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BENTON COUNTY SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2024

BENTON COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	14
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	15
Exhibit B – Statement of Activities	16
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	17
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	19
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Notes to the Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION	46
Budgetary Comparison Schedule – General Fund	47
Budgetary Comparison Schedule – ESSER III Fund	48
Schedule of the District's Proportionate Share of the Net Pension Liability	49
Schedule of the District Contributions (PERS)	50
Schedule of the District's Proportionate Share of the Net OPEB Liability	51
Schedule of the District Contributions (OPEB)	52
Notes to the Required Supplementary Information	53
SUPPLEMENTARY INFORMATION	58
Schedule of Expenditures of Federal Awards	59
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	61
OTHER INFORMATION	62
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	63
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	64
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	65
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	66
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	68
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	70
AUDITEE'S CORRECTIVE ACTION PLAN/ AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS	73

INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Benton County School District

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Benton County School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Benton County School District's basic financial statements as listed in the table of 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 the Benton County School District, as of June 30, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Benton County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 the Benton County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Benton County School District's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Benton County 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**

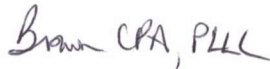
Management is responsible for the other information included in the annual report. The other information comprises the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years but does not include the basic financial statements and our auditor's 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 March 7, 2025, on our consideration of the Benton County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Benton County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County School District's internal control over financial reporting and compliance.

Brown CPA, PLLC  
Madison, Mississippi  
March 7, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS



BENTON COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

The following discussion and analysis of Benton County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2024. 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 2024 decreased \$1,347,420, including an error correction of \$907, which represents a 17% decrease from fiscal year 2023. Total net position for 2023 decreased \$707,905, including an error correction of (\$42,060), which represents a 10% decrease from fiscal year 2022.
- General revenues amounted to \$10,013,902 and \$9,059,402, or 65% and 68% of all revenues for fiscal years 2024 and 2023, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,434,101, or 35% of total revenues for 2024, and \$4,217,313, or 32% of total revenues for 2023.
- The district had \$16,796,330 and \$13,942,560 in expenses for fiscal years 2024 and 2023; only \$5,434,101 for 2024 and \$4,217,313 for 2023 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$10,013,902 for 2024 and 9,059,402 for 2023 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$10,814,290 in revenues and \$10,357,369 in expenditures for 2024, and \$9,654,455 in revenues and \$10,062,547 in expenditures in 2023. The General Fund's fund balance increased by \$320,998, including an error correction of \$907, from 2023 to 2024, and decreased by \$917,653, including an error correction of (\$50,093) from 2022 to 2023.
- Capital assets, including intangible right to use assets and net of accumulated depreciation/amortization, increased by \$949,457 for 2024 and increased by \$80,195 for 2023. The increase for 2024 is mainly due to the addition of construction in progress, improvements other than buildings, and furniture and equipment net of the increase in accumulated depreciation and amortization.
- Long-term debt, including compensated absences, lease, and SBITA obligations, increased by \$90,268 for 2024 and decreased by \$2,737 for 2023. This increase for 2024 was due primarily to the issuance of new debt (shortfall note). The liability for compensated absences decreased by \$7,636 and decreased \$10,628 for 2024 and 2023, respectively.

## 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

BENTON COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

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, pension expense, OPEB expense, and interest on long-term liabilities.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district are governmental funds.

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

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

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

### **Reconciliation of Government-wide and Fund Financial Statements**

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

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

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

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

BENTON COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

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 \$9,509,502 as of June 30, 2024.

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.

BENTON COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

Table 1 presents a summary of the district's net position at June 30, 2024 and June 30, 2023.

**Table 1**  
**Condensed Statement of Net Position**

	June 30, 2024	June 30, 2023	Percentage Change
Current assets	\$ 5,498,698	\$ 5,210,455	5.53 %
Restricted assets	726,516	578,529	25.58 %
Capital assets, net	6,597,486	5,648,029	16.81 %
<b>Total assets</b>	<b>12,822,700</b>	<b>11,437,013</b>	<b>12.12 %</b>
<b>Deferred outflows of resources</b>	<b>8,090,100</b>	<b>3,419,987</b>	<b>136.55 %</b>
Current liabilities	701,321	772,440	(9.21) %
Long-term debt outstanding	1,965,184	1,871,699	4.99 %
Lease liability	53,453	69,773	(23.39) %
SBITA liability	44,139	31,036	42.22 %
Net OPEB liability	718,920	593,518	21.13 %
Net pension liability	26,336,199	18,780,718	40.23 %
<b>Total liabilities</b>	<b>29,819,216</b>	<b>22,119,184</b>	<b>34.81 %</b>
<b>Deferred inflows of resources</b>	<b>603,086</b>	<b>899,898</b>	<b>(32.98) %</b>
<b>Net position:</b>			
Net investment in capital assets	4,698,894	3,738,220	25.70 %
Restricted	1,396,740	1,205,088	15.90 %
Unrestricted	(15,605,136)	(13,105,390)	(19.07) %
<b>Total net position</b>	<b>\$ (9,509,502)</b>	<b>\$ (8,162,082)</b>	<b>(16.51) %</b>

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)	\$ (15,605,136)
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	19,568,105
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 3,962,969</u>

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

- The principal payment for SBITA obligations in the amount of \$40,677.
- Recognition of the net pension liability in the amount of \$26,336,199.
- Recognition of the OPEB liability in the amount of \$718,920.
- Increase in net capital assets in the amount of \$949,457.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2024 and June 30, 2023 were \$15,448,003 and \$13,276,715, respectively. The total cost of all programs and services was \$16,796,330 for 2024 and \$13,942,560 for 2023.

BENTON COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2024 and June 30, 2023.

**Table 2  
Changes in Net Position**

	Year Ended June 30, 2024	Year Ended June 30, 2023	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 205,635	\$ 187,777	9.51 %
Operating grants and contributions	5,228,466	4,029,536	29.75 %
General revenues:			
Property taxes	2,237,943	1,940,412	15.33 %
Grants and contributions not restricted	7,552,872	7,018,625	7.61 %
Investment earnings	130,292	34,501	277.65 %
Other	92,795	65,864	40.89 %
<b>Total revenues</b>	<b>15,448,003</b>	<b>13,276,715</b>	<b>16.35 %</b>
<b>Expenses:</b>			
Instruction	6,624,689	6,628,587	(0.06) %
Support services	5,282,712	4,967,370	6.35 %
Non-instructional	730,027	852,908	(14.41) %
Pension expense	4,068,678	1,513,496	168.83 %
OPEB expense	(69,240)	(107,506)	35.59 %
Interest on long-term liabilities	159,464	87,705	81.82 %
<b>Total expenses</b>	<b>16,796,330</b>	<b>13,942,560</b>	<b>20.47 %</b>
<b>Increase (Decrease) in net position</b>	<b>(1,348,327)</b>	<b>(665,845)</b>	<b>(102.50) %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(8,162,082)</b>	<b>(7,454,177)</b>	<b>(9.50) %</b>
<b>Error correction</b>	<b>907</b>	<b>(42,060)</b>	<b>102.16 %</b>
<b>Net Position, July 1, as restated</b>	<b>(8,161,175)</b>	<b>(7,496,237)</b>	<b>(8.87) %</b>
<b>Net Position, June 30</b>	<b>\$ (9,509,502)</b>	<b>\$ (8,162,082)</b>	<b>(16.51) %</b>

Error corrections that impacted prior fiscal years were made during the fiscal year ending June 30, 2024. Additional information and further explanation can be found in Note 10 of this report. Due to the immateriality of the result upon the affected funds, restatement to the individual impacted line items of the prior periods were not made to this schedule.

**Governmental activities**

The following table presents the cost of six major District functional activities: instruction, support services, non-instructional, 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.

BENTON COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

**Table 3**  
**Net Cost of Governmental Activities**

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2024</b>	<b>2023</b>	
Instruction	\$ 6,624,689	\$ 6,628,587	(0.06) %
Support services	5,282,712	4,967,370	6.35 %
Non-instructional	730,027	852,908	(14.41) %
Pension expense	4,068,678	1,513,496	168.83 %
OPEB expense	(69,240)	(107,506)	35.59 %
Interest on long-term liabilities	159,464	87,705	81.82 %
<b>Total expenses</b>	<b>\$ 16,796,330</b>	<b>\$ 13,942,560</b>	<b>20.47 %</b>
	<b>Net (Expense) Revenue</b>		
	<b>2024</b>	<b>2023</b>	<b>Percentage Change</b>
Instruction	\$ (4,156,392)	\$ (4,907,993)	15.31 %
Support services	(3,209,622)	(3,436,699)	6.61 %
Non-instructional	162,687	113,140	43.79 %
Pension Expense	(4,068,678)	(1,513,496)	(168.83) %
OPEB expense	69,240	107,506	(35.59) %
Interest on long-term liabilities	(159,464)	(87,705)	(81.82) %
<b>Total net (expense) revenue</b>	<b>\$ (11,362,229)</b>	<b>\$ (9,725,247)</b>	<b>(16.83) %</b>

- Net cost of governmental activities (\$11,362,229) for 2024 and (\$9,725,247) for 2023 was financed by general revenue, which is primarily made up of property taxes (\$2,237,943 for 2024 and \$1,940,412 for 2023) and state and federal revenues (\$7,552,872 for 2024 and \$7,018,625 for 2023).
- Investment earnings amounted to \$130,292 for 2024 and \$34,501 for 2023.

**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 \$5,530,807, an increase of \$512,947, which includes a correction of an error of \$907 and an increase in inventory of \$7,524. \$4,127,153 or 75% 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 \$1,403,654 or 25% is either non-spendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

BENTON COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

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 \$320,998, which includes a correction of an error of \$907. The fund balance of Other Governmental Funds showed an increase in the amount of \$43,692, which includes an increase in inventory of \$7,524. The increase (decrease) in the fund balances for the other major fund was as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ESSER III Fund	no increase or decrease
QSCB Debt Fund	\$ 147,987

**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 the major special revenue fund is provided in this report as required supplementary information.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2024, the district's total capital assets were \$12,579,004, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and intangible lease and SBITA assets. This amount represents an increase of \$1,339,342 from 2023. Total accumulated depreciation and amortization as of June 30, 2024, was \$5,981,518, and total depreciation and amortization expense for the year was \$411,067, resulting in total net capital assets of \$6,597,486.

**Table 4  
Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Percentage Change</u>
Land	\$ 76,983	\$ 76,983	0.00 %
Construction in progress	539,612	-	N/A %
Buildings	3,103,261	3,214,587	(3.46) %
Building improvements	1,783,915	1,264,025	41.13 %
Improvements other than buildings	192,950	153,303	25.86 %
Mobile equipment	633,025	719,259	(11.99) %
Furniture and equipment	173,372	121,333	42.89 %
Intangible right to use lease asset	49,489	66,956	(26.09) %
Intangible right to use SBITA asset	44,879	31,583	42.10 %
<b>Total</b>	<b>\$ 6,597,486</b>	<b>\$ 5,648,029</b>	<b>16.81 %</b>

Additional information on the District's capital assets can be found in Note 5 included in this report. The right to use assets – Leases and SBITAs information is presented in more detail in Note 6 included in this report.

BENTON COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

**Debt Administration.** At June 30, 2024, the District had \$2,062,776 in outstanding long-term debt, including compensated absences, of which \$82,389 is due within one year. The liability for compensated absences decreased \$7,636 from the prior year.

**Table 5  
Outstanding Long-Term Debt**

	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Percentage Change</b>
Qualified school construction bonds payable	\$ 1,075,000	\$ 1,075,000	0.00 %
Shortfall notes payable	109,121	-	N/A %
Three mill notes payable	726,000	734,000	(1.09) %
Lease obligations payable	53,453	69,773	(23.39) %
Subscription based IT liabilities	44,139	31,036	42.22 %
Compensated absences payable	55,063	62,699	(12.18) %
<b>Total</b>	<b>\$ 2,062,776</b>	<b>\$ 1,972,508</b>	<b>4.58 %</b>

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

### **CURRENT ISSUES**

The Benton County 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's system of financial planning, budgeting, and internal controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

The District consists of Ashland Elementary School, Ashland Middle School, Ashland High School, Career Technical Center, and Hickory Flat Attendance Center.

The District actively pursues grant funding to supplement the local, state, and federal revenues.

### **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 Benton County School District, 231 Court Street, Ashland, MS 38603.



FINANCIAL STATEMENTS

**BENTON COUNTY SCHOOL DISTRICT**

**Statement of Net Position  
June 30, 2024**

**Exhibit A**

	Governmental Activities
	<hr/>
<b>Assets</b>	
Cash and cash equivalents	\$ 4,790,183
Due from other governments	674,041
Inventories	27,255
Prepaid items	7,219
Restricted assets	726,516
Capital assets, non-depreciable:	
Land	76,983
Construction in progress	539,612
Capital assets, net of accumulated depreciation:	
Buildings	3,103,261
Building improvements	1,783,915
Improvements other than buildings	192,950
Mobile equipment	633,025
Furniture and equipment	173,372
Leased Assets	49,489
Subscription IT assets	44,879
Total Assets	<hr/> <u>12,822,700</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	7,820,315
Deferred outflows - OPEB	269,785
Total Deferred Outflows of Resources	<hr/> <u>8,090,100</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	694,407
Interest payable on long-term liabilities	6,914
Long-term liabilities, due within one year:	
Lease liabilities	17,587
Capital related liabilities	9,000
Non-capital related liabilities	36,915
SBITA liabilities	18,887
Net OPEB liability	28,894
Long-term liabilities, due beyond one year:	
Lease liabilities	35,866
Capital related liabilities	1,792,000
Non-capital related liabilities	127,269
SBITA liabilities	25,252
Net pension liability	26,336,199
Net OPEB liability	690,026
Total Liabilities	<hr/> <u>29,819,216</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	230,550
Deferred inflows - OPEB	372,536
Total Deferred Inflows of Resources	<hr/> <u>603,086</u>
<b>Net Position</b>	
Net investment in capital assets	4,698,894
Restricted for:	
Expendable:	
School-based activities	491,213
Debt service	816,555
Capital improvements	32,622
Unemployment benefits	56,350
Unrestricted	<u>(15,605,136)</u>
Total Net Position (deficit)	<hr/> <u>\$ (9,509,502)</u>

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

**BENTON COUNTY SCHOOL DISTRICT**

**Statement of Activities  
For the Year Ended June 30, 2024**

**Exhibit B**

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental Activities:</b>						
Instruction	\$ 6,624,689	\$ 176,282	\$ 2,292,015	\$ -		\$ (4,156,392)
Support services	5,282,712	-	2,073,090	-		(3,209,622)
Non-instructional	730,027	29,353	863,361	-		162,687
Pension expense	4,068,678	-	-	-		(4,068,678)
OPEB expense	(69,240)	-	-	-		69,240
Interest on long-term liabilities	159,464	-	-	-		(159,464)
<b>Total Governmental Activities</b>	<b>\$ 16,796,330</b>	<b>\$ 205,635</b>	<b>\$ 5,228,466</b>	<b>\$ -</b>		<b>\$ (11,362,229)</b>

**General Revenues:**

**Taxes:**

General purpose levies 2,099,922

Debt purpose levies 138,021

**Unrestricted grants and contributions:**

State 6,123,314

Federal 1,429,558

Unrestricted investment earnings 130,292

Other 92,795

**Total General Revenues 10,013,902**

Change in Net Position (1,348,327)

Net Position - Beginning, as previously reported (8,162,082)

Adjustment or restatement 907

Net Position - Beginning, as restated (8,161,175)

Net Position (deficit) - Ending \$ (9,509,502)

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

**BENTON COUNTY SCHOOL DISTRICT**  
Governmental Funds

**Balance Sheet**  
**June 30, 2024**

**Exhibit C**

	Major Funds				Total Governmental Funds
	General Fund	ESSER III Fund	QSCB Debt Fund	Other Governmental Funds	
<b>Assets</b>					
Cash and cash equivalents	\$ 4,294,434	\$ -	\$ -	\$ 495,749	\$ 4,790,183
Investments	-	-	726,516	-	726,516
Due from other governments	114,573	389,563	-	169,905	674,041
Due from other funds	404,843	-	-	-	404,843
Inventories	-	-	-	27,255	27,255
Prepaid items	7,219	-	-	-	7,219
Total Assets	\$ 4,821,069	\$ 389,563	\$ 726,516	\$ 692,909	\$ 6,630,057
<b><u>Liabilities and Fund Balances</u></b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 522,707	\$ 134,991	\$ -	\$ 36,709	\$ 694,407
Due to other funds	-	254,572	-	150,271	404,843
Total Liabilities	522,707	389,563	-	186,980	1,099,250
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	-	-	-	27,255	27,255
Prepaid items	7,219	-	-	-	7,219
<b>Restricted:</b>					
Debt service	-	-	726,516	96,953	823,469
Capital projects	-	-	-	32,622	32,622
Grant activities	-	-	-	169,355	169,355
Unemployment benefits	-	-	-	56,350	56,350
Food service	-	-	-	123,394	123,394
<b>Assigned:</b>					
School Activities	163,990	-	-	-	163,990
<b>Unassigned</b>	4,127,153	-	-	-	4,127,153
Total Fund Balances	4,298,362	-	726,516	505,929	5,530,807
Total Liabilities and Fund Balances	\$ 4,821,069	\$ 389,563	\$ 726,516	\$ 692,909	\$ 6,630,057

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

**BENTON COUNTY SCHOOL DISTRICT  
Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2024**

**Exhibit C-1**

**Total fund balances for governmental funds** \$ 5,530,807

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	\$ 76,983	
Construction in progress	539,612	
Buildings	6,419,642	
Building improvements	2,852,791	
Improvements other than buildings	296,395	
Mobile equipment	1,588,025	
Furniture and equipment	610,302	
Accumulated depreciation	(5,880,632)	
Leased assets	87,334	
Accumulated amortization	(37,845)	
Subscription IT assets	107,920	
Accumulated amortization	<u>(63,041)</u>	6,597,486

2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(26,336,199)	
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	7,820,315	
Deferred inflows of resources related to pensions	<u>(230,550)</u>	(18,746,434)

3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net OPEB liability	(718,920)	
--------------------	-----------	--

Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to OPEB	269,785	
Deferred inflows of resources related to OPEB	<u>(372,536)</u>	(821,671)

4. Long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:

Other bonds payable	(1,075,000)	
Notes payable	(835,121)	
Lease obligations	(53,453)	
SBITA liabilities	(44,139)	
Compensated absences	(55,063)	
Accrued interest payable	<u>(6,914)</u>	(2,069,690)

**Net Position of governmental activities** \$ (9,509,502)

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

**BENTON COUNTY SCHOOL DISTRICT**  
**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**

**Exhibit D**

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	ESSER III Fund	QSCB Debt Fund		
<b>Revenues:</b>					
Local sources	\$ 2,458,891	\$ -	\$ 24,987	\$ 182,789	\$ 2,666,667
State sources	6,926,725	-	-	216,589	7,143,314
Federal sources	1,428,674	1,934,498	-	2,274,850	5,638,022
<b>Total Revenues</b>	<b>10,814,290</b>	<b>1,934,498</b>	<b>24,987</b>	<b>2,674,228</b>	<b>15,448,003</b>
<b>Expenditures:</b>					
Instruction	5,980,159	448,400	-	812,593	7,241,152
Support services	4,122,980	273,604	-	1,225,473	5,622,057
Noninstructional services	9,902	48,842	-	740,456	799,200
Facilities acquisition and construction	202,672	1,000,691	-	21,753	1,225,116
Debt service:					
Principal	36,597	20,400	-	8,000	64,997
Interest	5,059	704	-	146,853	152,616
Other	-	-	-	1,250	1,250
<b>Total Expenditures</b>	<b>10,357,369</b>	<b>1,792,641</b>	<b>-</b>	<b>2,956,378</b>	<b>15,106,388</b>
Excess (Deficiency) of Revenues over (under) Expenditures	456,921	141,857	24,987	(282,150)	341,615
<b>Other Financing Sources (Uses):</b>					
Proceeds of Loans	109,121	-	-	-	109,121
SBITA issued	53,780	-	-	-	53,780
Payments held by escrow agent	-	-	123,000	-	123,000
Payment to QSCB escrow agent	-	-	-	(123,000)	(123,000)
Operating transfers in	163,071	-	-	531,239	694,310
Operating transfers out	(462,802)	(141,857)	-	(89,651)	(694,310)
<b>Total Other Financing Sources (Uses)</b>	<b>(136,830)</b>	<b>(141,857)</b>	<b>123,000</b>	<b>318,588</b>	<b>162,901</b>
<b>Net Change in Fund Balances</b>	<b>320,091</b>	<b>-</b>	<b>147,987</b>	<b>36,438</b>	<b>504,516</b>
<b>Fund Balances:</b>					
July 1, 2023, as previously reported	3,977,364	-	-	1,040,496	5,017,860
Adjustment or restatement	907	-	-	-	907
Change within financial reporting entity (nonmajor to major)	-	-	578,529	(578,529)	-
July 1, 2023, as restated	3,978,271	-	578,529	461,967	5,018,767
Increase (Decrease) in inventory	-	-	-	7,524	7,524
<b>June 30, 2024</b>	<b>\$ 4,298,362</b>	<b>\$ -</b>	<b>\$ 726,516</b>	<b>\$ 505,929</b>	<b>\$ 5,530,807</b>

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

**BENTON COUNTY SCHOOL DISTRICT  
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, 2024**

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ 504,516

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

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 1,309,098	
Depreciation expense	(353,116)	
Capital outlay - SBITAs	53,780	
Amortization expense	<u>(57,951)</u>	951,811

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. (2,354)

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 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:

Bonds and notes issued	(109,121)	
Subscription IT liability issued	(53,780)	
Payments of debt principal	8,000	
Payments of leases and SBITAs principal	56,997	
Accrued interest payable	<u>(5,598)</u>	(103,502)

4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:

Pension expense	(4,068,678)	
Contributions subsequent to the measurement date	<u>1,254,510</u>	(2,814,168)

5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:

OPEB expense	69,240	
Contributions subsequent to the measurement date	<u>30,970</u>	100,210

6. 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	7,636	
Change in inventory	<u>7,524</u>	15,160

**Change in Net Position of governmental activities** \$ (1,348,327)

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

## **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 (5) member board to which each member is elected by the citizens of each defined county district.

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

### **B. Government-wide and Fund Financial Statements**

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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



Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

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.

ESSER III Fund – This is a special revenue fund that accounts for the expenditures and revenues of the American Rescue Plan Elementary and Secondary School Emergency Relief (**ARP ESSER**) Fund under the American Rescue Plan (**ARP**) Act of 2021, Public Law 117-2, enacted on March 11, 2021. The ARP ESSER III funding from the ARP Act provides support for K-12 schools to help safely open and sustain the safe operations of schools and address the impacts of the coronavirus pandemic on the nation's students.

QSCB Debt Fund – This is a debt service fund that accounts for the expenditures and revenues of the Qualified School Construction Bonds payable note.

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

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

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

### **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.

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

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

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

Ad valorem property taxes are levied by the governing authority of the county 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.

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

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 16<sup>th</sup> 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

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

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	**	**

(\*\*) 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.*

See note 5 and 6 for details

7. Deferred outflows/inflows of resources

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

Deferred outflows of resources related to pensions  
Deferred outflows of resources related to OPEB (Other post-employment benefits)

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.

Deferred inflows of resources related to pensions  
Deferred inflows of resources related to OPEB (Other post-employment benefits)

See Notes 8, 9, and 14 for further details.

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

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.

When acting as the lessee, the school district uses the Federal prime borrowing rate in effect at the date of the lease inception to calculate the present value of lease payments when the rate implicit in the lease is not known.

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, reliability, relevance and consistency of information about SBITAs. The school district implemented GASB 96 in fiscal year 2023.

11. Long-term Liabilities and Bond Discounts/Premiums

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

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

12. Pensions

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

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

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 the official action of the school board to approve committed fund balances and to detail the action in its official minutes. 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 the district management pursuant to authorization established by school board policy.

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

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

It is the goal of the district to achieve and maintain an unassigned fund balance in the General Fund at fiscal year end of not less than 7% of revenues. If the unassigned fund balance at

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

fiscal year-end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

15. Accounting Standards Update

GASB 100, Accounting Changes and Error Corrections, was implemented during the 2024 fiscal year. This Statement is an amendment of GASB Statement 62 Codification of Accounting and Financial Reporting Guidance. The purpose of the standard is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

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

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

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

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

### **Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$4,790,183. The carrying amount of deposits in the government-wide financial statements was reported as cash and cash equivalents in the amount of \$4,790,183 and restricted assets in the amount of \$726,516 (see Note 4).

**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

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2024 none of the district's bank balance of \$5,245,412 was exposed to custodial credit risk.

As of June 30, 2024, the district had the following investments:

Investment Type	Rating	Maturities (in years)	Fair Value
QSCB Construction Bonds Common Trust Funds 2012-A	N/A	N/A	\$ 726,516
Total			<u>\$ 726,516</u>

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

The district has the following recurring fair value measurements as of June 30, 2024:

- QSCB Construction Bonds Common Trust Funds 2012-A of \$726,516 are valued using quoted market prices (Level 1 inputs)

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

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

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2024, the district did not have any investments to which this would apply.

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



Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

**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	ESSER III Fund	\$ 254,572
General Fund	Other Governmental Funds	150,271
Total		<u>\$ 404,843</u>

The primary purpose of the inter-fund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows. All balances are expected to be repaid within one year.

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 462,802
ESSER III Fund	General Fund	141,857
Other Governmental Funds	General Fund	21,214
Other Governmental Funds	Other Governmental Funds	68,437
Total		<u>\$ 694,310</u>

Operating transfers were primarily for the following: indirect cost transfers, unemployment compensation transfers, and other routine operating transfers.

**Note 4 – Restricted Assets**

The restricted assets represent the investment balance, totaling \$726,516, of the Benton County School District Qualified School Construction Bond Fund.

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

**Note 5 – Capital Assets**

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

	Balance 7/1/2023	Increases	Decreases	Completed Construction	Balance 6/30/2024
<b>Governmental Activities:</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 76,983	\$ -	\$ -	\$ -	76,983
Construction in progress	-	1,173,614	-	(634,002)	539,612
<b>Total non-depreciable capital assets</b>	<b>76,983</b>	<b>1,173,614</b>	<b>-</b>	<b>(634,002)</b>	<b>616,595</b>
<u>Depreciable capital assets:</u>					
Buildings	6,419,642	-	-	-	6,419,642
Building improvements	2,218,789	-	-	634,002	2,852,791
Improvements other than buildings	244,893	51,502	-	-	296,395
Mobile equipment	1,611,561	-	23,536	-	1,588,025
Furniture and equipment	526,320	83,982	-	-	610,302
<b>Total depreciable capital assets</b>	<b>11,021,205</b>	<b>135,484</b>	<b>23,536</b>	<b>634,002</b>	<b>11,767,155</b>
<u>Less accumulated depreciation for:</u>					
Buildings	3,205,055	111,326	-	-	3,316,381
Building improvements	954,764	114,112	-	-	1,068,876
Improvements other than buildings	91,590	11,855	-	-	103,445
Mobile equipment	892,302	83,880	21,182	-	955,000
Furniture and equipment	404,987	31,943	-	-	436,930
<b>Total accumulated depreciation</b>	<b>5,548,698</b>	<b>353,116</b>	<b>21,182</b>	<b>-</b>	<b>5,880,632</b>
<b>Total depreciable capital assets, net</b>	<b>5,472,507</b>	<b>(217,632)</b>	<b>2,354</b>	<b>634,002</b>	<b>5,886,523</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 5,549,490</b>	<b>\$ 955,982</b>	<b>\$ 2,354</b>	<b>\$ -</b>	<b>6,503,118</b>
Lease assets, net (Note 6)					49,489
Subscription IT assets (SBITA), net (Note 6)					44,879
<b>Total capital assets, net as reported in the statement of net position</b>					<b>6,597,486</b>

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 212,269
Support services	117,068
Non-instructional	23,779
<b>Total depreciation expense</b>	<b>\$ 353,116</b>

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

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

	Spent to June 30, 2024	Remaining Commitment
<b>Governmental Activities:</b>		
Hickory Flat Classroom Renovation	539,612	432,453
Total construction in progress	\$ 539,612	\$ 432,453

Construction projects included in governmental activities are primarily funded with ESSER funds.

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

A summary of lease and subscription IT asset activity during the year ended June 30, 2024 is as follows:

	Balance 7/1/2023	Additions	Deductions	Balance 6/30/2024
<u>Lease Assets:</u>				
Furniture & Equipment	\$ 87,334	-	-	87,334
Total Lease Assets	87,334	-	-	87,334
<u>Less Accumulated Amortization:</u>				
Lease assets:				
Furniture & Equipment	20,378	17,467	-	37,845
Total Accumulated Amortization	20,378	17,467	-	37,845
Total Lease Assets, net	66,956	(17,467)	-	49,489
Subscription IT Assets:				
	54,140	53,780	-	107,920
Less accumulated amortization	22,557	40,484	-	63,041
Subscription IT Assets, Net	31,583	13,296	-	44,879
Total lease and subscription IT assets, net	\$ 98,539	(4,171)	-	94,368

Amortization expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 32,073
Support services	25,878
Total amortization expense - Governmental activities	\$ 57,951

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

A summary of lease and subscription IT liabilities during the year ended June 30, 2024 is as follows:

	Balance 7/1/2023	Additions	Retirements	Balance 6/30/2024	Amounts due within one year
Lease Liabilities	\$ 69,773	-	16,320	53,453	17,587
Subscription IT Liabilities	31,036	53,780	40,677	44,139	18,887
<b>Total</b>	<b>\$ 100,809</b>	<b>53,780</b>	<b>56,997</b>	<b>97,592</b>	<b>36,474</b>

**Leases**

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

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

The school district generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The estimated incremental borrowing rate is the rate the district would expect to obtain for a similar financed purchased at the date of lease inception.

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

*As Lessee:*

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Copier Lease	7.50%	5/1/2022	5/12/2027	\$ 87,334	\$ 53,453
Total				<u>\$ 87,334</u>	<u>\$ 53,453</u>

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

Leases			
Year Ending June 30	Principal	Interest	Total
2025	17,587	3,413	21,000
2026	18,953	2,047	21,000
2027	16,913	587	17,500
Total	<u>\$ 53,453</u>	<u>6,047</u>	<u>59,500</u>

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

**SBITAs**

The school district has non-cancellable SBITAs of various IT software. For subscriptions that have a maximum possible term of 12 months or less at commencement, the school district recognizes expense based on the provisions of the subscription arrangement. For all other subscription-based information technology arrangements, other than short term, the school district recognized a subscription payable and an intangible right-to-use subscription asset.

At subscription commencement, the school district initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability plus payments associated with the subscription made to the vendor at the inception of the arrangement, plus capitalized implementation costs, less vendor incentives. Subsequently, the subscription asset is amortized in depreciation and amortization expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset. The school district generally uses U. S. Treasury rate at subscription inception as the discount rate for subscriptions unless the rate that the lessor charges is known.

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

The school district has entered into four (4) subscription IT arrangements.

Details of the subscription obligations are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Perry Weather	3.56%	12/15/22	12/14/29	\$ 12,636	\$ 9,015
2. School Status LLC	3.45%	08/31/22	08/30/24	41,504	-
3. Infosec - IQ Enterprise	4.13%	07/01/23	06/30/26	9,963	6,507
4. Howard - Linewize	4.13%	07/01/23	06/30/26	4,817	28,617
Total				<u>\$ 68,920</u>	<u>\$ 44,139</u>

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

SBITAs Year Ending June 30	Principal	Interest	Total
2025	18,887	1,769	20,656
2026	19,656	1,000	20,656
2027	1,801	199	2,000
2028	1,865	135	2,000
2029	1,930	69	1,999
Total	<u>\$ 44,139</u>	<u>3,172</u>	<u>47,311</u>

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

**Note 7 – Long-term Liabilities**

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

	Balance 7/1/2023	Additions	Reductions	Balance 6/30/2024	Amounts due within one year
A. Qualified school construction bonds payable	1,075,000	-	-	1,075,000	-
B. Three mill notes payable	734,000	-	8,000	726,000	9,000
C. Shortfall notes payable	-	109,121		109,121	34,162
D. Compensated absences payable	62,699	-	7,636	55,063	2,753
<b>Total</b>	<b>\$ 1,871,699</b>	<b>\$ 109,121</b>	<b>\$ 15,636</b>	<b>\$ 1,965,184</b>	<b>\$ 45,915</b>

**A. Qualified school construction bonds payable**

As more fully explained in Note 12, debt has been issued by the school district that qualifies as Qualified School Construction Bonds. Debt currently outstanding is as follows.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Qualified school construction bonds payable	0.00%	12/17/2010	12/17/2026	1,075,000	1,075,000
<b>Total</b>				<b>\$ 1,075,000</b>	<b>\$ 1,075,000</b>

The Qualified School Construction Bond (QSCB) was issued at a nominal interest rate. Investors receive federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows the state and local governments to borrow without incurring interest costs.

**B. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited tax note, series 2021	1.70%	6/15/2021	6/15/2031	750,000	726,000
<b>Total</b>				<b>\$ 750,000</b>	<b>\$ 726,000</b>

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

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

Year Ending June 30	Principal	Interest	Total
2025	9,000	12,342	21,342
2026	9,000	12,189	21,189
2027	133,000	12,036	145,036
2028	137,000	9,775	146,775
2029-2031	438,000	15,028	453,028
<b>Total</b>	<b>\$ 726,000</b>	<b>\$ 61,370</b>	<b>\$ 787,370</b>

This debt will be retired from the Three Mill Notes Debt Retirement Fund.

**C. Shortfall notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Shortfall Note Payable 2023	6.34%	7/27/2023	7/27/2026	109,121	109,121
<b>Total</b>				<b>\$ 109,121</b>	<b>\$ 109,121</b>

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

Year Ending June 30	Principal	Interest	Total
2025	34,162	6,918	41,080
2026	36,328	4,752	41,080
2027	38,631	2,449	41,080
<b>Total</b>	<b>\$ 109,121</b>	<b>\$ 14,119</b>	<b>\$ 123,240</b>

This debt will be retired from the shortfall note debt service fund.

**D. Compensated absences payable**

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

**Note 8 – 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

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

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](http://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, 2024 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, 2024, 2023 and 2022 were \$1,254,510, \$1,350,582 and \$1,092,952, 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, 2024, the school district reported a liability of \$26,336,199 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability 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, 2024 net pension liability was 0.104711 percent, which was based on a measurement date of June 30, 2023. This was an increase of 0.01347 percent from its proportionate share used to calculate the June 30, 2023 net pension liability, which was based on a measurement date of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$4,068,678. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 641,304	\$
Net difference between projected and actual earnings on pension plan investments	2,809,680	



Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

Changes of assumptions	3,058,412	
Changes in proportion and differences between District contributions and proportionate share of contributions	56,409	230,550
District contributions subsequent to the measurement date	1,254,510	
Total	\$ 7,820,315	\$ 230,550

\$1,254,510 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, 2025. 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:	
2025	\$ 2,367,122
2026	1,739,380
2027	2,220,924
2028	7,829
Total	6,335,255

*Actuarial assumptions.* The total pension liability as of June 30, 2023 was determined by actuarial valuation prepared as of June 30, 2022, by the new actuarial assumptions adopted by the Board subsequent to June 30, 2022 valuation based on the experience investigation for the four-year period ending June 30, 2022, and by the investment experience for the fiscal year ending June 30, 2023. The following actuarial assumptions are applied to all periods included in the measurement:

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

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

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

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

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27.00	%	4.75	%
International Equity	22.00		4.75	
Global Equity	12.00		4.95	
Fixed Income	20.00		1.75	
Real Estate	10.00		3.25	
Private Equity	8.00		6.00	
Cash Equivalents	1.00		0.25	
Total	100	%		

*Discount rate.* The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be phased in to 22.40 percent over three fiscal years (17.40 percent for FYE 2024, 19.40 percent for FYE 2025, 21.40 percent for FYE 2026, and 22.40 percent for FYE 2027). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District’s proportionate share of the net pension liability	\$ 33,961,196	\$ 26,336,199	\$ 20,079,041

*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 9 – 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

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

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 \$30,970 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$718,920 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2023, the District's proportion was 0.12991554 percent. This was an increase of 0.00944927 percent from the proportionate share as of the measurement date of June 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$69,240). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 117,845	\$ 202,970
Changes of assumptions	64,225	54,084
Net difference between projected and actual earnings on OPEB plan investments	44	
Changes in proportion and differences between District contributions and proportionate share of contributions	56,701	115,482

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

District contributions subsequent to the measurement date	30,970				
Total	\$	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: center;">269,785</td> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: center;">\$</td> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: center;">372,536</td> </tr> </table>	269,785	\$	372,536
269,785	\$	372,536			

\$30,970 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, 2025. 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:

2025	\$	(57,054)
2026		(61,477)
2027		(31,164)
2028		(9,294)
2029		13,672
2030		11,596

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following key actuarial assumptions and other inputs:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.66%
Prior Measurement Date	3.37%
Year FNP is projected to be depleted	
Measurement Date	2023
Prior Measurement Date	2022
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.66%
Prior Measurement Date	3.37%
Health Care Cost Trends	
Medicare Supplement Claims	6.50% for 2024 decreasing to an ultimate rate of 4.50% by 2029 FYE
Pre-Medicare	

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, 2023 valuation were based on the results of the last actuarial experience study, dated April 21, 2023.

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

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, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 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, 2023 was 3.66 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.37% to 3.66%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2023, the trust has \$1,067,750. 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, 2022 and the June 30, 2023 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2023 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 (2.66 percent) or 1-percentage-point higher (4.66 percent) than the current discount rate:

	1% Decrease (2.66%)	Current Discount Rate (3.66%)	1% Increase (4.66%)
Net OPEB liability	\$ 787,466	\$ 718,920	\$ 659,490

*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	\$ 669,877	\$ 718,920	\$ 773,848

*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/>.

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

**Note 10 – Adjustments and Restatements of Beginning Balances**

Correction of an Error in Previously Issued Financial Statements

An adjustment to the general fund was made in the amount of \$907 to correct an accrual.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2024, error corrections resulted in adjustments to and restatements of beginning net position and fund balance, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances					
	Funds				Government-Wide	
	General Fund	ESSER III Fund	QSCB Debt Fund	Other Governmental Funds	Governmental Activities	Business-Type Activities
6/30/23, as previously reported	\$ 3,977,364	-	-	\$ 1,040,496	\$ (8,162,082)	\$ -
Change from nonmajor to major	-	-	578,529	(578,529)	-	-
Error correction	907	-	-	-	907	-
6/30/23, as adjusted or restated	\$ 3,978,271	\$ -	\$ 578,529	\$ 461,967	\$ (8,161,175)	\$ -

**Note 11 – 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 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 67 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 67 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.

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

**Note 12 – Qualified School Construction Bonds**

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2024, the subsidy payments amounted to \$54,133.

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2024 was \$726,516. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2025	123,000
2026	123,000
2027	123,000
Total	<u>\$ 369,000</u>

**Note 13 – 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 14 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$15,605,136) 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 \$1,254,510 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, 2025. The \$6,565,805 balance of deferred outflow of resources related to pensions, at June 30, 2024, will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

Benton County School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2024

The unrestricted net position amount of (\$15,605,136) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$230,550 balance of deferred inflow of resources related to pensions, at June 30, 2024, will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$15,605,136) 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 \$30,970 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, 2025. The \$238,815 balance of deferred outflow of resources related to OPEB, at June 30, 2024, will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$15,605,136) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$372,536 balance of deferred inflow of resources related to OPEB, at June 30, 2024, will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

### **Note 15 – State Compliance Testing**

The Mississippi Office of the State Auditor (OSA) has elected to perform procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the School District's operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>.

### **Note 16 - 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 Benton County School District evaluated the activity of the district through March 7, 2025, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.



REQUIRED SUPPLEMENTARY INFORMATION

**BENTON COUNTY SCHOOL DISTRICT  
Required Supplementary Information**

**Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 2,304,627	\$ 2,568,012	\$ 2,458,891	\$ 263,385	\$ (109,121)
State sources	6,953,034	6,926,725	6,926,725	(26,309)	-
Federal sources	1,338,869	1,428,674	1,428,674	89,805	-
<b>Total Revenues</b>	<b>10,596,530</b>	<b>10,923,411</b>	<b>10,814,290</b>	<b>326,881</b>	<b>(109,121)</b>
<b>Expenditures:</b>					
Instruction	5,941,023	5,972,542	5,980,159	(31,519)	(7,617)
Support services	4,347,532	4,118,473	4,122,980	229,059	(4,507)
Noninstructional services	7,061	9,901	9,902	(2,840)	(1)
Facilities acquisition and construction	180,596	202,672	202,672	(22,076)	-
Debt service:					
Principal	-	-	36,597	-	(36,597)
Interest	-	-	5,059	-	(5,059)
<b>Total Expenditures</b>	<b>10,476,212</b>	<b>10,303,588</b>	<b>10,357,369</b>	<b>172,624</b>	<b>(53,781)</b>
Excess (Deficiency) of Revenues over (under) Expenditures	120,318	619,823	456,921	499,505	(162,902)
<b>Other Financing Sources (Uses):</b>					
Proceeds of loans	-	-	109,121	-	109,121
SBITA issued	-	-	53,780	-	53,780
Operating transfers in	1,532,029	1,300,379	163,071	(231,650)	(1,137,308)
Operating transfers out	(1,652,347)	(1,600,110)	(462,802)	52,237	1,137,308
<b>Total Other Financing Sources (Uses)</b>	<b>(120,318)</b>	<b>(299,731)</b>	<b>(136,830)</b>	<b>(179,413)</b>	<b>162,901</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>320,092</b>	<b>320,091</b>	<b>320,092</b>	<b>(1)</b>
<b>Fund Balances:</b>					
July 1, 2023, as previously reported	3,761,378	3,977,364	3,977,364	215,986	-
Adjustment or restatement	-	907	907	907	-
July 1, 2023, as restated	3,761,378	3,978,271	3,978,271	216,893	-
June 30, 2024	\$ 3,761,378	\$ 4,298,363	\$ 4,298,362	\$ 536,985	\$ (1)

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

**BENTON COUNTY SCHOOL DISTRICT  
Required Supplementary Information**

**Budgetary Comparison Schedule  
ESSER III ARP Fund  
For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 2,227,317	\$ 2,970,384	\$ 1,934,498	\$ 743,067	\$ (1,035,886)
Total Revenues	2,227,317	2,970,384	1,934,498	743,067	(1,035,886)
<b>Expenditures:</b>					
Instruction	225,455	691,936	448,400	(466,481)	243,536
Support services	827,304	437,985	273,604	389,319	164,381
Noninstructional services	96,444	58,865	48,842	37,579	10,023
Facilities acquisition and construction	837,000	1,637,000	1,000,691	(800,000)	636,309
Debt service:					
Principal	-	-	20,400	-	(20,400)
Interest			704	-	(704)
Total Expenditures	1,986,203	2,825,786	1,792,641	(839,583)	1,033,145
Excess (Deficiency) of Revenues over (under) Expenditures	241,114	144,598	141,857	(96,516)	(2,741)
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(241,114)	(144,598)	(141,857)	96,516	2,741
Total Other Financing Sources (Uses)	(241,114)	(144,598)	(141,857)	96,516	2,741
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2023	-	-	-	-	-
June 30, 2024	\$ -	\$ -	\$ -	\$ -	\$ -

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

**Benton County School District**

Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.104711%	0.091241%	0.094523%	0.093176%	0.095247%	0.094618%	0.102386%	0.100234%	0.099941%	0.097018%
District's proportionate share of the net pension liability	\$ 26,336,199	\$ 18,780,718	\$ 13,970,913	\$ 18,037,791	\$ 16,755,827	\$ 15,737,785	\$ 17,020,031	\$ 17,904,297	\$ 15,448,909	\$ 11,774,024
District's covered payroll	7,761,966	6,281,333	6,284,856	6,184,107	6,203,191	6,042,267	6,568,114	6,412,216	6,243,727	5,928,279
District's proportionate share of the net pension liability as a percentage of its covered payroll	339.30%	298.99%	222.29%	291.68%	270.12%	260.46%	259.13%	279.22%	247.43%	198.61%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years.

GASB 68 was implemented in FYE 6/30/15, and the District has compiled a full 10-year trend.

**Benton County School District**  
 Schedule of District Contributions  
 PERS  
 Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,254,510	\$ 1,350,582	\$ 1,092,952	\$ 1,093,565	\$ 1,076,036	\$ 977,002	\$ 951,657	\$ 1,034,478	\$ 1,009,924	\$ 983,387
Contributions in relation to the contractually required contribution	1,254,510	1,350,582	1,092,952	1,093,565	1,076,036	977,002	951,657	1,034,478	1,009,924	983,387
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,209,828	\$ 7,761,966	\$ 6,281,333	\$ 6,284,856	\$ 6,184,107	\$ 6,203,191	\$ 6,042,267	\$ 6,568,114	\$ 6,412,216	\$ 6,243,727
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

**Benton County School District**

Schedule of the District's Proportionate Share of the Net OPEB Liability

OPEB

Last 10 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.12991554%	0.12046627%	0.13372918%	0.13514639%	0.14628224%	0.15131084%	0.14562803%
District's proportionate share of the net OPEB liability	\$ 718,920	\$ 593,518	\$ 860,791	\$ 1,051,720	\$ 1,241,265	\$ 1,170,465	\$ 1,142,611
District's covered - employee payroll	6,914,170	5,919,660	6,357,750	6,513,186	6,698,887	6,889,080	6,542,667
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	10.40%	10.03%	13.54%	16.15%	18.53%	16.99%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.19%	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

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

**Benton County School District**  
Schedule of District Contributions  
OPEB  
Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 30,970	\$ 31,524	\$ 24,187	\$ 34,600	\$ 41,942	\$ 49,754	\$ 48,711
Contributions in relation to the actuarially determined contribution	30,970	31,524	24,187	34,600	41,942	49,754	48,711
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 7,209,828	\$ 7,761,966	\$ 6,281,333	\$ 6,513,186	\$ 6,698,887	\$ 6,889,080	\$ 5,844,559
Contributions as a percentage of covered - employee payroll	0.43%	0.41%	0.39%	0.53%	0.63%	0.72%	0.83%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in FYE 6/30/18, 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 reports.

Benton County School District  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2024

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%.



Benton County School District  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2024

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%.

Benton County School District  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2024

2023:

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

(3) *Method and assumptions used in calculations of actuarially determined contributions.*

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2021 valuation for the June 30, 2023 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	26.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

Benton County School District  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2024

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

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

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

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

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

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

(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, 2022 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2023:

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%

Benton County School District  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2024

Initial health care cost trend rates	7.00%
Medicare Supplement Claims	
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.50%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2029
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.37%

SUPPLEMENTARY INFORMATION

**BENTON COUNTY SCHOOL DISTRICT**  
**Supplementary Information**

**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	245MS326N1099	\$ 229,473
National School Lunch Program	10.555	245MS326N1099	539,146
Total Child Nutrition Cluster			<u>768,619</u>
Total Passed-through Mississippi Department of Education			<u>768,619</u>
Passed-through Benton County, Mississippi:			
Schools and Roads - Grants to States	10.665	N/A	64,885
Total Passed-through Benton County, Mississippi			<u>64,885</u>
<b>Total U.S. Department of Agriculture</b>			<u><u>833,504</u></u>
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	84.010A	S010A230024	702,921
Career and Technical Education - Basic Grants to States	84.048A	V048A230024	112,339
Rural Education	84.358B	S358B230024	39,177
Supporting Effective Instruction State Grants	84.367A	S367A230023	71,664
Student Support and Academic Enrichment Program	84.424A	S424A230025	65,936
Subtotal			<u>992,037</u>
Special Education Cluster:			
Special Education - Grants to States	84.027A	H027A230108	354,894
COVID-19 - IDEA, Part B ARP Grant	84.027X	H027X210108	499
Subtotal			<u>355,393</u>
Special Education - Preschool Grants	84.173A	H173A230113	19,000
COVID-19 - IDEA, Preschool ARP Grant	84.173X	H173X210113	4,077
Subtotal			<u>23,077</u>
Total Special Education Cluster			<u>378,470</u>
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	94,808
Elementary & Secondary School Emergency Relief Fund III ARP	84.425U	S425U210031	1,934,498
Elementary & Secondary School Emergency Relief ARP Homeless	84.425W	S425W210031	4,320
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			<u>2,033,626</u>
Total Passed-through Mississippi Department of Education			<u>3,404,133</u>
<b>Total U.S. Department of Education</b>			<u><u>3,404,133</u></u>
<b><u>U.S. Department of Social Security Administration</u></b>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	96.001	N/A	98
Total passed-through Mississippi Department of Rehabilitation Services			<u>98</u>
<b>Total U.S. Department of Social Security Administration</b>			<u><u>98</u></u>
Total for All Federal Awards			<u><u>\$ 4,237,735</u></u>

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

Benton County School District  
Notes to the Supplementary Information  
For the Year Ended June 30, 2024

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. 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.

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

E-rate funds have not been included on this schedule due to the fact the FCC considers the support to be in the form of providing a discount to the schools and libraries and does not consider the assistance to be direct financial support.

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

This schedule is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements.

**BENTON COUNTY SCHOOL DISTRICT**  
**Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds**  
**For the Year Ended June 30, 2024**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 10,044,069	7,284,206	709,882	660,070	1,389,911
Other	5,062,319	1,431,561	406,429	34,475	3,189,854
<b>Total</b>	<b>\$ 15,106,388</b>	<b>8,715,767</b>	<b>1,116,311</b>	<b>694,545</b>	<b>4,579,765</b>
Total number of students *	908				
Cost per student	\$ 16,637	9,599	1,229	765	5,044

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

**BENTON COUNTY SCHOOL DISTRICT**  
**Other Information**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**General Fund**

**Last Four Years**

**UNAUDITED**

	2024	2023*	2022*	2021*
<b>Revenues:</b>				
Local sources	\$ 2,458,891	\$ 2,069,900	\$ 2,042,205	\$ 1,964,120
Intermediate sources	-	-	-	10,900
State sources	6,926,725	6,196,891	6,065,001	6,069,942
Federal sources	1,428,674	1,387,664	1,509,182	1,305,069
<b>Total Revenues</b>	<b>10,814,290</b>	<b>9,654,455</b>	<b>9,616,388</b>	<b>9,350,031</b>
<b>Expenditures:</b>				
Instruction	5,980,159	5,826,815	5,518,575	5,382,333
Support services	4,122,980	3,956,683	3,547,260	3,526,959
Noninstructional services	9,902	46,048	-	-
Facilities acquisition and construction	202,672	210,000	-	-
Debt Service:				
Principal	36,597	17,145	2,416	-
Interest	5,059	5,856	1,084	-
<b>Total Expenditures</b>	<b>10,357,369</b>	<b>10,062,547</b>	<b>9,069,335</b>	<b>8,909,292</b>
Excess (Deficiency) of Revenues over (under) Expenditures	456,921	(408,092)	547,053	440,739
<b>Other Financing Sources (Uses):</b>				
Proceeds of loans	109,121	-	-	-
Leases issued	-	-	87,334	-
SBITA issued	53,780	12,636	-	-
Sale of transportation equipment	-	-	-	3,434
Operating transfers in	163,071	111,209	1,736,611	4,114
Operating transfers out	(462,802)	(583,313)	(417,477)	(372,576)
Other financing uses	-	-	(766)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(136,830)</b>	<b>(459,468)</b>	<b>1,405,702</b>	<b>(365,028)</b>
<b>Net Change in Fund Balances</b>	<b>320,091</b>	<b>(867,560)</b>	<b>1,952,755</b>	<b>75,711</b>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	3,977,364	4,895,017	2,840,260	2,731,510
Accounting changes or error corrections	907	(50,093)	102,002	33,039
Beginning of period, as restated	3,978,271	4,844,924	2,942,262	2,764,549
End of Period	<b>\$ 4,298,362</b>	<b>\$ 3,977,364</b>	<b>\$ 4,895,017</b>	<b>\$ 2,840,260</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**BENTON COUNTY SCHOOL DISTRICT**  
**Other Information**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2024	2023*	2022*	2021*
<b>Revenues:</b>				
Local sources	\$ 2,666,667	\$ 2,228,552	\$ 2,178,817	\$ 2,069,648
Intermediate sources	-	-	-	10,900
State sources	7,143,314	6,525,225	6,334,336	6,384,276
Federal sources	5,638,022	4,522,938	5,808,896	3,876,211
<b>Total Revenues</b>	<b>15,448,003</b>	<b>13,276,715</b>	<b>14,322,049</b>	<b>12,341,035</b>
<b>Expenditures:</b>				
Instruction	7,241,152	7,333,115	6,415,074	6,734,865
Support services	5,622,057	5,396,616	5,531,175	4,784,051
Noninstructional services	799,200	981,782	715,750	595,216
Facilities acquisition and construction	1,225,116	210,000	-	-
Debt service:				
Principal	64,997	46,249	10,416	69,000
Interest	152,616	85,657	81,022	70,789
Other	1,250	1,250	1,250	15,157
<b>Total Expenditures</b>	<b>15,106,388</b>	<b>14,054,669</b>	<b>12,754,687</b>	<b>12,269,078</b>
Excess (Deficiency) of Revenues over (under) Expenditures	341,615	(777,954)	1,567,362	71,957
<b>Other Financing Sources (Uses):</b>				
SBITA issued	53,780	54,140	-	-
Proceeds of notes	109,121	-	-	750,000
Leases issued	-	-	87,334	-
Insurance recovery	-	-	-	-
Payment held by escrow agent	123,000	191,437	118,438	50,000
Payment to QSCB debt escrow agent	(123,000)	(191,437)	(118,438)	(50,000)
Sale of transportation equipment	-	-	-	3,434
Operating transfers in	694,310	714,236	2,284,533	440,831
Operating transfers out	(694,310)	(714,236)	(2,284,533)	(440,831)
Other financing uses	-	(310)	(57,378)	-
<b>Total Other Financing Sources (Uses)</b>	<b>162,901</b>	<b>53,830</b>	<b>29,956</b>	<b>753,434</b>
<b>Net Change in Fund Balances</b>	<b>504,516</b>	<b>(724,124)</b>	<b>1,597,318</b>	<b>825,391</b>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	5,017,860	5,784,015	4,085,118	3,245,166
Accounting changes or error corrections	907	(51,951)	100,802	33,089
Beginning of period, as restated	5,018,767	5,732,064	4,185,920	3,278,255
Increase (Decrease) in reserve for inventory	7,524	9,920	777	(18,528)
<b>End of Period</b>	<b>\$ 5,530,807</b>	<b>\$ 5,017,860</b>	<b>\$ 5,784,015</b>	<b>\$ 4,085,118</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Superintendent and School Board  
Benton County 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 Benton County School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Benton County School District's basic financial statements, and have issued our report thereon dated March 7, 2025.

## Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item **2024-001** that we consider to be a significant deficiency.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be

reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item **2024-001** that we consider to be immaterial noncompliance.

### **Benton County School District Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

Brown CPA, PLLC  
Madison, Mississippi  
March 7, 2025

*Brown CPA, PLLC*

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**Independent Auditor's Report  
on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

Superintendent and School Board  
Benton County School District

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United 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 Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Benton County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Benton County School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

***Auditor's 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 the Benton County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 the Benton County School District's compliance with the requirements of each major federal program as a whole.

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

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

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

#### **Report on Internal Control over Compliance**

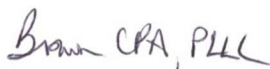
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Brown CPA, PLLC  
Madison, Mississippi  
March 7, 2025





SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Benton County School District  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2024

Section I: Summary of Auditor's Results

Financial Statements:

- |    |  |            |
|----|--|------------|
| 1. | Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. | Internal control over financial reporting:   |            |
|    | a. Material weaknesses identified?   | No         |
|    | b. Significant deficiencies identified?  | Yes        |
| 3. | Noncompliance material to financial statements noted?  | No         |

Federal Awards:

- |    |  |               |
|----|--|---------------|
| 4. | Internal control over major programs:  |               |
|    | a. Material weakness identified?   | No            |
|    | b. Significant deficiency 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:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I Grants to Local Educational Agencies <u>COVID-19 Education Stabilization Funds (ESSER)</u>
84.425W	ARP Homeless Fund (ESSER)
84.425D	Education Stabilization Fund II (ESSER)
84.425U	Education Stabilization Fund ARP III (ESSER)

- |     |  |           |
|-----|--|-----------|
| 8.  | Dollar threshold used to distinguish between type A and type B programs:   | \$750,000 |
| 9.  | Auditee qualified as low-risk auditee?   | No        |
| 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). | Yes       |

Benton County School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024

**Section II: Financial Statement Findings**

**Significant Deficiencies not considered to be  
Material Weaknesses/Immaterial Non-Compliance**

**2024-001 Finding  
Repeat Finding 2023-003**

**Payroll testing and internal controls.**

Criteria:

The school district is charged with developing controls around payroll expenditures that will provide authorization of pay through school board approval and the existence of time and attendance records. The district should also have controls, including policies and procedures, that will ensure compliance with the record-keeping requirements of the federal wage and hour law.

Condition:

We noted the following items while testing payroll expenditures:

1. The district did not properly approve the salary scales for FY24. Salary scales were provided but were not properly documented in the minutes.

Cause:

The district did not have proper controls in place to ensure all employees were properly approved by the board.

Effect:

Not being able to verify an employee's pay could result in underpaying or overpaying an employee according to their contract and board approval.

Recommendation:

We recommend the district implement internal controls to ensure all employees are properly board approved, including the detail of annualized amounts for noncertified employees and salary amounts for all certified employees, and included in official board minutes.

Response:

Please refer to the Auditee's Corrective Action Plan beginning on page 74.

**Section III: Federal Award Findings and Questioned Costs**

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

AUDITEE'S CORRECTIVE ACTION PLAN/  
AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS



# Benton County School District

*Dr. Regina Biggers, Superintendent*

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## AUDITEE'S CORRECTIVE ACTION PLAN

As required by the Uniform Guidance, The Benton County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2024:

Finding	Corrective Action Plan Details
<b>2024-001</b>	<p>Payroll Testing and internal controls.</p> <p>A. Name of contact person responsible for corrective action: Name: Dr. Regina Biggers Title: Superintendent</p> <p>B. Corrective action planned:  The District will strengthen internal controls to ensure all employees are properly approved and documented in the board minutes, including all salary scales.</p> <p>C. Anticipated completion date:  Immediately</p>



# Benton County School District

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## AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by Uniform Guidance, the Benton County School District has prepared and hereby submits the following summary of prior year audit findings as of June 30, 2024:

<u>Findings</u>	<u>Status</u>
2023-001	Corrected
2023-002	Corrected
2023-003	Not Corrected; See Finding 2024-001
2023-004	Corrected