PEARL PUBLIC SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2025

St. Clair CPA, PLLC
Carriere, MS

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INDEPENDENT AUDITOR’S REPORT

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Pearl Public School District

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pearl Public School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Pearl Public School District's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pearl Public School District, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Pearl Public School District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Pearl Public 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 Responsibility for the Audit of the Financial Statements

My 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 my 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pearl Public 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pearl Public School District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 9-16, 57, 58, 59, 60 and 61 respectively, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pearl Public School District's basic financial statements. The accompanying 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 and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated February 10, 2026, on my consideration of the Pearl Public School District's internal control over financial reporting and on my 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 my 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 Pearl Public 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 Pearl Public School District's internal control over financial reporting and compliance.

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
February 10, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following discussion and analysis of Pearl Public School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2025 decreased $10,702,557, including an error correction of ($140,988) and a change in accounting principle of ($9651,878), which represents a 81% decrease from fiscal year 2024. Total net position for 2024 decreased $2,494,459, including an error correction of $57,803, which represents a 23% decrease from fiscal year 2023.

- General revenues amounted to $45,695,429 and $41,785,685, or 81% and 71% of all revenues for fiscal years 2025 and 2024, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for $10,796,558, or 19% of total revenues for 2025, and $16,921,512, or 29 % of total revenues for 2024.

- The District had $66,101,668 and $61,259,459 in expenses for fiscal years 2025 and 2024; only $10,796,558 for 2025 and $16,921,512 for 2024 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $45,695,429 for 2025 and $41,785,685 for 2024 were not adequate to provide for these programs.

- Among major funds, the General Fund had $47,812,332 in revenues and $44,95,427 in expenditures for 2025, and $43,771,660 in revenues and $41,075,389 in expenditures in 2024. The General Fund's fund balance increased by $1,941,999, including an error correction of $250, from 2024 to 2025, and increased by $1,903,199, including an error correction of $3,084, from 2023 to 2024.

- Capital assets, including leased equipment and subscription IT assets, net of accumulated depreciation, increased by $5,092,362 for 2025 and increased by $5,821,413 for 2024. The increase for 2025 was due to the completed construction of buildings, building improvements and improvements other than buildings and the acquisition of mobile equipment and furniture and equipment.

- Long-term debt increased by $8,836,828 for 2025 and decreased by $831,309 for 2024. This increase for 2025 was due primarily to the issuance of an energy efficiency loan. The liability for compensated absences increased by $1,067,695, including a change in accounting principle of 951,878, for 2025 and increased by $50,616 for 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information, supplementary information, and other information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the

District's net position may serve as a useful indicator of whether its financial position 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 government-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, non-instructional, sixteenth section, pension expense, OPEB expense, and interest on long-term liabilities.

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. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds – All of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts.* Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

A net pension liability and net OPEB liability result in liabilities on the government-wide financial statements but are not reported on governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

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 immediately following the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions (PERS), Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of District Contributions (OPEB) as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund as required by the Governmental Accounting Standards Board.

Supplementary Information

Additionally, a 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 and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

Other Information

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $23,937,809 as of June 30, 2025.

The District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 presents a summary of the District's net position at June 30, 2025 and June 30, 2024.

Table 1
Condensed Statement of Net Position

	June 30, 2025	June 30, 2024	Percentage Change
Current assets	$ 23,658,455	$ 23,140,437	2.24 %
Restricted assets	9,945,696	950,598	946.26 %
Lease receivable	3,513,500	3,664,527	(4.12) %
Capital assets, net	63,823,282	58,730,920	8.67 %
Total assets	**100,940,933**	**86,486,482**	**16.71 %**
Deferred outflows of resources	**14,530,821**	**22,803,972**	**(36.28) %**
Current liabilities	8,136,263	3,570,818	127.85 %
Long-term debt outstanding	29,752,856	20,855,474	42.66 %
Lease liability	92,622	134,489	(31.13) %
SBITA liability	185,427	204,114	(9.16) %
Net OPEB liability	2,485,792	2,444,844	1.67 %
Net pension liability	94,585,051	86,426,978	9.44 %
Total liabilities	**135,238,011**	**113,636,717**	**19.01 %**
Deferred inflows of resources	**4,171,552**	**8,888,989**	**(53.07) %**
Net position:			
Net investment in capital assets	38,750,835	38,039,046	1.87 %
Restricted	3,260,860	3,600,809	(9.44) %
Unrestricted	(65,949,504)	(54,875,107)	(20.18) %
Total net position	**$ (23,937,809)**	**$ (13,235,252)**	**(80.86) %**

The error correction explained in Note 11 is not material to the government-wide financial statements and management has elected to not restate the prior year information. The District implemented GASB 101, Compensated Absences, which is a change in accounting principle explained in Note 11 which does not require retroactive restatement.

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions and OPEB, management presents the following additional information:

Total unrestricted net position (deficit)	$ (65,949,504)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	83,200,671
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	$ 17,251,167

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- Increase/Decrease in net capital assets in the amount of $5,092,362.
- The principal retirement of $1,288,399 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2025 and June 30, 2024 were $56,491,987 and $58,707,197, respectively. The total cost of all programs and services was $66,101,668 for 2025 and $61,259,459 for 2024.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2025 and June 30, 2024.

Table 2
Changes in Net Position

	Year Ended June 30, 2025	Year Ended June 30, 2024	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 4,542,861	$ 4,566,940	(0.53) %
Operating grants and contributions	6,253,697	7,020,976	(10.93) %
Capital Grants and Contributions	0	5,333,596	(100.00) %
General revenues:			
Property taxes	15,412,735	14,462,549	6.57 %
Grants and contributions not restricted	29,120,146	26,305,308	10.70 %
Investment earnings	666,346	525,732	26.75 %
Sixteenth section sources	493,439	445,840	10.68 %
Other	2,763	46,256	(94.03) %
Total revenues	**56,491,987**	**58,707,197**	**(3.77) %**
Expenses:			
Instruction	26,469,964	24,538,967	7.87 %
Support services	19,317,237	17,582,866	9.86 %
Non-instructional	2,497,891	2,345,275	6.51 %
Sixteenth section	46,942	65,357	(28.18) %
Pension expense	17,033,917	16,166,236	5.37 %
OPEB expense	(62,923)	(133,710)	(52.94) %
Interest on long-term liabilities	798,640	694,468	15.00 %
Total expenses	**66,101,668**	**61,259,459**	**7.90 %**
Increase (Decrease) in net position	**(9,609,681)**	**(2,552,262)**	**(276.52) %**
Net Position, July 1, as previously reported	**(13,235,252)**	**(10,740,793)**	(23.22) %
Change in accounting principle	**(951,878)**		N/A %
Error correction	**(140,998)**	**57,803**	(343.93) %
Net Position, July 1, as restated	**(14,328,128)**	**(10,682,990)**	**(34.12) %**
Net Position, June 30	**$ (23,937,809)**	**$ (13,235,252)**	**(80.86) %**

The error correction explained in Note 11 is not material to the government-wide financial statements and management has elected to not restate the prior year information. The District implemented GASB 101, Compensated Absences, which is a change in accounting principle explained in Note 11 which does not require retroactive restatement.

Governmental activities

The following table presents the cost of seven major District functional activities: instruction, support services, non-instructional, sixteenth section, pension expense, OPEB expense and interest on long-term liabilities. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities

	Total Expenses 2025	Total Expenses 2024	Percentage Change
Instruction	$ 26,469,964	$ 24,538,967	7.87 %
Support services	19,317,237	17,582,866	9.86 %
Non-instructional	2,497,891	2,345,275	6.51 %
Sixteenth section	46,942	65,357	(28.18) %
Pension Expense	17,033,917	16,166,236	5.37 %
OPEB Expense	(62,923)	(133,710)	52.94 %
Interest on long-term liabilities	798,640	694,468	15.00 %
Total expenses	**$ 66,101,668**	**$ 61,259,459**	**7.90 %**

	Net (Expense) Revenue 2025	Net (Expense) Revenue 2024	Percentage Change
Instruction	$ (20,009,613)	$ (15,390,558)	30.01 %
Support services	(18,108,970)	(12,889,866)	(40.49) %
Non-instructional	630,049	734,828	(14.26) %
Sixteenth section	(46,942)	(56,357)	16.71 %
Pension Expense	(17,033,917)	(16,166,236)	(5.37) %
OPEB Expense	62,923	133,710	(52.94) %
Interest on long-term liabilities	(798,640)	(694,468)	(15.00) %
Total net (expense) revenue	**$ (55,305,110)**	**$ (44,328,947)**	**(24.76) %**

- Net cost of governmental activities ($55,305,110 for 2025 and $44,328,947 for 2024) was financed by general revenue, which is primarily made up of property taxes ($15,412,735 for 2025 and $14,462,549 for 2024) and state and federal revenues ($29,120,146 for 2025 and $26,305,308 for 2024). In addition, there was $493,439 and $445,840 in Sixteenth Section sources for 2025 and 2024, respectively.

- Investment earnings amounted to $666,346 for 2025 and $525,732 for 2024.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $25,766,209, an increase/decrease of $5,097,710, which includes an error correction of $250 and a decrease in inventory of $19,070. $11,051,769 or 43% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of $14,714,440 or 57% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was $1,941,999, which includes an error correction of $250. The fund balance of Other Governmental Funds showed a decrease in the amount of $232,849, which includes a decrease in reserve for inventory of $19,070. The increase in the fund balance for the other major fund is as follows:

Major Fund		Increase (Decrease)
ESCO Project HVAC Fund	$	3,388,560

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2025, the District's total capital assets were $100,146,485, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, leased and subscription IT assets. This amount represents an increase of $7,700,016 from 2024. Total accumulated depreciation and amortization as of June 30, 2025, was $36,323,203, and total depreciation and amortization expense for the year was $2,752,450, resulting in total net capital assets of $63,823,282.

Table 4
Capital Assets, Net of Accumulated Depreciation

		June 30, 2025		June 30, 2024	Percentage Change	
Land	$	134,110	$	134,110	0.00	%
Construction in Progress		5,703,113		9,455,843	(39.69)	%
Buildings		46,051,152		41,608,129	10.68	%
Building improvements		5,533,062		2,126,821	160.16	%
Improvements other than buildings		3,370,909		2,365,578	42.50	%
Mobile equipment		1,624,222		1,801,052	(9.82)	%
Furniture and equipment		1,064,348		860,232	23.73	%
Lease assets		122,857		167,903	(26.83)	%
Subscription IT assets		219,509		211,252	3.91	%
Total	**$**	**63,823,282**	**$**	**58,730,920**	**8.67**	**%**

Additional information on the District's capital assets can be found in Notes 5 and 6 included in this report.

Debt Administration. At June 30, 2025, the District had $30,030,905 in outstanding long-term debt, of which $1,797,875 is due within one year. The liability for compensated absences increased $1,067,695, including a change in accounting principle of $951,878, from the prior year.

The District maintains an Aa3 bond rating.

Table 5
Outstanding Long-Term Debt

	June 30, 2025	June 30, 2024	Percentage Change
General obligation bonds payable	$ 18,175,000	$ 19,165,000	(5.17) %
Bond Premiums	638,100	683,678	(6.67) %
Bond Discounts	(173,980)	(186,407)	6.67 %
Limited tax notes payable	582,000	691,000	(15.77) %
Obligations under lease liabilities	92,622	134,489	(31.13) %
Obligations under energy efficiency loan	8,961,838	0	N/A
Subscription IT liabilities	185,427	204,114	(9.16) %
Compensated absences	1,569,898	502,203	212.60 %
Total	**$ 30,030,905**	**$ 21,194,077**	**41.69 %**

Additional information on the District's long-term debt can be found in Notes 6 and 7 included in this report.

CURRENT ISSUES

The Pearl Public School District is financially stable. The District is proud of its community support of the public schools. The District has committed itself to financial excellence for many years. The District plans to continue its sound financial management to meet the challenges of the future. The District has five schools: Pearl High School, Pearl Junior High School, Pearl Upper Elementary School, Northside Elementary School, and Pearl Lower Elementary School.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Pearl Public School District, 3375 Highway 80 East, Pearl, Mississippi 39208.

BASIC FINANCIAL STATEMENTS

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PEARL PUBLIC SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	$ 16,354,696
Cash with fiscal agent	23,775
Investments	5,693,237
Due from other governments	1,486,892
Lease receivable (Note 6)	3,513,500
Other receivables, net	23,060
Inventories	76,795
Restricted assets (Note 4)	9,945,696
Non-depreciable capital assets (Note 5)	
Land	134,110
Construction in progress	5,703,113
Depreciable capital assets, net (Note 5)	
Buildings	46,051,152
Building improvements	5,533,062
Improvements other than buildings	3,370,909
Mobile equipment	1,624,222
Furniture and equipment	1,064,348
Leased assets	122,857
Subscription based IT assets	219,509
Total Assets	100,940,933
Deferred Outflows of Resources	
Deferred outflow - pensions (Note 9)	13,674,455
Deferred outflow - OPEB (Note 10)	856,366
Total Deferred Outflows of Resources	14,530,821
Liabilities	
Accounts payable and accrued liabilities	7,840,539
Interest payable on long-term liabilities	295,724
Long-term liabilities (Due within one year)	
Capital related liabilities (Note 7)	1,534,488
Non-capital related liabilities (Note 7)	125,592
Lease liabilities (Note 6)	43,483
SBITA liabilities (Note 6)	96,989
Net OPEB liability (Note 10)	119,644
Long-term liabilities (Due beyond one year)	
Capital related liabilities (Note 7)	26,184,350
Unamortized bond premium (Note 7)	638,100
Unamortized bond discount (Note 7)	(173,980)
Non-capital related liabilities (Note 7)	1,444,306
Lease liabilities (Note 6)	49,139
SBITA liabilities (Note 6)	88,438
Net OPEB liability (Note 10)	2,366,148
Net pension liability (Note 9)	94,585,051
Total Liabilities	135,238,011

The notes to the financial statements are an integral part of this statement.

PEARL PUBLIC SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

Exhibit A

	Governmental Activities
Deferred Inflows of Resources	
Deferred inflows - OPEB (Note 10)	660,649
Deferred inflow - leases (Note 6)	3,510,903
Total Deferred Inflows of Resources	4,171,552
Net Position	
Net investment in capital assets	38,750,835
Restricted net position	
Expendable	
School-based activities	2,403,670
Debt service	155,073
Forestry improvements	49,066
Unemployment benefits	82,595
Non-expendable	
Sixteenth section	570,456
Unrestricted	(65,949,504)
Total Net Position	$ (23,937,809)

The notes to the financial statements are an integral part of this statement.

PEARL PUBLIC SCHOOL DISTRICT Exhibit B

Statement of Activities

For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 26,469,964	3,925,450	2,534,901	(20,009,613)
Support services	19,317,237		1,208,267	(18,108,970)
Non-instructional	2,497,891	617,411	2,510,529	630,049
Sixteenth section	46,942			(46,942)
Pension expense	17,033,917			(17,033,917)
OPEB expense	(62,923)			62,923
Interest on long-term liabilities	798,640			(798,640)
Total Governmental Activities	66,101,668	4,542,861	6,253,697	(55,305,110)
General Revenues				
Taxes				
General purpose levies				13,723,727
Debt purpose levies				1,689,008
Unrestricted grants and contributions				
State				28,696,924
Federal				423,222
Unrestricted investment earnings				666,346
Sixteenth section sources				493,439
Other				2,763
Total General Revenues				45,695,429
Changes in Net Position				(9,609,681)
Net Position - Beginning, as previously reported				(13,235,252)
Change in accounting principle (Note 11)				(951,878)
Adjustments or restatements (Note 11)				(140,998)
Net Position - Beginning - as restated				(14,328,128)
Net Position - Ending				$ (23,937,809)

The notes to the financial statements are an integral part of this statement.

Exhibit C

	Major Funds			
	General Fund	ESCO Project HVAC Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (Note 2)	$ 13,968,736		3,368,012	17,336,748
Cash with fiscal agent (Note 2)	17,147	8,963,644	6,628	8,987,419
Investments (Note 2)	5,693,237			5,693,237
Due from other governments	857,763		629,129	1,486,892
Lease receivable (Note 6)	3,513,500			3,513,500
Other receivables, net	23,060			23,060
Due from other funds (Note 3)	486,559		18,022	504,581
Inventories			76,795	76,795
Total Assets	24,560,002	8,963,644	4,098,586	37,622,232
Liabilities, Deferred Inflow of Resources, and Fund Balances				
Liabilities				
Accounts payable & accrued liabilities	2,191,220	5,575,084	74,235	7,840,539
Due to other funds (Note 3)			504,581	504,581
Total Liabilities	2,191,220	5,575,084	578,816	8,345,120
Deferred Inflows of Resources				
Leases (Note 6)	3,510,903			3,510,903
Total Deferred Inflows of Resources	3,510,903	0	0	3,510,903
Fund Balances				
Nonspendable				
Inventory			76,795	76,795
Permanent fund principal			570,456	570,456
Restricted				
Debt service			450,797	450,797
Capital projects		3,388,560		3,388,560
Forestry improvements			49,066	49,066
Unemployment benefits			82,595	82,595
Grant activities	36,814		2,290,061	2,326,875
Committed				
Facility improvements	7,149,351			7,149,351
Assigned				
School activities	370,661			370,661
After school programs	1,976			1,976
Band uniforms	51,378			51,378
Scoreboard & field maintenance	195,930			195,930
Unassigned	11,051,769			11,051,769
Total Fund Balances	18,857,879	3,388,560	3,519,770	25,766,209
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 24,560,002	8,963,644	4,098,586	37,622,232

The notes to the financial statements are an integral part of this statement.

PEARL PUBLIC SCHOOL DISTRICT | Exhibit C-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2025

		Amount
Total Fund Balance - Governmental Funds		$ 25,766,209
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	134,110	
Construction in progress	5,703,113	
Buildings	72,732,934	
Building improvements	6,466,750	
Improvement other than buildings	5,032,978	
Mobile equipment	5,129,621	
Furniture and equipment	4,367,903	
Leased assets	181,116	
Subscription IT based asset	397,960	
Accumulated depreciation and amortization	(36,323,203)	63,823,282
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(94,585,051)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	13,674,455	
Deferred inflows of resources related to pensions	0	13,674,455
Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability		(2,485,792)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to OPEB	856,366	
Deferred inflows of resources related to OPEB	(660,649)	195,717
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(18,175,000)	
Limited tax promissory notes	(582,000)	
Energy efficiency obligations	(8,961,838)	
Leased asset obligations	(92,622)	
Subscription IT based obligations	(185,427)	
Unamortized bond premiums	(638,100)	
Unamortized bond discounts	173,980	
Compensated absences	(1,569,898)	
Accrued interest payable	(295,724)	(30,326,629)
Total Net Position - Governmental Activities		$ (23,937,809)

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2025

	Major Funds			
	General Fund	ESCO Project HVAC Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources	$ 18,220,458	1,806	2,399,678	20,621,942
State sources	28,696,924		800,111	29,497,035
Federal sources	423,222		5,453,586	5,876,808
Sixteenth section sources	471,728		21,711	493,439
Total Revenues	47,812,332	1,806	8,675,086	56,489,224
Expenditures				
Instruction	26,042,513		3,357,800	29,400,313
Support services	17,481,185		1,639,752	19,120,937
Noninstructional services	241,214		2,724,589	2,965,803
Sixteenth section	46,942			46,942
Facilities acquisition and construction	281,854	5,575,084	1,065,744	6,922,682
Debt service				
Principal (Note 7)	185,954		1,102,445	1,288,399
Interest	15,765		703,197	718,962
Other			2,500	2,500
Total Expenditures	44,295,427	5,575,084	10,596,027	60,466,538
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,516,905	(5,573,278)	(1,920,941)	(3,977,314)
Other Financing Sources (Uses)				
Energy efficiency obligations issued (Note 7)		8,961,838		8,961,838
SBITAs issued (Note 6)	108,901		20,342	129,243
Sale of transportation equipment	1,400			1,400
Sale of other property	1,363			1,363
Operating transfers in (Note 3)	292,156		2,265,328	2,557,484
Operating transfers out (Note 3)	(1,978,976)		(578,508)	(2,557,484)
Total Other Financing Sources (Uses)	(1,575,156)	8,961,838	1,707,162	9,093,844
Net Change in Fund Balances	1,941,749	3,388,560	(213,779)	5,116,530
Fund Balances				
July 1, 2024, as previously reported	16,915,880	0	3,752,619	20,668,499
Adjustments or restatements (Note 11)	250			250
July 1, 2024, as restated	16,916,130	0	3,752,619	20,668,749
Decrease in reserve for inventory			(19,070)	(19,070)
June 30, 2025	$ 18,857,879	3,388,560	3,519,770	25,766,209

The notes to the financial statements are an integral part of this statement.

PEARL PUBLIC SCHOOL DISTRICT

Exhibit D-1

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2025

		Amount
Net Change in Fund Balance - Governmental Funds		$ 5,116,530
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, those amounts are:		
Capital outlay, leased assets and subscription IT based assets	8,005,781	
Depreciation expense and amortization expense	(2,752,450)	5,253,331
In the Statement of Activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		(18,758)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Subscription IT based liability issued	(129,243)	
Energy efficiency obligations issued	(8,961,838)	
Payments of debt principal	1,288,399	
Accrued interest payable	(112,829)	(7,915,511)
Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
Pension expense	(17,033,917)	
Contributions made subsequent to the measurement date	4,908,378	(12,125,539)
Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
OPEB expense	62,923	
Contributions made subsequent to the measurement date	119,644	182,567
Some items reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
Change in compensated absences	(115,817)	
Change in inventory reserve	(19,070)	
Amortization of deferred charges, premiums and discounts	32,586	(102,301)
Changes in Net Position of Governmental Activities		$ (9,609,681)

The notes to the financial statements are an integral part of this statement.

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Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the school district have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Pearl since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Pearl Public School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

ESCO Project HVAC Fund - This fund is a construction fund used to account for the energy efficiency improvements and equipment throughout the district and financed with the proceeds of an energy efficiency loan.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Permanent Funds - Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Ad valorem property taxes are levied by the governing authority of the city on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of inter-fund activity has been eliminated from the government-wide statements.

Revenues from the Mississippi Student Funding Formula are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting,* issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2014,* issued by the U.S. Department of Education.

D. Encumbrances

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

E. Assets, liabilities, deferred outflows/inflows, and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

Investments

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

Investments for the district are reported at fair market value.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds”(i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi and various grants and reimbursements from other governments.

4. Inventories and Prepaid Items

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is calculated on the straight-line basis for all assets, except land.

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased assets	**	**
Subscription IT asset	***	***

(**) A capitalization threshold has not been set for the right to use leased assets. Right to use leased assets will be amortized in a rational and systematic manner over the shorter of the lease term of the useful life of the underlying asset. See Note 6 for further details.

(***) A capitalization threshold has not been set for the right to use subscription IT assets. Right to use subscription IT assets will be amortized in a rational and systematic manner over the shorter of the subscription term of the useful life of the underlying subscription IT asset. See Note 6 for further details.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows are directly related to pension reporting and OPEB reporting.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows are directly related to OPEB reporting and 16^{th} Section leases.

See Note 6, 9, 10 and 14 for further details.

8. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next, the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, and the leave that has been used but not yet been paid in cash or settled through noncash means. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

9. Leases

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases (GASB 87) to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

When acting as the lessor for the leasing of sixteenth section trust lands, the school district uses the minimum, of 4% interest required by Mississippi statute for sixteenth section loans to calculate the net present value of future sixteenth section lease payments. When acting as the lessee, the school district uses the federal prime lending rate to calculate the present value of lease payments if the rate implicit in the lease is not known. See Note 6 for details.

10. Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance and consistency of information about SBITAs. GASB 96 was implemented during fiscal year 2023. See Note 6 for details.

11. Long-term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 7 for details.

12. Pensions

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 Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the 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.

13. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

14. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is the official action taken by the school board documented in the official minutes. The action for fund balance commitment must occur on or prior to the balance sheet date. The district has committed $7,149,351 for facility improvements.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the District Finance Director pursuant to authorization established by school board policy.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 7.5 percent of general fund revenues for the year. If the unassigned fund balance at fiscal year-end falls below the goal, the District must develop a restoration plan to achieve and maintain the minimum fund balance.

15. Accounting Standards Update

GASB 101, Compensated Absences, was implemented during the 2025 fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits and investments are imposed by statutes as follows:

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of $100 or more of any fund must be credited to that fund. Investment income of less than $100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was $17,336,748.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was $8,963,644.

Investments

As of June 30, 2025, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Certificates of deposit	N/A	Less than 1	$ 5,059,303
US Asset backed securities	Aaa	Less than 1	9,063
	Aaa	1 to 5	192,090
	Aaa	5 to 10	142,351
Municipal bonds	A2/Aaa	1 to 5	47,749
	A2/Aaa	5 to 10	43,991
US Treasury/Agency securities	Aaa	Less than 1	16,513
	Aaa	5 to 10	182,177
Total			$ 5,693,237

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 district has the following recurring fair value measurements as of June 30, 2025: Investments of $5,693,237 are valued using quoted market prices (Level 1 inputs).

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

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The district does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2025, the district did not have any investments to which this would apply.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2025, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Community Bank - Certificate of Deposit	$ 5,059,303	88.87

Note 3 – Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

A. Due From/To Other Funds

Payable Fund	Receivable Fund	Amount
Other governmental funds	General Fund	$ 486,559
	Other governmental funds	18,022
Total		$ 504,581

The purpose of the inter-fund loans was to eliminate deficit cash balances in certain federal programs as part of the normal year end closing adjustments.

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Other governmental funds	$ 1,978,976
Other governmental funds	General Fund	292,156
	Other governmental funds	286,352
Total		$ 2,557,484

The transfer out of the General Fund was for the purpose of funding the vocational program, nurse program, NJROTC program and facility improvements in the Other Governmental Funds. The transfers within the other governmental funds were between child nutrition funds to support the program and debt service funds. The transfers from the Other Governmental Funds to the General Fund were for indirect costs.

Note 4 – Restricted Assets

The restricted assets represent the cash balance and cash with fiscal agent, totaling $982,052 and $8,963,644, respectively, of the Sixteenth Section Principal Fund (Permanent Fund) and debt service funds which are legally restricted and may not be used for purposes that support the district's programs.

Note 5 – Capital Assets

The following is a summary of changes in capital assets for governmental activities:

	Balance 7/1/2024	Increases	Decreases	Completed Construction	Adjustments	Balance 6/30/2025
Governmental Activities:						
Non-depreciable capital assets:						
Land	$ 134,110					134,110
Construction-in-progress	9,455,843	6,922,682		(10,623,752)	(51,660)	5,703,113
Total non-depreciable capital assets	9,589,953	6,922,682	0	(10,623,752)	(51,660)	5,837,223
Depreciable capital assets:						
Buildings	66,898,290			5,834,644		72,732,934
Building improvements	2,801,839			3,664,911		6,466,750
Improvements other than buildings	3,860,988	55,529		1,124,197	(7,736)	5,032,978
Mobile equipment	4,828,024	361,425	(59,828)			5,129,621
Furniture and equipment	3,936,369	531,498	(75,465)		(24,499)	4,367,903
Total depreciable capital assets	82,325,510	948,452	(135,293)	10,623,752	(32,235)	93,730,186
Less accumulated depreciation for:						
Buildings	25,290,161	1,391,621				26,681,782
Building improvements	675,018	258,670				933,688
Improvements other than buildings	1,495,410	166,659				1,662,069
Mobile equipment	3,026,972	469,404	(53,845)		62,868	3,505,399
Furniture and equipment	3,076,137	302,128	(68,965)		(5,745)	3,303,555
Total accumulated depreciation	33,563,698	2,588,482	(122,810)	0	57,123	36,086,493
Total depreciable capital assets, net	48,761,812	(1,640,030)	(12,483)	10,623,752	(89,358)	57,643,693
Governmental activities capital assets, net	$ 58,351,765	5,282,652	(12,483)	0	(141,018)	63,480,916
Lease assets, net (Note 6)						122,857
Subscription IT assets, net (Note 6)						219,509
Total capital assets, net, as reported in the statement of net position						$ 63,823,282

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 100,319
Support services	2,397,746
Non-instructional	90,417
Total depreciation expense - Governmental activities	$ 2,588,482

The details of construction-in-progress are as follows:

	Spent to June 30, 2025	Remaining Commitment
Governmental Activities:		
ESCO HVAC Project	$ 5,575,084	$ 3,386,754
Admin House	128,029	39,946
Total governmental activities	$ 5,703,113	$ 3,426,700

Construction projects included in governmental activities are funded with proceeds from energy efficiency loan and local funds committed for capital improvements.

Note 6 – Intangible Right-to-Use Leases and Subscription Based IT Assets

A summary of lease and subscription IT asset activity during the year ended June 30, 2025 is as follows:

	Balance 7/1/2024	Additions	Remeasurments	Deductions	Balance 6/30/2025
Lease assets:					
Furniture and equipment	$ 181,751		(635)		181,116
Total lease assets	181,751	0	(635)	0	181,116
Less accumulated amortization:					
Lease assets:					
Furniture and equipment	13,848	44,418	(7)		58,259
Total accumulated amortization	13,848	44,418	(7)	0	58,259
Total lease assets, net	167,903	(44,418)	(628)	0	122,857
Subscription IT assets	349,255	134,647		85,942	397,960
Less accumulated amortization	138,003	119,550	565	79,667	178,451
Subscription IT assets, net	211,252	15,097	(565)	6,275	219,509
Total lease and subscription IT assets, net	$ 379,155	(29,321)	(1,193)	6,275	342,366

Amortization expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 0
Support services	163,968
Non-instructional	0
Total amortization expense - Governmental activities	$ 163,968

A summary of lease and subscription IT liabilities during the year ended June 30, 2025 is as follows:

	Balance 7/1/2024	Additions	Remeasurments	Deductions	Balance 6/30/2025	Amounts due within one year
Lease liabilities	$ 134,489		(398)	41,469	92,622	43,483
Subscription IT liabilities	204,114	129,243		147,930	185,427	96,989
Total	$ 338,603	129,243	(398)	189,399	278,049	140,472

Leases

The school district is a lessee for various noncancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the school district recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the school district recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the school district initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The school district generally uses its incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known.

The lease term includes the noncancellable period of the lease plus any additional periods covered by either a school district or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the school district and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

As Lessee:

The district has three (3) contracts for postage machines and one (1) contract for security screening system for lease terms of 4 - 5 years. The lease agreements can only be cancelled if both parties agree. There are no options to extend the lease agreements and no variable payment options.

For purposes of this note disclosure, leased equipment assets and liabilities are grouped into one category.

Description	Discount Rate	Term	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Leased asset liability	4.75%	4 -5 yr	06/28/22	06/12/29	$ 178,316	$ 92,622

The principal and interest requirements to maturity are:

Year Ending June 30	Principal	Interest	Total
2026	43,483	4,340	47,823
2027	45,552	2,272	47,824
2028	1,751	139	1,890
2029	1,836	55	1,891
Total	$ 92,622	$ 6,806	$ 99,428

As Lessor:

Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

The school district is a lessor for multiple leases on sixteenth section lands for residential, commercial and other leases. The majority of the district's sixteenth section leases are commercial leases based on the Consumer Price Index (CPI) which causes the annual rental payment to change annually. The lease maturities range from 1 – 42 years. The net present value of future lease payments has been calculated using the 4% statutory minimum rate the district would pay on sixteenth section permanent fund loans. At lease inception, the district records a lease receivable and a deferred inflow of resources for future lease payments. The lease receivable is reduced by the principal portion of the payments received over the term of the lease. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

The District has included in its financial statements at year end the net present value of $3,513,500 for future lease payments as a lease receivable and a deferred inflows of resources of $3,510,903.

The total amount of inflows of resources including lease revenue and interest revenue recognized during the current fiscal year is $216,300.

The following are the future principal and interest payments to be received on the leases:

Year Ending June 30		Principal	Interest	Total
2026	$	182,926	140,540	323,466
2027		190,243	133,223	323,466
2028		182,698	125,613	308,311
2029		141,203	118,305	259,508
2030		134,507	112,657	247,164
2031 – 2035		593,390	394,668	988,058
2036 – 2040		846,425	352,647	1,199,072
2041 – 2045		760,800	177,176	937,976
2046 – 2050		81,553	89,393	170,946
2051 – 2055		90,448	72,999	163,447
2056 – 2060		110,043	53,403	163,446
2061 – 2065		133,885	29,562	163,447
2066 – 2069		65,379	4,189	69,568
Total	$	3,513,500	1,804,375	5,317,875

SBITA

The school district has contracts for multiple subscription-based IT arrangements for items such as software, user seats and various site licenses. For contracts that have a maximum possible term of 12 months or less at commencement, the school district recognizes expenses based on the provisions of the contract. For all other contracts, other than short term, the school district recognizes subscription liability and a right to use subscription assets.

At commencement, the school district initially measures the liability at the present value of payments expected during the subscription term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalized implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the subscription asset is amortized in depreciation and amortization expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT asset.

The school district generally uses it estimated incremental borrowing rate as the discount rate unless the rate that the vendor charges is known. The estimated incremental borrowing rate is the rate the district would be charged for borrowing the subscription payment amount during the subscription term.

The subscription term includes the noncancellable period of the contract plus any additional periods covered by either a school district or vendor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the school district and the vendor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the subscription term.

Description	Discount Rate	Term	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Subscription-based IT liabilites	4.0%	2- 5 years	07/01/22	09/30/28	$ 384,291	$ 185,427

The following is a schedule by years of the total payments due on the Subscription-based IT assets:

Year Ending June 30	Principal	Interest	Total
2026	96,989	7,391	104,380
2027	63,438	3,538	66,976
2028	25,000	1,000	26,000
Total	$ 185,427	11,929	197,356

Note 7 – Long-term Liabilities

The following is a summary of changes in long-term liabilities and other obligations for governmental activities:

	Balance 7/1/2024	Additions	Reductions	Adjustments	Balance 6/30/2025	Amounts due within one year
A. General obligation bonds payable	$ 19,165,000		990,000		18,175,000	1,020,000
B. Limited tax promissory notes payable	691,000		109,000		582,000	110,000
C. Obligations under energy efficiency loan	0	8,961,838			8,961,838	404,488
D. Compensated absences payable	502,203	115,817		951,878	1,569,898	125,592
Subtotal	$ 20,358,203	9,077,655	1,099,000	951,878	29,288,736	1,660,080
Bond Premium	683,678		45,578		638,100	
Bond Discount	(186,407)		(12,427)		(173,980)	
Total	$ 20,855,474	9,077,655	1,132,151	951,878	29,752,856	

The change in the compensated absences liability is presented as a net change.

The adjustments above to the compensated absences liability were a result of retroactively implemented GASB 101, Compensated Absences.

A. General obligation bonds payable

General obligation bonds are direct obligations and pledge the full faith and credit of the school district. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Obligation, Series 2016	3 - 4%	21-Apr-16	1-Apr-39	$ 23,860,000	$ 18,175,000
				$ 23,860,000	$ 18,175,000

The following is a schedule by years of the total payments due on this debt:

Year Ending June 30		Principal	Interest	Total
2026	$	1,020,000	657,987	1,677,987
2027		1,060,000	617,188	1,677,188
2028		1,090,000	585,387	1,675,387
2029		1,135,000	541,787	1,676,787
2030 – 2034		6,300,000	2,078,989	8,378,989
2035 – 2039		7,570,000	812,776	8,382,776
Total	$	18,175,000 $	5,294,114 $	23,469,114

This debt will be retired from the Bond Retirement Fund (debt service fund). The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2025, the amount of outstanding bonded indebtedness was equal to 6.5% of property assessments as of October 1, 2024.

B. Limited tax promissory notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Promissory Note, Series 2019	2.20%	21-Aug-19	21-Aug-29	$ 1,100,000	$ 582,000
Total				$ 1,100,000	$ 582,000

The outstanding amount is included in due from other governments on the Statement of Net Position.

The following is a schedule by years of the total payments due on this debt:

Year Ending June 30		Principal	Interest		Total
2026	$	110,000	12,804	$	122,804
2027		114,000	10,384		124,384
2028		117,000	7,876		124,876
2029		119,000	5,302		124,302
2030		122,000	2,684		124,684
Total	$	582,000	39,050		621,050

This debt will be retired from the Tax Promissory Note Fund (Debt Service Fund).

The limited tax promissory note is secured by an irrevocable pledge of certain revenues the district receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972). The debt requirements and the total revenue received pursuant to the Mississippi Accountability and Adequate Education Program Act was $130,233 for the year ended June 30, 2025.

C. Obligations under energy efficiency loans

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy Efficiency Loan, Series 2025	4.19%	5/29/2025	5/29/2041	$ 8,961,838	$ 8,961,838

An energy efficiency loan agreement dated 5/29/2025 was executed by and between the school district and Bank of America, N.A.

The agreement authorized the borrowing of $8,961,838 for the purchase of energy efficiency equipment, machinery, supplies and building modifications and other energy savings items. Payments of the loan shall be made from the district maintenance fund.

The district entered into this energy efficiency loan agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).
Upon written notice to the Bank of America, N.A., the district has the option of repaying the total amount due as set forth in the agreement.

The following is a schedule by years of the total payments due on this debt:

Year Ending June 30	Principal	Interest	Total
2026	$ 404,488	375,322	779,810
2027	421,427	358,382	779,809
2028	439,077	340,732	779,809
2029	457,466	322,344	779,810
2030	476,624	303,185	779,809
2031 – 2035	2,699,789	1,199,257	3,899,046
2036 – 2040	3,314,503	584,544	3,899,047
2041	748,464	31,346	779,810
Total	$ 8,961,838	3,515,112	12,476,950

This debt will be retired from the district maintenance fund (General Fund).

D. Compensated absences payable

As more fully explained in Note 1(E)(8), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.

Note 8 – Other Commitments

Commitments under construction contracts are described in Note 5.

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at www.pers.ms.gov.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2025 was 17.90% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2025, 2024 and 2023 were $4,908,378, $4,856,851and $4,432,189, respectively, which equaled the required contributions for each year.

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

At June 30, 2025, the school district reported a liability of $94,585,051 for its proportionate share of the net pension liability. The net pension liability 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 was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2025 net pension liability was .364245% percent, which was based on a measurement date of June 30, 2024. This was an increase of .020617 percent from its proportionate share used to calculate the June 30, 2024 net pension liability, which was based on a measurement date of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $17,033,917. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,651,465	$
Net difference between projected and actual earnings on pension plan investments	250,752	
Changes of assumptions	4,203,615	
Changes in proportion and differences between District contributions and proportionate share of contributions	660,245	
District contributions subsequent to the measurement date	4,908,378	
Total	$ 13,674,455	$ 0

$4,908,378 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2026	$ 3,384,491
2027	3,384,491

2028	1,934,407
2029	62,688

Actuarial assumptions. The total pension liability as of June 30, 2024 was determined by an actuarial valuation prepared as of June 30, 2023 and by the investment experience for the fiscal year ending June 30, 2024. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022. The experience report is dated April 21, 2023.

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 nominal returns, net of pension plan investment expense and the assumed rate of 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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00 %	5.15 %
International Equity	20.00	5.00
Global Equity	12.00	5.15
Fixed Income	18.00	2.75
Real Estate	10.00	3.50
Private Equity	10.00	6.25
Infrastructure	2.00	3.85
Private Credit	2.00	4.90
Cash Equivalents	1.00	0.50
Total	100 %	

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be phased in to 19.90 percent over five fiscal years (17.90 percent for FYE 2025, 18.40 percent for FYE 2026, 18.90 percent for FYE 2027, 19.40 percent for FYE 2028, 19.90 percent for FYE 2029 and beyond). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$ 122,595,990	$ 94,585,051	$ 71,660,217

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Note 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

Plan description. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at http://knowyourbenefits.dfa.ms.gov/.

Benefits provided.

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were $119,644 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of $2,485,792 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2024, the District's proportion was .44485736 percent. This was an increase of .00305129 percent from the proportionate share as of the measurement date of June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of ($62,923). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 513,517	$ 440,467
Changes of assumptions	98,002	189,758
Net difference between projected and actual earnings on OPEB plan investments	98	
Changes in proportion and differences between District contributions and proportionate share of contributions	125,105	30,424
District contributions subsequent to the measurement date	119,644	
Total	$ 856,366	$ 660,649

$119,644 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the 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 OPEB expense as follows:

Year Ending June 30:	
2026	$ (62,262)
2027	(21,024)

2028	33,022
2029	65,731
2030	52,078
2031	8,528

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following key actuarial assumptions and other inputs:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.94%
Prior Measurement Date	3.66%
Year FNP is projected to be depleted	
Measurement Date	2024
Prior Measurement Date	2023
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Measurement Date	3.94%
Prior Measurement Date	3.66%
Health Care Cost Trends	
Medicare Supplement Claims Pre-Medicare	6.00% for 2025 decreasing to an ultimate rate of 4.50% by 2029 FYE

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in the June 30, 2024 valuation were based on the results of the last actuarial experience study, dated April 21, 2023.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2024 valuation were based on a review of recent plan experience done concurrently with the June 30, 2024 valuation.

The long-term expected rate of return on OPEB plan investments is 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2024 was 3.94 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.66% to 3.94%.

The trust was established on June 28, 2018 with an initial contribution of $1,000,000. As of June 30, 2024, the trust has $1,104,394. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2024 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.94 percent) or 1-percentage-point higher (4.94 percent) than the current discount rate:

	1% Decrease (2.94%)	Current Discount Rate (3.94%)	1% Increase (4.94%)
Net OPEB liability	$ 2,708,858	$ 2,485,792	$ 2,290,255

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	$ 2,321,866	$ 2,485,792	$ 2,668,544

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in a separately issued report that can be found at http://knowyourbenefits.dfa.ms.gov/.

Note 11 – Adjustments and Restatements of Beginning Balances

Change in Accounting Principle

During fiscal year 2025, the district implemented GASB 101, Compensated Absences, which resulted in an adjustment to the beginning net position in the government-wide financial statements of ($951,878).

Correction of an Error in Previously Issued Financial Statements

An adjustment of $250 was made to decrease a fiscal year 2024 receivable.

Adjustments totaling $141,646 were made to construction in progress and capital assets (including leased equipment and SBITAs) to properly state account balances. An adjustment of $398 was made to decrease the lease obligation liability.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, a change in accounting principle, and error corrections resulted in adjustments to and restatements of beginning net position and fund balance, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Funds	Government-Wide
	General Fund	Governmental Activities
June 30, 2024, as previously reported	$ 16,915,880	(13,235,252)
Change in accounting principle	0	(951,878)
Error correction	250	(140,998)
June 30, 2024, as adjusted or restated	$ 16,916,130	(14,328,128)

Note 12 – Contingencies

Federal Grants – The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

Litigation - The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

Note 13 – Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except as described below, the district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 58 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to $750,000. For a claim exceeding $750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

The school district is a member of the Mississippi School Boards Association Property Trust (MSBAPT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 77 school districts and covers losses associated with property damage to the physical assets owned by the member districts. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes annually to a fund held in trust by Bank of America in Danville, Illinois. The funds in the trust account are used to pay any claim up to $150,000 per occurrence. For a claim/occurrence exceeding $150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 77 school districts and covers liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes annually to a fund held in trust by Bank of America in Danville, Illinois. The funds in the trust account are used to pay any claim up to $150,000 per occurrence. For a claim/occurrence exceeding $150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of ($65,949,504) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of $4,908,378 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. The $8,766,077 balance of deferred outflow of resources related to pensions, at June 30, 2025 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of ($65,949,504) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of $119,644 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. The $736,722 balance of deferred outflow of resources related to OPEB, at June 30, 2025 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of ($65,949,504) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The $660,649 balance of deferred inflow of resources related to OPEB, at June 30, 2025 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

The unrestricted net position amount of ($65,949,504) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from of resources from 16th Section leases. The $3,510,903 balance of deferred inflow of resources related to 16th Section leases, at June 30, 2025 will be recognized as revenue and will increase the unrestricted net position over the next 42 years.

Note 15 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Pearl Public School District evaluated the activity of the district through February 10, 2026, (the date the financial statements were available to be issued), and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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PEARL PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues					
Local sources	$ 16,146,378	18,233,383	18,220,458	2,087,005	(12,925)
State sources	28,897,919	26,696,925	28,696,924	(2,200,994)	1,999,999
Federal sources	21,000	423,222	423,222	402,222	0
Sixteenth section sources	327,500	471,728	471,728	144,228	0
Total Revenues	45,392,797	45,825,258	47,812,332	432,461	1,987,074
Expenditures					
Instruction	25,757,347	26,042,513	26,042,513	(285,166)	0
Support services	17,430,388	17,413,263	17,481,185	17,125	(67,922)
Noninstructional services	163,090	241,214	241,214	(78,124)	0
Sixteenth section	44,750	46,942	46,942	(2,192)	0
Facilities acquisition and construction	1,000,000	281,854	281,854	718,146	0
Debt service					
Principal	0	145,755	185,954	(145,755)	(40,199)
Interest	0	14,985	15,765	(14,985)	(780)
Total Expenditures	44,395,575	44,186,526	44,295,427	209,049	(108,901)
Excess (Deficiency) of Revenues Over (Under) Expenditures	997,222	1,638,732	3,516,905	641,510	1,878,173
Other Financing Sources (Uses)					
SBITAs issued	0	0	108,901	0	108,901
Sale of transportation equipment	0	1,400	1,400	1,400	0
Sale of other property	0	1,363	1,363	1,363	0
Operating transfers in	8,370,508	6,166,419	292,156	(2,204,089)	(5,874,263)
Operating transfers out	(10,491,354)	(7,853,239)	(1,978,976)	2,638,115	5,874,263
Total Other Financing Sources (Uses)	(2,120,846)	(1,684,057)	(1,575,156)	436,789	108,901
Net Change in Fund Balances			1,941,749		
Fund Balances					
July 1, 2024, as previously reported			16,915,880		
Adjustments or restatements			250		
July 1, 2024, as restated			16,916,130		
June 30, 2025			$18,857,879		

The notes to the required supplementary information are an integral part of this schedule.

PEARL PUBLIC SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years *

		2025	2024	2023	2022	2021
District's proportion of the net pension liability		0.364245%	0.343628%	0.338566%	0.330146%	0.322548%
District's proportionate share of the net pension liability	$	94,585,051	86,426,978	69,689,203	48,797,022	62,441,545
District's covered payroll	$	27,912,937	25,472,351	23,307,971	21,951,356	21,477,690
District's proportionate share of the net pension liability as a percentage of its covered payroll		338.86%	339.30%	298.99%	222.30%	290.73%
Plan fiduciary net position as a percentage of the total pension liability		56.30%	55.70%	59.93%	70.44%	58.97%

		2020	2019	2018	2017	2016
District's proportion of the net pension liability		0.312083%	0.313500%	0.309100%	0.311300%	0.302100%
District's proportionate share of the net pension liability	$	54,901,556	52,146,027	51,382,911	55,605,953	46,698,703
District's covered payroll	$	20,325,162	20,020,641	19,829,187	19,911,537	18,874,521
District's proportionate share of the net pension liability as a percentage of its covered payroll		270.12%	260.46%	259.13%	279.26%	247.42%
Plan fiduciary net position as a percentage of the total pension liability		61.59%	62.54%	61.49%	57.47%	61.70%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement No. 68 was implemented in FYE 6/30/2015 and the District has compiled a full 10-year trend.

PEARL PUBLIC SCHOOL DISTRICT
Schedule of District Contributions
PERS
Last 10 Fiscal Years

		2025	2024	2023	2022	2021
Contractually required contribution	$	4,908,378	4,856,851	4,432,189	4,055,587	3,819,536
Contributions in relation to the contractually required contribution		4,908,378	4,856,851	4,432,189	4,055,587	3,819,536
Contribution deficiency (excess)		0	0	0	0	0
District's covered payroll	$	27,421,106	27,912,937	25,472,351	23,307,971	21,951,356
Contributions as a percentage of covered payroll		17.90%	17.40%	17.40%	17.40%	17.40%

		2020	2019	2018	2017	2016
Contractually required contribution	$	3,737,118	3,201,213	3,153,251	3,123,097	3,136,067
Contributions in relation to the contractually required contribution		3,737,118	3,201,213	3,153,251	3,123,097	3,136,067
Contribution deficiency (excess)		0	0	0	0	0
District's covered payroll	$	21,477,690	20,325,162	20,020,641	19,829,187	19,911,537
Contributions as a percentage of covered payroll		17.40%	15.75%	15.75%	15.75%	15.75%

The notes to the required supplementary information are an integral part of this schedule.

This schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement No. 68 was implemented in FYE 6/30/2015 and the District has compiled a full 10-year trend.

PEARL PUBLIC SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
OPEB
Last 10 Fiscal Years *

		2025	2024	2023	2022
District's proportion of the net OPEB liability		0.44485736%	0.44180607%	0.44753453%	0.42863482%
District's proportionate share of the net OPEB liability	$	2,485,792	2,444,844	2,204,931	2,759,045
Covered employee payroll	$	27,912,937	25,472,351	23,307,971	21,951,356
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		8.91%	9.60%	9.46%	12.57%
Plan fiduciary net position as a percentage of the total OPEB liability		0.19%	0.19%	0.21%	0.16%

		2021	2020	2019	2018*
District's proportion of the net OPEB liability		0.41692024%	0.41967819%	0.41614222%	0.40478408%
District's proportionate share of the net OPEB liability	$	3,244,507	3,561,142	3,219,068	3,175,972
Covered employee payroll	$	21,477,690	20,325,162	20,020,641	19,829,187
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		15.11%	17.52%	16.08%	16.02%
Plan fiduciary net position as a percentage of the total OPEB liability		0.13%	0.12%	0.13%	0.00%

The notes to the required supplementary information are an integral part of this schedule.

The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented

*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

PEARL PUBLIC SCHOOL DISTRICT
Schedule of District Contributions
OPEB
Last 10 Fiscal Years*

		2025	2024	2023	2022
Actuarially determined contribution	$	119,644	108,662	107,203	89,856
Contributions in relation to the actuarially determined contribution		119,644	108,662	107,203	89,856
Contribution deficiency (excess)		0	0	0	0
Covered employee payroll	$	27,421,106	27,912,937	25,472,351	23,307,971
Contributions as a percentage of covered employee payroll		0.44%	0.39%	0.42%	0.39%

		2021	2020	2019	2018*
Actuarially determined contribution	$	110,861	129,390	142,742	135,396
Contributions in relation to the actuarially determined contribution		110,861	129,390	142,742	135,396
Contribution deficiency (excess)		0	0	0	0
Covered employee payroll	$	21,951,356	21,477,690	20,235,162	20,020,641
Contributions as a percentage of covered employee payroll		0.51%	0.60%	0.71%	0.68%

The notes to the required supplementary information are an integral part of this schedule.

*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

Budgetary Comparison Schedule

(1) Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the General Fund consistent with accounting principles generally accepted in the United States of America.

Pension Schedules

(1) *Changes of assumptions*

2015:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016:

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2019:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: for males, 137% of male rates at all ages; for females, 115% of female rates at all ages; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2021:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77; for females, 84% of female rates up to age 72, 100% for ages above 76; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments: for males, 134% of male rates at all ages; for females, 121% of female rates at all ages; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments: for males, 97% of male rates at all ages; for females, 110% of female rates at all ages; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

2023:

The investment rate of return assumption was changed from 7.55% to 7.00%.

The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.

Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.

The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.

For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.

The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.

The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

(2) *Changes in benefit provisions*

2016:

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

(3) *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, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2022 valuation for the June 30, 2024 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25.6 years
Asset valuation method	5-year smoothed market
Price Inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

2017: The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

2018: The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

2019: The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

2020: The discount rate was changed from 3.50% for the prior Measurement Date to 2.19% for the current Measurement Date.

2021: The discount rate was changed from 2.19% for the prior Measurement Date to 2.13% for the current Measurement Date.

2022: The discount rate was changed from 2.13% for the prior Measurement Date to 3.37% for the current Measurement Date.

2023: The discount rate was changed from 3.37% for the prior Measurement Date to 3.66% for the current Measurement Date. Withdrawal rates, disability rates, service retirement rates and salary merit rates were adjusted to reflect actual experience more closely.

2024: The discount rate was changed from 3.66% for the prior Measurement Date to 3.94% for the current Measurement Date. Withdrawal rates, disability rates, service retirement rates and salary merit rates were adjusted to reflect actual experience more closely.

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

2020: The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

2021: The schedule of monthly retiree contributions was increased as of January 1, 2022. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2022.

2022: The schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023.

2023: The schedule of monthly retiree contributions was increased as of January 1, 2024. In addition, the in-network medical deductible was increased for the Base Family coverage beginning January 1, 2024.

2024: The schedule of monthly retiree contributions was increased as of January 1, 2025. In addition, the medical deductible was increased for the Base Family coverage beginning January 1, 2025.

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2023 actuarial

valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2024:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.40%
Salary increases, including wage inflation	2.65% to 17.90%
Initial health care cost trend rates	
Medicare Supplement Claims	6.50%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.50%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2029
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.66%

SUPPLEMENTARY INFORMATION

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PEARL PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	255MS326N1099	$ 1,248,298
National school lunch program	10.555	255MS326N1099	2,125,872
National school lunch program - commodities	10.555	255MS326N1099	83,858
Total national school lunch program			2,209,730
Summer food service program for children	10.559	255MS326N1099	29,567
Total child nutrition cluster			3,487,595
Total passed-through Mississippi Department of Education			3,487,595
Total U.S. Department of Agriculture			3,487,595
U.S. Department of Defense			
Direct program:			
Reserve officers' training corps	12.U01	N/A	81,923
Total U.S. Department of Defense			81,923
U.S. Department of Education			
Passed-through Mississippi Department of Education:			
Title I - grants to local educational agencies	84.010A	S010A240024	1,203,282
Career and technical education - basic grants to states	84.048A	V048A240024	60,867
English language acquisition grants	84.365A	T365A240024	26,931
Supporting effective instruction - state grants	84.367A	S367A240023	220,721
Total			1,511,801
Education stabilization funds:			
COVID-19 - Education stabilization fund (ESSER) ARP III	84.425U	S425U210031	60,768
COVID-19 - ARP Homeless (ESSER) ARP III	84.425U	S425U210031	14,671
Total education stabilization funds			75,439
Special education cluster:			
Special education - grants to states	84.027A	H027A240108	1,302,062
Special education - preschool grants	84.173A	H173A240113	41,525
Total special education cluster			1,343,587
Total passed-through Mississippi Department of Education			2,930,827
Total U.S. Department of Education			2,930,827
U.S. Department of Health and Human Services			
Passed-through the Mississippi Department of Education:			
Medicaid cluster:			
Medical assistance program	93.778	N/A	4,835
Total Medicaid cluster			4,835
Total passed-through Mississippi Department of Education			4,835
Total U.S. Department of Health and Human Services			4,835

The notes to the Supplementary Information are an integral part of this schedule.

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Social Security Administration			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social security disability insurance	96.001	N/A	476
Total Disability Insurance/SSI Cluster			476
Total passed-through the Mississippi Department of Rehabilitation Services			476
Total U.S. Department of Social Security Administration			476
Total for All Federal Awards			$ 6,505,656

The notes to the Supplementary Information are an integral part of this schedule.

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the 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 the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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.

(3) Indirect Cost Rate

The School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

As allowed by federal regulations, the school district elected to transfer program funds. The district expended $75,283 from Student Support and Academic Enrichment Program ALN# 84.424 on allowable activities of the Title I - Grants to Local Educational Agencies ALN# 84.010. This amount is reflected in the expenditures of Title I - Grants to Local Educational Agencies.

PEARL PUBLIC SCHOOL DISTRICT
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2025

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$ 37,413,445	29,345,631	1,400,819	2,957,635	3,709,360
Other	23,053,093	3,962,473	716,706	52,036	18,321,878
Total	60,466,538	33,308,104	2,117,525	3,009,671	22,031,238
Total number of students	3,895				
Cost per student	$ 15,525	8,552	544	773	5,656

Notes to the schedule.

For purposes of this schedule, the following columnar descriptions are applicable:

Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type.

General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following function: Support Services - School Administration.

Other - includes all expenditure functions not included in Instruction or Administration Categories.

Total number of students - includes the number of students reported on the ADA report submission for month 9, which is the final submission for the fiscal year.

OTHER INFORMATION

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PEARL PUBLIC SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years

UNAUDITED

	2025	2024*	2023*	2022*
Revenues				
Local sources	$ 18,220,458	17,041,049	15,491,815	14,060,096
State sources	28,696,924	26,102,834	24,201,563	21,791,161
Federal sources	423,222	202,474	107,717	25,523
Sixteenth section sources	471,728	425,303	372,188	223,343
Total Revenues	47,812,332	43,771,660	40,173,283	36,100,123
Expenditures				
Instruction	26,042,513	24,266,807	26,632,738	21,168,416
Support services	17,481,185	16,081,608	14,723,386	12,716,358
Noninstructional services	241,214	262,518	271,408	247,304
Sixteenth section	46,942	65,357	45,708	36,051
Facilities acquisition and construction	281,854	252,965	2,110,499	33,562
Debt service				
Principal	185,954	141,086	42,025	1,087
Interest	15,765	5,048	1,264	22
Total Expenditures	44,295,427	41,075,389	43,827,028	34,202,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,516,905	2,696,271	(3,653,745)	1,897,323
Other Financing Sources (Uses)				
Leases issued	0	175,629	0	5,762
SBITAs issued	108,901	188,184	154,362	0
Insurance loss recoveries	0	41,505	11,321	0
Refund of prior year expenditures	1,400	0	0	13,260
Sale of transportation equipment	1,363	4,751	0	1,984
Sale of other property	0	0	115,755	1,500
Operating transfers in	292,156	2,895,603	51,148	571,516
Operating transfers out	(1,978,976)	(4,101,828)	(1,763,910)	(724,105)
Total Other Financing Sources (Uses)	(1,575,156)	(796,156)	(1,431,324)	(130,083)
Net Change in Fund Balances	1,941,749	1,900,115	(5,085,069)	1,767,240
Fund Balances:				
Beginning of period, as previously reported	16,915,880	15,012,681	20,049,402	18,285,713
Adjustments or restatements	250	3,084	48,348	(3,551)
Beginning of period, as restated	16,916,130	15,015,765	20,097,750	18,282,162
End of period	$ 18,857,879	16,915,880	15,012,681	20,049,402

* Source - Prior year audit reports.

PEARL PUBLIC SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years

UNAUDITED

	2025	2024*	2023*	2022*
Revenues				
Local sources	$ 20,621,942	19,555,221	18,046,189	15,918,153
State sources	29,497,035	26,530,469	24,632,397	22,363,019
Federal sources	5,876,808	12,129,411	7,896,575	8,629,518
Sixteenth section sources	493,439	445,840	374,660	224,806
Total Revenues	56,489,224	58,660,941	50,949,821	47,135,496
Expenditures				
Instruction	29,400,313	27,357,104	30,415,161	24,562,416
Support services	19,120,937	18,218,341	16,588,874	14,648,016
Noninstructional services	2,965,803	2,816,339	3,019,083	2,752,473
Sixteenth section	46,942	65,357	45,708	36,051
Facilities acquisition and construction	6,922,682	6,763,791	4,038,884	722,894
Debt service				
Principal	1,288,399	1,206,086	1,076,766	996,087
Interest	718,962	739,087	765,676	802,204
Other	2,500	2,500	2,500	2,500
Total Expenditures	60,466,538	57,168,605	55,952,652	44,522,641
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,977,314)	1,492,336	(5,002,831)	2,612,855
Other Financing Sources (Uses)				
Bonds and notes issued	8,961,838	0	0	0
Leased issued	0	178,316	0	10,781
SBITAS issued	129,243	188,184	154,362	0
Insurance loss recoveries	0	41,505	11,321	0
Refund of prior year expenditures	0	0	0	13,260
Sale of transportation equipment	1,400	4,751	0	1,984
Sale of other property	1,363	0	115,790	1,669
Operating transfers in	2,557,484	7,149,378	2,048,808	1,295,621
Operating transfers out	(2,557,484)	(7,149,378)	(2,048,808)	(1,295,621)
Total Other Financing Sources (Uses)	9,093,844	412,756	281,473	27,694
Net Change in Fund Balances	5,116,530	1,905,092	(4,721,358)	2,640,549
Fund Balances:				
Beginning of period, as previously reported	20,668,499	18,760,135	23,479,435	20,826,656
Adjustments or restatements	250	3,079	(23,033)	(3,551)
Beginning of period, as restated	20,668,749	18,763,214	23,456,402	20,823,105
Increase (Decrease) in reserve for inventory	(19,070)	193	25,091	15,781
End of period	$ 25,766,209	20,668,499	18,760,135	23,479,435

* Source - Prior year audit reports.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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CERTIFIED PUBLIC ACCOUNTANT

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*

Independent Auditor's Report

Superintendent and School Board
Pearl Public School District

I 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pearl Public School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Pearl Public School District's basic financial statements, and have issued my report thereon dated February 10, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Pearl Public 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pearl Public School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Pearl Public 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Pearl Public School District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
February 10, 2026

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

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

Independent Auditor's Report

Superintendent and School Board
Pearl Public School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Pearl Public 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 Pearl Public School District's major federal programs for the year ended June 30, 2025. Pearl Public 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 my opinion, Pearl Public School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). My 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.

I am required to be independent of Pearl Public School District and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Pearl Public 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 Pearl Public School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My 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 Pearl Public 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 GAAS, *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 Pearl Public School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I did

- 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 Pearl Public 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 Pearl Public 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 Pearl Public School District's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my 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.

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
February 10, 2026

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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Pearl Public School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pearl Public School District as of and for the year ended June 30, 2025, which collectively comprise Pearl Public School District's basic financial statements and have issued my report thereon dated February 10, 2026. I conducted my 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.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

The results of my procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and my audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, federal awarding agencies, the Office of the State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
February 10, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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PEARL PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued:	Unmodified
2. Internal control over financial reporting:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified?	None Reported
3. Noncompliance material to the financial statements?	No

Federal Awards:

4. Internal control over major programs:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified?	None Reported
5. Type of auditor's report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
7. Federal program identified as major program:	

Assistance Listing Number	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition cluster
84.027, 84.173	Special education cluster

8. Dollar threshold used to distinguish between type A and type B programs:	$750,000
9. Auditee qualified as a low-risk auditee?	No
10. Prior fiscal year audit findings(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b).	No

Section II: Financial Statement Findings

The results of my tests did not disclose any findings related to the financial statements that are required to be reported under the *Government Auditing Standards*.

Section III: Federal Award Findings and Questioned Costs

The results of my tests did not disclose any findings and questioned costs related to the federal awards.

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