCE JUNE 30, 2025
Academic Team	181	184	352	13	0	0	13
AP Account	0	2,675	2,675	0	0	0	0
AP Govt	47	0	0	47	0	0	47
AP Social Studies	0	0	0	0	0	0	0
Art Department	537	2,480	2,522	495	0	0	495
Band	1,667	3,645	3,997	1,315	0	0	1,315
Chorus	566	1,232	1,159	639	0	0	639
Beta Club	2,519	112,640	110,726	4,433	0	0	4,433
Beta - NHS Charitable	198	4,201	4,229	170	0	0	170
Central KY Beta Inv	66	0	0	66	0	0	66
Book Club	248	0	0	248	0	0	248
Business Ed Department	2,787	6,327	5,495	3,619	0	0	3,619
Eventlink Deposits	0	228,250	228,250	0	0	0	0
Environmental Class	803	0	0	803	0	0	803
Reclaiming History	759	765	641	883	0	0	883
CLASS of 2024	1,738	0	1,738	0	0	0	0
CLASS of 2025	0	14,284	10,585	3,699	0	0	3,699
FCCLA	2,282	9,024	7,728	3,578	0	0	3,578
AG Class	320	0	320	0	0	0	0
FFA	9,465	40,954	41,650	8,769	0	0	8,769
FCA	501	0	0	501	0	0	501
Journalism	0	0	0	0	0	0	0
FMD	492	1,307	301	1,498	0	0	1,498
General	6,557	13,300	16,446	3,411	0	0	3,411
Graphic Designs	3,214	3,055	2,493	3,776	0	0	3,776
Knight Way Media	575	0	0	575	0	0	575
Library	0	27	27	0	0	0	0
Mock Trial	169	13,127	11,427	1,869	0	0	1,869
National Honor Society	359	1,920	1,897	382	0	0	382
Pep Club	619	1,865	1,194	1,290	0	0	1,290
Project Lead The Way	0	565	565	0	0	0	0
PLTW Alumni Acct	147	0	0	147	0	0	147
ROTC	10,137	24,219	21,772	12,584	0	0	12,584
SMILE Club	561	0	561	0	0	0	0
Student Ambassador	671	675	899	447	0	0	447
Student Council	537	1,230	885	882	0	0	882
Student of the Week	231	0	0	231	0	0	231
Teachers' Activity	481	1,736	1,344	873	0	0	873
TSA	563	225	329	459	0	0	459
Yearbook Journalism	18,249	5,739	15,008	8,980	0	0	8,980
Y-Club	0	1,144	572	572	0	0	572
Peers Over Pressure	1,840	1,075	1,075	1,840	0	0	1,840
Esports	48	0	0	48	0	0	48
YSC/FRYSC	0	200	0	200	0	0	200
Athletic Department	7,565	168,897	170,678	5,784	0	0	5,784
MCMS Athletics	18	11,545	11,563	0	0	0	0
LMS Athletics	0	11,273	11,273	0	0	0	0
Baseball	293	0	51	242	0	0	242

Bass Fishing Team	3,795	2,577	1,928	4,444	0	0	4,444
Boys' Basketball	4,818	3,284	5,657	2,445	0	0	2,445
Boys' Soccer	4,841	9,600	12,127	2,314	0	0	2,314
Tennis	181	0	181	0	0	0	0
Cheerleaders	3,720	4,400	7,544	576	0	0	576
Cross Country	2,862	13,269	12,454	3,677	0	0	3,677
Dance Team	0	250	250	0	0	0	0
Football	656	2,992	3,545	103	0	0	103
Girls' Basketball	247	16,313	14,254	2,306	0	0	2,306
Girls' Soccer	3,079	2,063	3,739	1,403	0	0	1,403
Track	5,143	1,763	6,855	51	0	0	51
Golf	8,928	8,735	12,059	5,604	0	0	5,604
Wrestling	0	933	331	602	0	0	602
Softball	1,598	6,634	8,077	155	0	0	155
Swim Team	1,458	1,533	2,965	26	0	0	26
Volleyball	6,127	28,829	30,346	4,610	0	0	4,610
Concessions	1,000	52,613	51,734	1,879	0	0	1,879
Uniform Rotation Ac	11,805	36,808	28,807	19,806	0	0	19,806
Start Up Change	0	2,000	2,000	0	0	0	0
Heather Garrett Sch	1,135	0	1,135	0	0	0	0
Nancy Colvin Sch	58	0	58	0	0	0	0
Coach Rob Scholarship	44	0	43	1	0	0	1
EL/Migrant Scholarship	0	3,000	3,000	0	0	0	0
DAF Instruction	0	23,355	23,355	0	0	0	0
DAF Athletics	0	41,929	41,929	0	0	0	0
DAF Library	0	27	27	0	0	0	0
DAF Building/Grounds M&R	0	1,170	1,170	0	0	0	0
Total All Funds	139,505	953,862	967,997	125,370	0	0	125,370
Interfund Transfers	0	268,840	268,840	0	0	0	0
Total	139,505	685,022	699,157	125,370	0	0	125,370

MARION COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS THROUGH NUMBER (if applicable)	MUNIS PROJECT NUMBER	EXPENDITURES
U.S. Department of Education				
Passed-Through Kentucky Department of Education				
Title I - Grants to Local Educational Agencies	84.010	3100002	310E	699
Title I - Grants to Local Educational Agencies	84.010A	3100002	310JC	5,000
Title I - Parent Involvement	84.010	3100002	310JM	125
Title I - Grants to Local Educational Agencies	84.010	3100002	310K	304,547
Title I - Parent Involvement	84.010	3100002	310KM	6,721
Title I - Grants to Local Educational Agencies	84.010	3100002	310KN	45
Title I - Grants to Local Educational Agencies	84.010	3100002	310KP	6
Title I - Grants to Local Educational Agencies	84.010	3100002	310L	754,312
Title I - Parent Involvement	84.010	3100002	310LM	928
Title I - Grants to Local Educational Agencies	84.010	3100002	310LN	15,965
Title I - Grants to Local Educational Agencies	84.010	3100002	310LP	160
Title I - Educational Recovery Special (MOA)	84.010	3100002	320LE	145,157
Title I Total				1,233,665
Migrant Education - State Grant Program	84.011	3110002	311JY	5,532
Migrant Education - State Grant Program	84.011	3110002	311K	54,374
Migrant Education - State Grant Program	84.011	3110002	311L	144,344
Migrant Education Total				204,250
IDEA - Special Education - Grants to State	84.027	3810002	337K	324,526
IDEA - Special Education - Grants to State	84.027	3810002	337KP	15,977
IDEA - Special Education - Grants to State	84.027	3810002	337L	414,611
IDEA - Special Education - Preschool Grants	84.173	3800002	343JP	940
IDEA - Special Education - Preschool Grants	84.173	3800002	343K	13,057
IDEA - Special Education - Preschool Grants	84.173	3800002	343KP	3,357
IDEA - Special Education - Preschool Grants	84.173	3800002	343L	39,221
IDEA - Special Education - Preschool Grants	84.173	3800002	343LP	363
Special Education Cluster Total				812,052
Perkins Vocational Education	84.048	3710002	348KA	1,777
Perkins Vocational Education	84.048	3710002	348L	22,410
Perkins Vocational Education Total				24,187
Community Based Work Transition	84.002	371F	371F	19,842
Community Based Work Transition	84.002	371G	371G	25,521
Community Based Work Transition	84.002	371K	371K	323
Community Based Work Transition	84.002	371L	371L	86
Community Based Work Transition Total				45,772
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401J	29,827
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401K	103,462
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401KP	3,933
Title II - Part A - Supporting Effective Instruction State Grant	84.367	3230002	401L	26,232
Title II - Part A - Supporting Effective Instruction State Grant Total				163,454
Title III - Limited English Proficiency Part A	84.365	3300002	345K	15,283
Title III - Limited English Proficiency Part A	84.365	3300002	345KI	6,768
Title III Total				22,051
Title IV, Student Support and Academic Enrichment	84.424	3420002	552GW	26
Title IV, Student Support and Academic Enrichment	84.424	3420002	552JP	256
Title IV, Student Support and Academic Enrichment	84.424	3420002	552KP	3,840
Title IV, Student Support and Academic Enrichment	84.424	3420002	552KS	23,455
Title IV, Student Support and Academic Enrichment	84.424	3420002	552KT	11,000
Title IV, Student Support and Academic Enrichment	84.424	3420002	552KW	7,274
Title IV, Student Support and Academic Enrichment	84.424	3420002	552LP	20
Title IV, Student Support and Academic Enrichment	84.424	3420002	552LS	12,672
Title IV, Student Support and Academic Enrichment	84.424	3420002	552LT	7,112
Title IV, Student Support and Academic Enrichment	84.424	3420002	552LW	2,314
Title IV Total				67,969

MARION COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	CFDA NUMBER	PASS THROUGH NUMBER (if applicable)	MUNIS PROJECT NUMBER	EXPENDITURES
U.S. Department of Education (continued)				
Passed-Through Kentucky Department of Education (continued)				
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4200002	554GD	399
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300002	473G	262,071
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	473GL	209,110
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	563J	7,585
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425W	4980002	476IC	8,329
COVID-19 Education Stabilization Fund Total				487,494
Gaining Early Awareness for Readiness for Undergraduate Programs	84.334	614J	614K	2,235
Gaining Early Awareness for Readiness for Undergraduate Programs	84.334	614K	614L	1,156
Gaining Early Awareness for Readiness for Undergraduate Programs Total				3,391
School Health Profiles	93.079	493F	493F	400
Total U.S. Department of Education				3,064,685
U.S. Department of Health and Human Services				
Passed-Through Kentucky Department of Education				
COVID-19 Child Care Development Block Grant - ARP Stabilization	93.575	562IP	562KP	46,224
U.S. Department of Agriculture				
Passed-Through State Department of Education				
Summer Meal Program	10.559	7690024-24	7690024-24	38,551
Summer Meal Program	10.559	7690024-25	7690024-25	5,220
Summer Meal Program	10.559	7740023-24	7740023-24	195,557
Summer Meal Program	10.559	7740023-25	7740023-25	305,786
National School Lunchroom	10.555	7750002-24	7750002-24	389,497
National School Lunchroom	10.555	7750002-25	7750002-25	1,306,079
School Breakfast Program	10.553	7760005-24	7760005-24	224,583
School Breakfast Program	10.553	7760005-25	7760005-25	413,415
Child Nutrition Cluster				2,878,688
State Administrative Expenses for Child Nutrition	10.560	7700001-24	7700001-24	4,060
Total Passed-Through Kentucky Department of Education				2,882,748
Passed Through Kentucky Department of Agrciculture				
Food Distribution	10.565	057502-10	057502-10	243,879
USDA Farm to School Grant	10.575	201L	201L	49,820
Total Passed Through Kentucky Department of Agriculture				293,699
Total U.S. Department of Agriculture				3,176,447
Total Federal Financial Assistance				6,287,356

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, 2025. 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, 2025

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:

Assistance Listing Number	Name of Federal Program or Cluster
84.425D/84.425U/84.425W	COVID-19 Education Stabilization Fund
10.553/10.555/10.559	Child Nutrition Cluster

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, 2025

There were no prior year audit findings.

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December 15, 2025

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County School District, as of and for the year ended June 30, 2025, 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 December 15, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

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December 15, 2025

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, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to 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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December 15, 2025

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, 2025, 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:

2024-1 Prior Year Recommendation:

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

Current Year Status:
No such instances were found.

2024-2 Prior Year Recommendation:

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

Current Year Status:
No such instances were found.

Current Year Activity Fund Recommendations:

None.

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Prior Year District Recommendations:

None.

Current Year District Recommendations:

None.

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

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

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December 15, 2025

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County School District for the year ended June 30, 2025. 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 May 2, 2025. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Matters:</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting polices used by Marion County School District are described in Note A to the financial statements. In 2025, the District adopted GASBS No. 101, *Compensated Absences*. No additional new policies were updated in 2025. We noted no transactions entered into by Marion County School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimate related to compensated absences is based on current pay rates and trends the district believes are more likely than not to occur. We evaluated the methods, assumptions, and data used to develop the sick leave liability in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

We were engaged to report on the combining statements for non-major governmental funds and the combining statement for school activity funds, and the statement of receipts, disbursements, and fund balance – High School Activity Fund which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Restriction on Use

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

Sincerely,

White and Company, P.S.C.

Certified Public Accountants