LOUISVILLE MUNICIPAL SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2023

LOUISVILLE MUNICIPAL SCHOOL DISTRICT

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We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Louisville Municipal School District as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise Louisville Municipal School District's basic financial statements as listed in the contents.

In our 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 Louisville Municipal School District, as of June 30, 2023, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisville Municipal School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis-of-Matter

As discussed in Note 1 to financial statements, the school district implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), during the fiscal year ended June 30, 2023.

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 Louisville Municipal 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 Louisville Municipal School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisville Municipal School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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 4-14, 46-48, 49, 50, 51, and 52, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Louisville Municipal 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 our 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 our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our 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, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2024, on our consideration of Louisville Municipal School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisville Municipal 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 Louisville Municipal School District's internal control over financial reporting and compliance.

Watkins Ward and Stafford, PLLC

Watkins, Ward and Stafford, PLLC
Louisville, Mississippi
January 25, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following discussion and analysis of Louisville Municipal School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2023. 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 2023 increased $1,628,774, including a prior period adjustment of ($3,915), which represents a 9% increase from fiscal year 2022. Total net position for 2022 increased $3,734,988, which includes a residual equity transfer in of $49,255, which represents a 17% increase from fiscal year 2021.

- General revenues amounted to $22,758,025 and $22,373,888, or 62% and 68% of all revenues for fiscal years 2023 and 2022, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for $13,712,527, or 38% of total revenues for 2023, and $10,734,230, or 32 % of total revenues for 2022.

- The District had 34,837,863 and $29,422,385 in expenses for fiscal years 2023 and 2022; only $13,712,527 for 2023 and $10,734,230 for 2022 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $22,758,025 for 2023 and $22,373,888 for 2022 were adequate to provide for these programs.

- Among major funds, the General Fund had $24,765,647 in revenues and $23,615,770 in expenditures for 2023, and $23,102,857 in revenues and $21,372,321 in expenditures in 2022. The General Fund's fund balance increased by $481,411 from 2022 to 2023, and increased by $735,517, which includes a residual equity transfer in of $49,255, from 2021 to 2022.

- Capital assets, net of accumulated depreciation, increased by $2,419,405 for 2023 and increased by $975,287 for 2022. The increase for 2023 was due to the addition of construction in progress, building improvements, improvements other than buildings, mobile equipment, leased assets and subscription IT assets coupled with the increase in accumulated depreciation.

- Long-term debt decreased by $146,042 for 2023 and decreased by $442,783 for 2022. This decrease for 2023 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by $16,507 for 2023 and decreased by $25,862 for 2022.

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** – Most 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 and each additional major special revenue 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 $16,663,700 as of June 30, 2023.

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
Condensed Statement of Net Position

	June 30, 2023	June 30, 2022	Percentage Change
Current assets	$ 17,697,964	$ 16,492,470	7.31%
Restricted assets	264,979	256,639	3.25%
Capital assets, net	15,452,787	13,033,382	18.56%
Total assets	33,415,730	29,782,491	12.20%
Deferred outflows of resources	9,468,604	8,606,572	10.02%
Current liabilities	2,093,804	1,499,212	39.66%
Long-term debt outstanding	3,982,790	4,128,832	-3.54%
Net OPEB liability	1,684,555	2,161,301	-22.06%
Net pension liability	49,973,576	35,068,508	42.50%
Total liabilities	57,734,725	42,857,853	34.71%
Deferred inflows of resources	1,813,309	13,823,684	-86.88%
Net position:			
Net investment in capital assets	13,302,322	10,898,382	22.06%
Restricted	3,471,227	3,066,711	13.19%
Unrestricted	(33,437,249)	(32,257,567)	-3.66%
Total net position	$ (16,663,700)	$ (18,292,474)	8.90%

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)	$ (33,437,249)
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	43,107,553
Unrestructed net position, exclusive of the net pension liability and net OPEB liability effect	$ 9,670,304

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

- Increase in net capital assets in the amount of $2,419,405.
- The principal retirement of $420,000 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were $36,470,552 and $33,108,118, respectively. The total cost of all programs and services was $34,837,863 for 2023 and $29,422,385 for 2022.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

Table 2
Changes in Net Position

	Year Ended June 30, 2023	Year Ended June 30, 2022	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 1,025,613	$ 977,034	4.97%
Operating grants and contributions	10,535,498	8,949,785	17.72%
Capital Grants and Contributions	2,151,416	807,411	166.46%
General revenues:			
Property taxes	7,664,255	7,463,695	2.69%
Grants and contributions not restricted	14,113,573	13,648,379	3.41%
Investment earnings	405,361	383,546	5.69%
Sixteenth section sources	387,281	739,260	-47.61%
Other	187,555	139,008	34.92%
Total revenues	36,470,552	33,108,118	10.16%
Expenses:			
Instruction	17,090,811	15,134,441	12.93%
Support services	10,265,994	9,978,489	2.88%
Non-instructional	2,191,136	2,149,000	1.96%
Sixteenth section	55,799	70,757	-21.14%
Pension expense	5,342,035	2,096,818	154.77%
OPEB expense	(224,013)	(126,019)	-77.76%
Interest on long-term liabilities	116,101	118,899	-2.35%
Total expenses	34,837,863	29,422,385	18.41%
Increase (Decrease) in net position	1,632,689	3,685,733	-55.70%
Net Position, July 1, as previously reported	(18,292,474)	(22,027,462)	16.96%
Prior Period Adjustment	(3,915)	-	N/A
Residual Equity Transfers In	-	49,255	N/A
Net Position, July 1, as restated	(18,296,389)	(21,978,207)	16.75%
Net Position, June 30	$ (16,663,700)	$ (18,292,474)	8.90%

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		Percentage Change
	2023	**2022**	
Instruction	$ 17,090,811	$ 15,134,441	12.93%
Support services	10,265,994	9,978,489	2.88%
Non-instructional	2,191,136	2,149,000	1.96%
Sixteenth section	55,799	70,757	-21.14%
Pension Expense	5,342,035	2,096,818	154.77%
OPEB Expense	(224,013)	(126,019)	-77.76%
Interest on long-term liabilities	116,101	118,899	-2.35%
Total expenses	**$ 34,837,863**	**$ 29,422,385**	18.41%

	Net (Expense) Revenue		Percentage Change
	2023	**2022**	
Instruction	$ (9,529,822)	$ (11,291,605)	-15.60%
Support services	(6,714,816)	(5,892,319)	13.96%
Non-instructional	369,838	548,428	-32.56%
Sixteenth section	(16,413)	37,039	-144.31%
Pension Expense	(5,342,035)	(2,096,818)	154.77%
OPEB Expense	224,013	126,019	77.76%
Interest on long-term liabilities	(116,101)	(118,899)	-2.35%
Total net (expense) revenue	**$ (21,125,336)**	**$ (18,688,155)**	13.04%

- Net cost of governmental activities ($21,125,336 for 2023 and $18,688,155 for 2022) was financed by general revenue, which is primarily made up of property taxes ($7,664,255 for 2023 and $7,463,695 for 2022) and state and federal revenues ($14,113,573 for 2023 and $13,648,379 for 2022). In addition, there was $387,281 and $739,260 in Sixteenth Section sources for 2023 and 2022, respectively.

- Investment earnings amounted to $405,361 for 2023 and $383,546 for 2022.

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 $15,035,010, an increase of $877,553 which includes an increase in inventory of $14,410. $11,099,851 or 74% 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 $3,935,159 or 26% is either non-spendable, 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 $481,411. The fund balance of Other Governmental Funds showed an increase in the amount of $90,584. The increase in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)	
School Food Service Fund	$	305,558
ARP ESSER Fund	$	-

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 and major special revenue fund(s) is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2023, the District's total capital assets were $30,943,419, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of $3,291,701 from 2022. Total accumulated depreciation as of June 30, 2023, was $15,490,632, and total depreciation expense for the year was $890,305, resulting in total net capital assets of $15,452,787.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2023	June 30, 2022	Percentage Change
Land	$ 351,451	$ 351,451	0.00%
Construction in Progress	2,590,561	219,321	1081.17%
Buildings	4,416,261	4,559,429	-3.14%
Building Improvements	4,073,188	4,283,469	-4.91%
Improvements other than buildings	1,534,484	1,630,651	-5.90%
Mobile equipment	1,604,450	1,422,170	12.82%
Furniture and equipment	598,658	566,891	5.60%
Leased assets	263,354	-	N/A
Subscription IT assets	20,380	-	N/A
Total	**$ 15,452,787**	**$ 13,033,382**	18.56%

Additional information on the District's capital assets can be found in Note 5 & 7 included in this report.

Debt Administration. At June 30, 2023, the District had $3,982,790 in outstanding long-term debt, of which $433,589 is due within one year. The liability for compensated absences decreased $16,507 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2023	June 30, 2022	Percentage Change
Certificates of participation payable	$ 1,615,000	$ 1,760,000	-8.24%
Three mill notes payable	1,860,000	2,135,000	-12.88%
Obligations under lease liabilities	270,904	-	N/A
Subscriptions IT liabilities	19,561	-	N/A
Compensated absences payable	217,325	233,832	-7.06%
Total	**$ 3,982,790**	**$ 4,128,832**	-3.54%

Additional information on the District's long-term debt can be found in Note 7& 8 included in this report.

CURRENT ISSUES

The Louisville Municipal 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 and to embrace the opportunities of the future.

The district is made up of the following schools: Fair Elementary, Eiland Middle School, Louisville High School, Louisville Elementary, Nanih Wayia Attendance Center, Winston-Louisville Career and Technology Center, and Noxapater Attendance Center.

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 Louisville Municipal School District, S. Columbus Avenue (P.O. Box 909), Louisville, MS 39339.

BASIC FINANCIAL STATEMENTS

LOUISVILLE MUNICIPAL SCHOOL DISTRICT **Exhibit A**
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets:	
Cash and cash equivalents	$ 14,625,514
Due from other governments	2,028,905
Leases receivable	942,361
Other receivables, net	4,032
Inventories	97,152
Restricted assets	264,979
Capital assets, non-depreciable:	
Land	351,451
Construction in progress	2,590,561
Capital assets, net of accumulated depreciation:	
Buildings	4,416,261
Building improvements	4,073,188
Improvements other than buildings	1,534,484
Mobile equipment	1,604,450
Furniture and equipment	598,658
Leased assets	263,354
Subscription IT assets	20,380
Total Assets	33,415,730
Deferred Outflows of Resources:	
Deferred outflows - pensions	9,015,590
Deferred outflows - OPEB	453,014
Total Deferred Outflows of Resources	9,468,604
Liabilities:	
Accounts payable and accrued liabilities	2,032,650
Interest payable on long-term liabilities	61,154
Long-term liabilities, due within one year:	
Capital related liabilities	265,000
Non-capital related liabilities	150,000
Lease liabilities	9,196
SBITA liabilities	9,393
Net OPEB liability	83,447
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,595,000
Non-capital related liabilities	1,682,325
Lease liabilities	261,708
SBITA liabilities	10,168
Net pension liability	49,973,576
Net OPEB liability	1,601,108
Total Liabilities	57,734,725
Deferred Inflows of Resources:	
Deferred inflows - OPEB	918,026
Deferred inflows - leases	895,283
Total Deferred Inflows of Resources	1,813,309
Net Position:	
Net investment in capital assets	13,302,322
Restricted for:	
Expendable:	
School-based activities	2,207,950
Debt service	161,118
Forestry improvements	770,035
Unemployment benefits	67,145
Non-expendable:	
Sixteenth section	264,979
Unrestricted (deficit)	(33,437,249)
Total Net Position	$ (16,663,700)

The accompanying notes to financial statements are an integral part of these financial statements.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT **Exhibit B**
Statement of Activities
For the Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	$ 17,090,811	$ 823,549	$ 4,586,024	$ 2,151,416	$ (9,529,822)
Support services	10,265,994	43,417	3,507,761	-	(6,714,816)
Non-instructional	2,191,136	119,261	2,441,713	-	369,838
Sixteenth section	55,799	39,386	-	-	(16,413)
Pension expense	5,342,035	-	-	-	(5,342,035)
OPEB expense	(224,013)	-	-	-	224,013
Interest on long-term liabilities	116,101	-	-	-	(116,101)
Total Governmental Activities	$ 34,837,863	$ 1,025,613	$ 10,535,498	$ 2,151,416	$ (21,125,336)

General Revenues:	
Taxes:	
General purpose levies	7,322,756
Debt purpose levies	341,499
Unrestricted grants and contributions:	
State	13,924,093
Federal	189,480
Unrestricted investment earnings	405,361
Sixteenth section sources	387,281
Other	187,555
Total General Revenues	22,758,025
Change in Net Position	1,632,689
Net Position - Beginning, as previously reported	(18,292,474)
Prior Period Adjustment	(3,915)
Net Position - Beginning, as restated	(18,296,389)
Net Position - Ending	$ (16,663,700)

The accompanying notes to financial statements are an integral part of these financial statements.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT **Exhibit C**
Governmental Funds
Balance Sheet
June 30, 2023

	Major Funds				
	General Fund	School Food Service Fund	ARP ESSER Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 11,428,019	$ 1,847,669	$ -	$ 1,614,805	$ 14,890,493
Due from other governments	305,267	-	953,139	770,499	2,028,905
Other receivables, net	4,032	-	-	-	4,032
Leases receivable	942,361	-	-	-	942,361
Due from other funds	1,018,236	-	-	-	1,018,236
Inventories	-	97,152	-	-	97,152
Total Assets	$ 13,697,915	$ 1,944,821	$ 953,139	$ 2,385,304	$ 18,981,179
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ 1,300,003	$ 73,284	$ 419,776	$ 239,587	$ 2,032,650
Due to other funds	-	-	533,363	484,873	1,018,236
Total Liabilities	1,300,003	73,284	953,139	724,460	3,050,886
Deferred Inflows of Resources:					
Deferred Inflows - Leases	895,283	-	-	-	895,283
Total Deferred Inflows of Resources	895,283	-	-	-	895,283
Fund Balances:					
Nonspendable:					
Inventory	-	97,152	-	-	97,152
Permanent fund principal	-	-	-	264,979	264,979
Restricted:					
Debt service	-	-	-	222,272	222,272
Forestry improvement purposes	-	-	-	770,035	770,035
Grant activities	-	1,774,385	-	336,413	2,110,798
Unemployment benefits	-	-	-	67,145	67,145
Assigned:					
Activity funds	402,778	-	-	-	402,778
Unassigned	11,099,851	-	-	-	11,099,851
Total Fund Balances	11,502,629	1,871,537	-	1,660,844	15,035,010
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 13,697,915	$ 1,944,821	$ 953,139	$ 2,385,304	$ 18,981,179

The accompanying notes to financial statements are an integral part of these financial statements.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT **Exhibit C-1**
Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balances for governmental funds		**$ 15,035,010**
Amounts reported for governmental activities in the statement of net position are different because:		
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	$ 351,451	
Construction in progress	2,590,561	
Buildings	10,612,755	
Building improvements	6,343,007	
Improvements other than buildings	2,459,751	
Mobile equipment	5,860,917	
Furniture and equipment	2,405,972	
Leased assets	288,436	
Subscription IT assets	30,569	
Accumulated amortization	(35,271)	
Accumulated depreciation	(15,455,361)	15,452,787
2. Some liabilities, including net pension and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability	(49,973,576)	
Net OPEB liability	(1,684,555)	(51,658,131)
3. Deferred outflows and inflows related to the net pension and OPEB liabilities are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pension and OPEB	9,468,604	
Deferred inflows of resources related to pension and OPEB	(918,026)	8,550,578
4. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Three mill notes payable	$ (1,860,000)	
Certificates of participation	(1,615,000)	
Compensated absences	(217,325)	
Lease obligations	(270,904)	
Subscription IT liabilities	(19,561)	
Accrued interest payable	(61,154)	(4,043,944)
Net position of governmental activities		**$(16,663,700)**

The accompanying notes to financial statements are an integral part of these financial statements.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT **Exhibit D**
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For The Year Ended June 30, 2023

	Major Funds				
	General Fund	School Food Service Fund	ARP ESSER Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	$ 8,541,744	$ 163,182	$ -	$ 364,468	$ 9,069,394
State sources	15,539,818	19,061	-	629,726	16,188,605
Federal sources	190,802	2,445,774	2,598,389	5,376,915	10,611,880
Sixteenth section sources	493,283	-	-	69,720	563,003
Total Revenues	24,765,647	2,628,017	2,598,389	6,440,829	36,432,882
Expenditures:					
Instruction	14,662,888	-	248,507	3,983,560	18,894,955
Support services	8,406,087	121,385	50,988	2,824,527	11,402,987
Noninstructional services	-	2,215,484	-	85,329	2,300,813
Sixteenth section	59,715	-	-	-	59,715
Facilities acquisition and construction	458,072	-	1,957,046	-	2,415,118
Debt service:					
Principal	19,914	-	-	420,000	439,914
Interest	9,094	-	-	115,382	124,476
Total Expenditures	23,615,770	2,336,869	2,256,541	7,428,798	35,637,978
Excess (Deficiency) of Revenues over (under) Expenditures	1,149,877	291,148	341,848	(987,969)	794,904
Other Financing Sources (Uses):					
SBITA issued	30,569	-	-	-	30,569
Insurance recovery	37,670	-	-	-	37,670
Operating transfers in	-	-	-	1,078,553	1,078,553
Operating transfers out	(736,705)	-	(341,848)	-	(1,078,553)
Total Other Financing Sources (Uses)	(668,466)	-	(341,848)	1,078,553	68,239
Net Change in Fund Balances	481,411	291,148	-	90,584	863,143
Fund Balances:					
July 1, 2022	11,021,218	1,565,979	-	1,570,260	14,157,457
Increase (Decrease) in reserve for inventory	-	14,410	-	-	14,410
June 30, 2023	$ 11,502,629	$ 1,871,537	$ -	$ 1,660,844	$ 15,035,010

The accompanying notes to financial statements are an integral part of these financial statements.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT **Exhibit D-1**
Governmental Funds
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, 2023

Net change in fund balances - total governmental funds		**$ 863,143**
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlay and Right-of-use asset acquisitions as expenditures. However, in the statement of activities, the cost of capital and Right-of-use assets is allocated over their estimated useful lives as depreciation or amortization expense. In the current period, these amounts are:		
Capital outlay	$ 3,005,818	
Depreciation expense	(867,575)	
Right-of-use asset acquisition	30,569	
Amortization expense	(22,730)	2,146,082
2. 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 assets sold.		(2,572)
3. 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 issuance costs, 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:		
Payments of debt principal	$ 439,914	
Subscription IT liability issued	(30,569)	
Accrued interest payable	8,374	417,719
4. The implementation of GASB 68 and 75 creates a change in the amount of pension and OPEB expense that is reported on the statement of activities. A breakdown of these changes are listed below:		
Recording of pension contributions made subsequent to the measurement date	3,211,975	
Recording of pension expense for the current period	(5,342,035)	
Recording of OPEB contributions made subsequent to the measurement date	83,447	
Recording of OPEB expense for the current period	224,013	(1,822,600)
5. 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 governmental funds. These activities include:		
Change in compensated absences	16,507	
Change in inventory reserve	14,410	30,917
Change in net position of governmental activities		**$ 1,632,689**

The accompanying notes to financial statements are an integral part of these financial statements.

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 a "primary government." The school district is governed by a five-member board to which each member is elected by the citizens of each defined county district.

For financial reporting purposes, Louisville Municipal 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.

Blended component unit

The Louisville Municipal Leasing Authority ("the Authority") as explained in the following paragraph is considered to be a blended component unit as determined by Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the district's reporting entity.

The Authority is governed by a five-member board which is appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, fund balances, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 14).

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. 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/amortization, 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.

School Food Service Fund – This is the special fund that is used to account for the revenues and expenditures of the district’s school food service program.

ARP ESSER Fund- This is a special revenue fund used to account for the federal Elementary and Secondary School Emergency Relief grant in response to the COVID-19 pandemic.

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

<u>Special Revenue Funds</u> - 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.

<u>Capital Projects Funds</u> - 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.

<u>Debt Service Funds</u> - 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. 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 authorities of the county and 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 Adequate Education Program 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 property	**	**
Subscription IT asset	**	**
Intangible assets	**	**

(**) The estimated useful life is the term of the lease or subscription agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

The term 'depreciation' includes the amortization of intangible assets.

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 district has deferred outflows of resources related to pension and OPEB liabilities.

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 district has deferred inflows of resources related to OPEB liabilities. The school district also has a deferred inflow which is related to Sixteenth Section lease receivables reported under GASB 87.

See Note 16 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. 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.

The school district uses the federal prime rate to calculate the present value of lease payments when the rate implicit in the lease is not known. The federal prime rate is the rate the district would expect to obtain for a similar financed purchase at the date of lease inception.

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. See Note 7 for further 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 8 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 non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Non-spendable 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 approved by the type and amount of the commitment through a formal order of the school board. Currently there is no committed fund balance for this school district.

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 superintendent pursuant to authorization established by the school board's approved fund balance 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

15. Accounting Standards Update

GASB 96, Subscription-Based Information Technology Arrangements, was implemented during the 2023 fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purposes of the standard is 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.

Note 2 – Cash and Cash Equivalents

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits 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.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was $14,890,493.

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.

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

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	$ 484,873
General Fund	ARP ESSER	533,363
Total		$ 1,018,236

The primary purpose of the inter-fund balances is to eliminate deficit cash balances in pooled bank accounts caused by negative federal program fund cash flows and to recognize the effects of inter-fund loans between funds.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	$ 736,705
ARP ESSER	Other Governmental Funds	341,848
Total		$ 1,078,553

The transfers constitute operating transfers between governmental funds.

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling $ 264,979, of the Sixteenth Section Principal Fund (Permanent Fund) which is 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 7/1/2022	Increases	Decreases	Adjustments*	Balance 6/30/2023
Governmental Activities:					
Non-depreciable capital assets					
Land	$ 351,451	$ -	$ -	$ -	$ 351,451
Construction in progress	219,321	2,415,118	-	(43,878)	2,590,561
Total non-depreciable capital assets	570,772	2,415,118	-	(43,878)	2,942,012
Depreciable capital assets					
Buildings	10,612,755	-	-	-	10,612,755
Building improvements	6,299,129	-	-	43,878	6,343,007
Improvements other than buildings	2,459,751	-	-	-	2,459,751
Mobile equipment	5,496,069	389,740	(24,892)	-	5,860,917
Furniture and equipment	2,213,242	200,960	(8,230)	-	2,405,972
Total depreciable capital assets	27,080,946	590,700	(33,122)	43,878	27,682,402
Accumulated Depreciation					
Buildings	6,053,326	143,168	-	-	6,196,494
Building improvements	2,015,660	254,159	-	-	2,269,819
Improvements other than buildings	829,100	96,167	-	-	925,267
Mobile equipment	4,073,899	204,970	(22,402)	-	4,256,467
Furniture and equipment	1,646,351	169,111	(8,148)	-	1,807,314
Total accumulated depreciation	14,618,336	867,575	(30,550)	-	15,455,361
Total depreciable capital assets, net	12,462,610	(276,875)	(2,572)	43,878	12,227,041
Total capital assets, net	$ 13,033,382	$ 2,138,243	$ (2,572)	$ -	$ 15,169,053

* Adjustment represents construction in progress completed in the fiscal year and reclassed to the proper capital asset category.

Depreciation expense was charged to the following governmental functions:

Governmental activities:	Amount
Instruction	$ 445,677
Support services	334,620
Non-instructional	87,278
Total depreciation expense	$ 867,575

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

Governmental activities:	Spent to June 30, 2023	Remaining Commitment
District Wide Air Conditioner Upgrades	$ 1,224,020	$ 700,200
District Wide Restroom Improvements	952,346	1,961,088
Career & Tech Center Re-Roofing	365,217	245,133
Athletic Field Lighting - Noxapater	48,978	731,200
Total governmental activities	$ 2,590,561	$ 3,637,621

Construction projects included in governmental activities are funded with Education Stabilization grant funds and local district funds.

Note 6 - Leases Receivable

As Lessor:
Sixteenth Section Lands

The school district uses the federal prime rate to calculate the present value of Sixteenth Section lease rental payments since a rate implicit in the sixteenth section leases are not a part of the contracts. The district's financial statements have not been restated nor has a cumulative effect been reflected for the restatement of the beginning net position of the district.

The district, acting as lessor, has entered into 298 leases involving the leasing of the right to use Sixteenth Section school lands. Such leases are let for a term that corresponds with state law in accordance with the type of lease executed. The district's financial statements have not been restated nor has a cumulative effect been reflected for the restatement of the beginning net position of the district as part of the implementation of GASB Statement No. 87. The school district has, however, included in its financial statements at year end the net present value of future lease payments of $942,361, as a lease receivable and $895,283 as deferred inflows of resources. The deferred inflows of resources for leases are being amortized using the straight-line method of amortization.

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.

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	$ 94,764	$ 32,765	$ 127,529
2025	94,600	29,430	124,030
2026	86,001	26,143	112,144
2027	67,733	23,206	90,939
2028	56,212	20,532	76,744
2029 – 2033	250,103	74,767	324,870
2034 – 2038	156,086	38,881	194,967
2039 – 2043	91,502	17,736	109,238
2044 – 2048	38,007	4,682	42,689
2049 – 2053	7,353	714	8,067
Total	$ 942,361	$ 268,856	$1,211,217

Note 7 – 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, 2023 is as follows:

	7/1/2022	Additions	Deductions	6/30/2023
Lease assets:				
Buildings	$ 288,436	$ -	$ -	$ 288,436
Total lease assets	288,436	-	-	288,436
Less accumulated amortization:				
Lease assets:				
Buildings	(12,541)	(12,541)	-	(25,082)
Total accumulated amortization	(12,541)	(12,541)	-	(25,082)
Total lease assets, net	275,895	(12,541)	-	263,354
Subscription IT assets	-	30,569	-	30,569
Less accumulated amortization	-	(10,189)	-	(10,189)
Subscription IT assets, net	-	20,380	-	20,380
Total lease and subscription IT assets, net	$ 275,895	$ 7,839	$ -	$ 283,734

A summary of lease and subscription IT liabilities during the year ended June 30, 2023 is as follows:

	7/1/2022	Additions	Deductions	6/30/2023
Lease liabilities	$ 279,810	$ -	$ (8,906)	$ 270,904
Subscription IT liabiltiies	-	30,569	(11,008)	19,561
Total	$ 279,810	$ 30,569	$ (19,914)	$ 290,465

Leased asset:

The district entered into a 25-year lease agreement for a section of a saferoom with the City of Louisville. The district is to make payments of $18,000 on an annual basis, and has used the federal prime rate at date of inception to calculate the present value of the lease liability.

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	$ 9,196	$ 8,804	$ 18,000
2025	9,494	8,506	18,000
2026	9,803	8,197	18,000
2027	10,122	7,878	18,000
2028	10,451	7,549	18,000
2029 - 2033	57,574	32,426	90,000
2034 - 2038	67,557	22,443	90,000
3039 - 2043	79,273	10,727	90,000
2044	17,434	566	18,000
Total	$ 270,904	$ 107,096	$ 378,000

SBITA:

The district has entered into a subscription-based technology agreement (SBITA) with IBOSS Cybersecurity. The district entered into a three-year agreement for this service beginning May 28, 2023 and ending May 28, 2025. The district is to make payments of $11,007 on an annual basis. The district is in the first year of the contract in the year of implementation of GASB 96. The school district used the federal prime rate at date of inception to calculate the present value of the subscription payments since a rate implicit in the subscription agreement is not a part of the subscription contract.

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	$ 9,393	$ 1,614	$ 11,007
2025	10,168	839	11,007
Total	$ 19,561	$ 2,453	$ 22,014

Note 8 – Long-term Liabilities

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

	Balance 7/1/2022	Reductions	Balance 6/30/2023	Amounts due within one year
A. Certificates of Participation Payable	$ 1,760,000	$ 145,000	$ 1,615,000	$ 150,000
B. Three mill notes payable	2,135,000	275,000	1,860,000	265,000
C. Compensated absences payable	233,832	16,507	217,325	-
Total	$ 4,128,832	$ 436,507	$ 3,692,325	$ 415,000

A. Certificates of participation payable

As more fully explained in Note 14, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2017 Trust Certificates	3.1%	7/31/2017	4/1/2032	$ 2,285,000	$ 1,615,000
Total				$ 2,285,000	$ 1,615,000

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 150,000	$ 49,258	$ 199,258
2025	160,000	44,683	204,683
2026	165,000	39,803	204,803
2027	175,000	34,770	209,770
2028	185,000	29,433	214,433
2029-2032	780,000	58,255	838,255
	$ 1,615,000	$ 256,202	$ 1,871,202

This debt will be retired from the District Maintenance fund (General Fund).

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
2017 Limited Tax Note	2.9%	11/14/2017	8/1/2029	$ 3,100,000	$ 1,860,000
				$ 3,100,000	$ 1,860,000

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 265,000	$ 53,754	$ 318,754
2025	270,000	46,096	316,096
2026	275,000	38,293	313,293
2027	260,000	30,345	290,345
2028	260,000	22,831	282,831
2029-2030	530,000	22,976	552,976
Total	$ 1,860,000	$ 214,295	$ 2,074,295

This debt will be retired from the Three Mill Note Retirement Fund (Debt Service Fund).

C. 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 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, 2023 was 17.40% 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, 2023, 2022 and 2021 were $3,211,975, $2,908,224 and $2,744,947, 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, 2023, the school district reported a liability of $49,973,576 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability 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, 2023 net pension liability was 0.242783 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.005520 percent from its proportionate share used to calculate the June 30, 2022 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $5,342,035. At June 30, 2023 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	$ 697,877	$ -
Net difference between projected and actual earnings on pension plan investments	2,785,826	-
Changes of assumptions	1,689,097	-
Changes in proportion and differences between disitrct contributions and proportionate share of contributions	630,815	-
District contributions subsequent to the measurement date	3,211,975	-
Total	$ 9,015,590	$ -

$3,211,975 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, 2024. 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:	Amount
2024	1,595,533
2025	1,655,519
2026	(159,140)
2027	2,711,703

Actuarial assumptions. The total pension liability as of June 30, 2022 was determined by actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. 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	7.55 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, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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 Rquity	25%	4.60%
International Equity	20%	4.50%
Global Equity	12%	4.85%
Fixed Income	18%	1.40%
Real Estate	10%	3.65%
Private Equity	10%	6.00%
Private Infrastructure	2%	4.00%
Private Credit	2%	4.00%
Cash Equivalents	1%	-0.10%
	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.55 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 made at the current contribution rate (17.40%). 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 7.55%, 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 (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
District's proportionate share of the net pension liability	$65,220,621	$49,973,576	$37,403,164

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 $83,447 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of $1,684,555 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2022, the District's proportion was 0.34191390 percent. This was an increase of 0.00614233 percent from the proportionate share as of the measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of ($224,013). At June 30, 2023, 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	$ 1,395	$ 729,819
Net difference between projected and actual earnings on OPEB plan investments	116	-
Changes of assumptions	262,733	155,967
Changes in proportion and differences between disitrct contributions and proportionate share of contributions	105,323	32,240
District contributions subsequent to the measurement date	83,447	-
Total	$ 453,014	$ 918,026

$83,447 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, 2024. 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	Amount
2024	$ (146,429)
2025	(113,466)
2026	(125,532)
2027	(90,364)
2028	(51,902)
Thereafter	(20,766)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following key actuarial assumptions and other inputs:

Infation	2.40%
Salary increases	2.65% - 17.90%, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Year FNP is projected to be depleted	
Measurement Date	2022
Prior Measurement Date	2021
Single Equivalent Interest Rate, net of OPEB plan Investment expense, including inflation	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Health Care Cost Trends	
Medicare Supplement Claims	7.00% for 2023 decreasing to an ultimate rate of
Pre-Medicare	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, 2022 valuation were based on the results of the last actuarial experience study, dated April 20, 2021.

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, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 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, 2022 was 3.37 percent. Since the Prior Measurement Date, the Discount Rate has changed from 2.13% to 3.37%.

The trust was established on June 28, 2018 with an initial contribution of $1,000,000. As of June 30, 2022, the trust has $1,049,208. 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, 2021 and the June 30, 2022 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2022 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 (2.37 percent) or 1-percentage-point higher (4.37 percent) than the current discount rate:

	1% Decrease (2.37%)	Current Discount Rate (3.37%)	1% Increase (4.37%)
Net OPEB liability	$ 1,855,745	$ 1,684,555	$ 1,537,505

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	$ 1,567,357	$ 1,684,555	$ 1,816,445

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 – Prior Period Adjustment

A summary of a significant Net Position adjustment is as follows:

Exhibit B - Statement of Activities

Explanation	Amount
To record Intangible right to use asset, City of Louisville Safehouse, See Note 7 leased asset	$ 288,436
To record beginning accumulated amortization of leased asset	(12,541)
To record beginning balance of corresponding lease obligation on leased asset	(279,810)
Total prior period adjustment	$ (3,915)

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 48 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 48 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 quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. 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 48 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 quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. 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 – Trust Certificates

A trust agreement dated July 31, 2017 was executed by and between the school district and Trustmark Bank as trustees. The trust agreement authorized the issuance of trust certificates in the principal amount of $2,285,000. Approximately $2,242,585 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately $42,415 was used to pay the cost of issuance.

The project is loaned to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, et seq., Miss. Code Ann. (1972). The agreement transfers ownership of the project to the school district upon complete retirement of the trust certificates. The school district is obligated to make payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 8 for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* dealing with defining the reporting entity, the trust accounts created by this trust agreement were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, fund balances, revenues, expenditures and other financing sources/uses of the trust accounts created by this trust agreement are part of the school district's financial statements, thereby eliminating the effects of the agreement for financial reporting purposes.

Note 15 - Insurance loss recoveries

The Louisville Municipal School District received $37,670 in insurance loss recoveries related to two bus accidents causing damage during the 2022-2023 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated among the support services expense function.

Note 16 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of ($33,437,249) 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 $3,211,975 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, 2024. The $5,803,615 balance of deferred outflow of resources related to pensions, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of ($33,437,249) 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 $83,447 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, 2024. The $369,567 balance of deferred outflow of resources related to OPEB, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of ($33,437,249) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The $918,026 balance of deferred inflow of resources related to OPEB, at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

The unrestricted net position amount of ($33,437,249) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The $895,283 balance of deferred inflow of resources related to leases at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 30 years.

Note 17 - 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 Louisville Municipal School District evaluated the activity of the district through January 25, 2024, (the date the financial statements were available to be issued), and determined that there were no subsequent events requiring disclosure in the notes to financial statements:

REQUIRED SUPPLEMENTARY INFORMATION

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 8,244,635	$ 8,550,481	$ 8,541,744	$ 305,846	$ (8,737)
State sources	15,507,751	15,539,818	15,539,818	32,067	-
Federal sources	255,700	190,802	190,802	(64,898)	-
Sixteenth section sources	480,500	493,283	493,283	12,783	-
Total Revenues	24,488,586	24,774,384	24,765,647	285,798	(8,737)
Expenditures:					
Instruction	14,887,265	14,671,956	14,662,889	215,309	9,067
Support services	8,556,147	8,403,720	8,406,087	152,427	(2,367)
Sixteenth section	89,442	59,715	59,715	29,727	-
Facilities acquisition and construction	3,142,107	489,447	458,071	2,652,660	31,376
Debt service:					
Principal	-	145,000	19,914	(145,000)	125,086
Interest	-	53,680	9,094	(53,680)	44,586
Total Expenditures	26,674,961	23,823,518	23,615,770	2,851,443	207,748
Excess (Deficiency) of Revenues over (under) Expenditures	(2,186,375)	950,866	1,149,877	3,137,241	199,011
Other Financing Sources (Uses):					
SBITA issued	-	30,569	30,569	30,569	-
Insurance recovery	-	37,670	37,670	37,670	-
Indirect costs	875,441	-	-	(875,441)	-
Operating transfers in	5,372,426	3,463,201	-	(1,909,225)	(3,463,201)
Operating transfers out	(4,323,484)	(4,001,226)	(736,705)	322,258	3,264,521
Total Other Financing Sources (Uses)	1,924,383	(469,786)	(668,466)	(2,394,169)	(198,680)
Net Change in Fund Balances	(261,992)	481,080	481,411	743,072	331
Fund Balances:					
July 1, 2022, as previously reported	-	11,032,875	11,021,218	11,032,875	(11,657)
Prior period adjustments	-	17,198	-	17,198	(17,198)
July 1, 2022, as restated	-	11,050,073	11,021,218	11,050,073	(28,855)
June 30, 2023	$ (261,992)	$ 11,531,153	$ 11,502,629	$ 11,793,145	$ (28,524)

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
School Food Service Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 165,550	$ 163,182	$ 163,182	$ (2,368)	$ -
State sources	25,000	19,061	19,061	(5,939)	-
Federal sources	2,274,400	2,445,774	2,445,774	171,374	-
Total Revenues	2,464,950	2,628,017	2,628,017	163,067	-
Expenditures:					
Support services	130,980	121,385	121,385	9,595	-
Noninstructional services	2,130,845	2,215,484	2,215,484	(84,639)	-
Total Expenditures	2,261,825	2,336,869	2,336,869	(75,044)	-
Excess (Deficiency) of Revenues over (under) Expenditures	203,125	291,148	291,148	88,023	-
Net Change in Fund Balances	203,125	291,148	291,148	88,023	-
Fund Balances:					
July 1, 2022	-	1,565,979	1,565,979	1,565,979	-
Increase (Decrease) in reserve for inventory	50,000	14,410	14,410	(35,590)	-
June 30, 2023	$ 253,125	$ 1,871,537	$ 1,871,537	$ 1,618,412	$ -

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
ARP ESSER Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 8,719,686	$ 8,719,686	$ 2,598,389	$ -	$ (6,121,297)
Total Revenues	8,719,686	8,719,686	2,598,389	-	(6,121,297)
Expenditures:					
Instruction	358,972	566,297	248,507	(207,325)	317,790
Support services	381,577	350,080	50,988	31,497	299,092
Facilities acquisition and construction	5,166,929	5,054,341	1,957,046	112,588	3,097,295
Total Expenditures	5,907,478	5,970,718	2,256,541	(63,240)	3,714,177
Excess (Deficiency) of Revenues over (under) Expenditures	2,812,208	2,748,968	341,848	(63,240)	(2,407,120)
Other Financing Sources (Uses):					
Operating transfers out	(2,812,208)	(2,867,456)	(341,848)	(55,248)	2,525,608
Total Other Financing Sources (Uses)	(2,812,208)	(2,867,456)	(341,848)	(55,248)	2,525,608
Net Change in Fund Balances	-	(118,488)	-	(118,488)	118,488
Fund Balances:					
July 1, 2022	-	-	-	-	-
June 30, 2023	$ -	$ (118,488)	$ -	$ (118,488)	$ 118,488

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Required Supplementary Information
Schedule Of The District's Proportionate Share Of The Net Pension Liability
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.242783%	0.237263%	0.230752%	0.246472%	0.215371%	0.231155%	0.230813%	0.229699%	0.225721%
District's proportionate share of the net pension liability	$ 49,973,576	35,068,508	44,670,906	43,359,288	35,760,888	38,400,040	41,262,368	35,553,464	27,432,262
District's covered payroll	$ 16,713,931	15,775,557	15,365,190	16,052,083	13,753,492	14,828,740	14,765,635	14,350,287	13,799,016
District's proportionate share of the net pension liability as a percentage of its covered payroll	298.99%	222.30%	290.73%	270.12%	260.01%	258.96%	279.45%	247.75%	198.80%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

The notes to 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 June 30th of the year prior to the fiscal year presented.

The schedule is presented to illustrate the requirement to show information for 10 years. However GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Contributions (PERS)
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,211,975	2,908,224	2,744,947	2,673,543	2,528,203	2,166,175	2,335,528	2,325,588	2,260,172
Contribution in relation to the contractually required contribution	3,211,975	2,908,224	2,744,947	2,673,543	2,528,203	2,166,175	2,335,528	2,325,588	2,260,172
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered payroll	18,459,626	16,713,931	15,775,557	15,365,190	16,052,083	13,753,492	14,828,740	14,765,635	14,350,287
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

The schedule is presented to illustrate the requirement to show information for 10 years. However GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Required Supplementary Information
Schedule Of The District's Proportionate Share Of The Net OPEB Liability
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.34191390%	0.33577157%	0.32432132%	0.32857127%	0.32746598%	0.33329529%
District's proportionate share of the net OPEB liability	$ 1,684,555	2,161,301	2,523,894	2,788,062	2,533,113	2,615,065
District's covered-employee payroll	$ 17,064,819	16,266,287	15,762,773	15,655,658	15,108,213	15,245,296
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	9.87%	13.29%	16.01%	17.81%	16.77%	17.15%
Plan fiduciary net position as a percentage of the total OPEB liability	0.16%	0.16%	0.13%	0.12%	0.13%	0.00%

The notes to 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.

The 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.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Contributions (OPEB)
Last 10 Fiscal Years

		2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$	83,447	68,649	86,869	100,653	111,754	111,484
Contribution in relation to the actuarially determined contribution		83,447	68,649	86,869	100,653	111,754	111,484
Contribution deficiency (excess)		-	-	-	-	-	-
District's covered-employee payroll		18,773,505	17,064,819	16,266,287	15,762,773	15,655,658	15,108,213
Contributions as a percentage of covered-employee payroll		0.44%	0.40%	0.53%	0.64%	0.71%	0.74%

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

*The 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 and each major Special Revenue 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%.

(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, 2020 valuation for the June 30, 2022 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	27.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 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.

(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.

(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, 2021 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare Supplement Claims	6.50%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2030
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.13%

SUPPLEMENTARY INFORMATION

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	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	225MS326N1099	$ 558,578
National school lunch program	10.555	225MS326N1099	1,877,471
Summer food service program for children	10.559	225MS326N1099	31,875
Total child nutrition cluster			2,467,924
State administrative expenses for child nutrition	10.560	225MS907N2533	9,725
Total passed-through Mississippi Department of Education			2,477,649
Passed-through Winston County, Mississippi			
Schools and Roads - Grants to States	10.665	N/A	39,610
Total passed-through Winston County, Mississippi			39,610
Total U.S. Department of Agriculture			2,517,259
U.S. Department of Justice			
Direct Program:			
STOP School Violence Grant (B)	16.839	N/A	68,232
Total U.S. Department of Justice			68,232
Federal Communications Commission			
Administered through the Universal Service Administrative Company:			
The schools and libraries program of the universal service fund	32.xxx	N/A	37,260
Total Federal Communications Commission			37,260
U.S. Department of Education			
Direct Program:			
Impact aid - facilities maintenance	84.040	N/A	52,989
Subtotal			52,989
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A210024 ES010A220024 ES010A230024	1,647,630
Career and technical education - basic grants to states	84.048	V048A220024	79,758
Twenty-first century community learning centers	84.287	ES287C180024	278,774
Rural education	84.358	ES358B220024 ES358B230024	61,785
Supporting Effective Instruction State Grants	84.367	ES367A210023 ES367A220023 ES367A230023	50,781
Student support and academic enrichment grants	84.424	ES424A230025	55,692
Subtotal			2,174,420
Special education cluster:			
Special education - grants to states	84.027	H027A210108 H027A220108 H027A230108	795,789
COVID-19 - special education - grants to states	84.027	H027A230108	56,353
Special education - preschool grants	84.173	H173A230113	27,586
Total special education cluster			879,728
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	35,155
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	2,187,504
Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425D220031	2,598,389
COVID-19 - education stabilization fund (ESSER) subtotal			4,821,048
Total passed-through Mississippi Department of Education			7,875,196
Passed-through Mississippi Department of Rehabilitative Srevices			
Vocational rehabilitation grants to states	84.126	N/A	1,322
Total passed-through Mississippi Department of Rehabilitative Services			1,322
Total U.S. Department of Education			7,929,507
Total for All Federal Awards			$ 10,552,258

The notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Louisville Municipal School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Louisville Municipal School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Louisville Municipal School District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the current financial resource measurement focus and 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 the previous year.

Note 3 – Noncash Awards – Commodities

The amount of donated commodities reported on the schedule is the value of donated commodities received by the district and reported under the National School Lunch Program Assistance listing #10.555. The value of the commodities received during the fiscal year was $201,130.

Note 4 – Indirect Cost Rate

The district has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

LOUISVILLE MUNCIPAL SCHOOL DISTRICT
Supplementary Information
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2023

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$ 25,404,882	18,662,857	966,179	1,841,918	3,933,928
Other	10,233,096	3,204,471	289,949	120,610	6,618,066
Total	$ 35,637,978	21,867,328	1,256,128	1,962,528	10,551,994
Total number of students *	2,491				
Cost per student	$ 14,307	8,779	504	788	4,236

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.

* 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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Other Information
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
UNAUDITED

	2023	2022*	2021*	2020*
Revenues:				
Local sources	$ 8,541,744	$ 8,190,465	$ 8,216,582	$ 7,708,032
State sources	15,539,818	13,847,762	14,044,972	14,493,830
Federal sources	190,802	230,005	319,141	2,303,973
Sixteenth section sources	493,283	834,625	335,680	451,256
Total Revenues	24,765,647	23,102,857	22,916,375	24,957,091
Expenditures:				
Instruction	14,662,889	12,817,719	12,725,149	12,711,231
Support services	8,406,087	7,964,252	7,518,653	7,909,722
Sixteenth section	59,715	74,672	68,377	64,073
Facilities acquisition and construction	458,071	503,462	-	338,456
Debt service:				
Principal	19,914	11,921	139,550	-
Interest	9,094	295	62,591	-
Total Expenditures	23,615,770	21,372,321	20,514,320	21,023,482
Excess (Deficiency) of Revenues over (under) Expenditures	1,149,877	1,730,536	2,402,055	3,933,609
Other Financing Sources (Uses):				
SBITA issued	30,569	-	-	-
Insurance recovery	37,670	27,941	-	38,440
Sale of transportation equipment	-	512	-	-
Operating transfers in	-	-	3,675	-
Operating transfers out	(736,705)	(994,617)	(968,331)	(1,093,024)
Other financing uses	-	(78,110)	-	-
Total Other Financing Sources (Uses)	(668,466)	(1,044,274)	(964,656)	(1,054,584)
Net Change in Fund Balances	481,411	686,262	1,437,399	2,879,025
Fund Balances:				
Beginning of period, as previously reported	11,021,218	10,285,701	9,182,449	6,197,427
Prior period adjustments	-	-	(334,147)	105,997
Beginning of period, as restated	11,021,218	10,285,701	8,848,302	6,303,424
Residual Equity Transfer In	-	49,255	-	-
End of Period	$ 11,502,629	$ 11,021,218	$ 10,285,701	$ 9,182,449

*SOURCE - PRIOR YEAR AUDIT REPORTS

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Other Information
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
UNAUDITED

	2023	2022*	2021*	2020*
Revenues:				
Local sources	$ 9,069,394	$ 8,707,265	$ 8,693,687	$ 8,204,902
State sources	16,188,605	14,416,437	14,747,959	15,096,346
Federal sources	10,611,880	8,989,138	6,686,647	6,544,979
Sixteenth section sources	563,003	966,824	384,416	520,017
Total Revenues	36,432,882	33,079,664	30,512,709	30,366,244
Expenditures:				
Instruction	18,894,956	16,522,642	16,788,659	15,026,645
Support services	11,402,987	11,334,344	9,865,477	9,705,081
Noninstructional services	2,300,813	2,222,984	1,633,343	2,002,898
Sixteenth section	59,715	74,672	68,377	64,073
Facilities acquisition and construction	2,415,117	1,051,873	-	338,456
Debt service:				
Principal	439,914	416,921	399,550	375,000
Interest	124,476	127,595	139,610	149,811
Total Expenditures	35,637,978	31,751,031	28,895,016	27,661,964
Excess (Deficiency) of Revenues over (under) Expenditures	794,904	1,328,633	1,617,693	2,704,280
Other Financing Sources (Uses):				
SBITA issued	30,569			
Insurance recovery	37,670	27,941	-	38,440
Sale of transportation equipment	-	512	-	-
Operating transfers in	1,078,553	994,617	972,006	1,093,024
Operating transfers out	(1,078,553)	(994,617)	(972,006)	(1,093,024)
Other financing uses	-	(78,110)	-	-
Total Other Financing Sources (Uses)	68,239	(49,657)	-	38,440
Net Change in Fund Balances	863,143	1,278,976	1,617,693	2,742,720
Fund Balances:				
Beginning of period, as previously reported	14,157,457	12,855,311	11,635,213	8,694,674
Prior period adjustments	-	-	(334,147)	-
Beginning of period, as restated	14,157,457	12,855,311	11,301,066	8,694,674
Residual equity transfers in	-	49,255	-	105,997
Increase (Decrease) in reserve for inventory	14,410	(26,085)	(63,448)	91,822
End of Period	$ 15,035,010	$ 14,157,457	$ 12,855,311	$ 11,635,213

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

WATKINS, WARD and STAFFORD
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Superintendent and School Board
Louisville Municipal School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville Municipal School District as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Louisville Municipal School District's basic financial statements and have issued our report thereon dated January 25, 2024.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisville Municipal School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Watkins, Ward and Stafford, PLLC

Watkins Ward and Stafford, PLLC

Louisville, Mississippi
January 25, 2024

WWS

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

To the Superintendent and School Board
Louisville Municipal School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Louisville Municipal 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 Louisville Municipal School District's major federal programs for the year ended June 30, 2023. Louisville Municipal School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Louisville Municipal School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Louisville Municipal 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 Louisville Municipal 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 Louisville Municipal School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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

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

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

Watkins, Ward and Stafford, PLLC

Watkins Ward and Stafford, PLLC

Louisville, Mississippi
January 25, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

WWS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Superintendent and School Board
Louisville Municipal School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Louisville Municipal School District as of and for the year ended June 30, 2023, which collectively comprise Louisville Municipal School District's basic financial statements and have issued our report thereon dated January 25, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

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, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our 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, we 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 our audit and, accordingly, we do not express such an opinion. The results of procedures performed to test compliance with certain other state laws and regulations and our 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, and 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.

Watkins, Ward and Stafford, PLLC
Louisville, Mississippi
January 25, 2024

Watkins Ward and Stafford, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I: Summary of Auditors' Results

Financial Statements:

1.	Type of auditors' 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 financial statements noted?	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. Identification of major programs:

ALNs	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
84.425D	Elementary & Secondary School Emergency Relief Fund I
84.425D	Elementary & Secondary School Emergency Relief Fund II
84.425U	Elementary & Secondary School Emergency Relief Fund ARP III

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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