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NETTLETON SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2024

NETTLETON 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	50
Budgetary Comparison Schedule – General Fund	51
Budgetary Comparison Schedule – ESSER III Fund	52
Schedule of the District's Proportionate Share of the Net Pension Liability	53
Schedule of the District Contributions (PERS)	54
Schedule of the District's Proportionate Share of the Net OPEB Liability	55
Schedule of the District Contributions (OPEB)	56
Notes to the Required Supplementary Information	57
SUPPLEMENTARY INFORMATION	62
Schedule of Expenditures of Federal Awards	63
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	65
OTHER INFORMATION	66
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	67
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	68
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	69
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>	70
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	72
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	74
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	79

INDEPENDENT AUDITOR'S REPORT



McKENZIE CPA, PLLC

346 Sundial Rd
Madison, MS 39110
(Phone) 601-670-5282 (Email) barrymckenzie@mckenziecpallc.com

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Nettleton 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 Nettleton School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Nettleton 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 Nettleton 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 Nettleton 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 Nettleton 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 Nettleton 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 Nettleton 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 Nettleton 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 January 15, 2026, on our consideration of the Nettleton 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 Nettleton 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 Nettleton School District’s internal control over financial reporting and compliance.

McKenzie CPA, PLLC
Madison, Mississippi
January 15, 2026



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Nettleton 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 \$420,319, including an error correction of \$14,505, which represents a 9% decrease from fiscal year 2023. Total net position for 2023 increased \$1,305,649, including an error correction of \$10,450, which represents a 21% increase from fiscal year 2022.
- General revenues amounted to \$9,879,694 and \$9,913,403, or 70% and 67% 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 \$4,329,615, or 30% of total revenues for 2024, and \$4,817,970, or 33% of total revenues for 2023.
- The District had \$14,644,133 and \$13,436,174 in expenses for fiscal years 2024 and 2023; only \$4,329,615 for 2024 and \$4,817,970 for 2023 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$9,879,694 for 2024 were not adequate to provide for these programs. General revenues of \$9,913,403 for 2023 were adequate to provide for these programs.
- Among major funds, the General Fund had \$10,666,735 in revenues and \$9,945,587 in expenditures for 2024, and \$10,601,780 in revenues and \$9,788,662 in expenditures in 2023. The General Fund's fund balance increased by \$487,377 from 2023 to 2024, including an error correction of (\$139), and increased by \$927,868 from 2022 to 2023.
- Capital assets, including lease and SBITA assets, net of accumulated depreciation and amortization, increased by \$789,088 for 2024 and increased by \$754,650 for 2023. The increase for 2024 was due primarily to the addition of building improvements, mobile equipment, and furniture and equipment.
- Long-term debt, including lease and SBITA liabilities, increased by \$661,244 for 2024 and decreased by \$75,016 for 2023. The increase for 2024 was due primarily to the issuance of shortfall notes and other loans payable during the fiscal year. The liability for compensated absences increased by \$3,463 for 2024 and increased by \$4,182 for 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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. The funds of the District are currently reported as governmental funds.

Governmental funds – 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.

NETTLETON 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 \$5,276,859 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.

NETTLETON 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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Percentage Change</u>
Current assets	\$ 8,968,282	\$ 9,371,373	(4.30) %
Restricted assets	1,643,969	909,614	80.73 %
Capital assets, net	6,810,409	6,021,321	13.10 %
Total assets	<u>17,422,660</u>	<u>16,302,308</u>	6.87 %
Deferred outflows of resources	<u>5,677,126</u>	<u>3,123,790</u>	81.74 %
Current liabilities	585,070	1,377,667	(57.53) %
Long-term debt outstanding	3,942,464	3,248,672	21.36 %
Lease liability	-	6,606	(100.00) %
SBITA liability	2,921	28,863	(89.88) %
Net OPEB liability	745,579	652,946	14.19 %
Net pension liability	22,602,988	18,253,571	23.83 %
Total liabilities	<u>27,879,022</u>	<u>23,568,325</u>	18.29 %
Deferred inflows of resources	<u>497,623</u>	<u>714,313</u>	(30.34) %
Net position:			
Net investment in capital assets	3,847,646	2,965,955	29.73 %
Restricted	1,645,300	1,613,794	1.95 %
Unrestricted	(10,769,805)	(9,436,289)	(14.13) %
Total net position	<u>\$ (5,276,859)</u>	<u>\$ (4,856,540)</u>	(8.65) %

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)	\$ (10,769,805)
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	18,169,064
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 7,399,259</u>

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

- Increase in net capital assets in the amount of \$789,088, including lease and SBITA assets.
- The principal retirement of \$223,510 of long-term debt, including lease and SBITA liabilities.
- The issuing of notes and loans payable totaling \$881,291.

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

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2024 and June 30, 2023 were \$14,209,309 and \$14,731,373, respectively. The total cost of all programs and services was \$14,644,133 for 2024 and \$13,436,174 for 2023.

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**

	<u>Year Ended June 30, 2024</u>	<u>Year Ended June 30, 2023</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 292,411	\$ 374,671	(21.96) %
Operating grants and contributions	4,037,204	4,443,299	(9.14) %
General revenues:			
Property taxes	2,426,770	2,350,342	3.25 %
Grants and contributions not restricted	7,039,216	7,458,768	(5.62) %
Investment earnings	378,536	83,253	354.68 %
Other	35,172	21,040	67.17 %
Total revenues	<u>14,209,309</u>	<u>14,731,373</u>	(3.54) %
Expenses:			
Instruction	5,662,154	6,123,462	(7.53) %
Support services	5,126,463	4,691,948	9.26 %
Non-instructional	796,736	828,870	(3.88) %
Pension expense	2,992,505	1,764,566	69.59 %
OPEB expense	(50,746)	(89,137)	43.07 %
Interest on long-term liabilities	117,021	116,465	0.48 %
Total expenses	<u>14,644,133</u>	<u>13,436,174</u>	8.99 %
Increase (Decrease) in net position	<u>(434,824)</u>	<u>1,295,199</u>	(133.57) %
Net Position, July 1, as previously reported	<u>(4,856,540)</u>	<u>(6,162,189)</u>	21.19 %
Error correction	<u>14,505</u>	<u>10,450</u>	38.80 %
Net Position, July 1, as restated	<u>(4,842,035)</u>	<u>(6,151,739)</u>	21.29 %
Net Position, June 30	<u>\$ (5,276,859)</u>	<u>\$ (4,856,540)</u>	(8.65) %

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.

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

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.

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2024	2023	
Instruction	\$ 5,662,154	\$ 6,123,462	(7.53) %
Support services	5,126,463	4,691,948	9.26 %
Non-instructional	796,736	828,870	(3.88) %
Pension Expense	2,992,505	1,764,566	69.59 %
OPEB Expense	(50,746)	(89,137)	43.07 %
Interest on long-term liabilities	117,021	116,465	0.48 %
Total expenses	\$ 14,644,133	\$ 13,436,174	8.99 %
	Net (Expense) Revenue		
	2024	2023	Percentage Change
Instruction	\$ (4,174,067)	\$ (4,440,712)	6.00 %
Support services	(3,397,219)	(2,474,685)	(37.28) %
Non-instructional	315,548	89,087	254.20 %
Pension Expense	(2,992,505)	(1,764,566)	(69.59) %
OPEB Expense	50,746	89,137	(43.07) %
Interest on long-term liabilities	(117,021)	(116,465)	(0.48) %
Total net (expense) revenue	\$ (10,314,518)	\$ (8,618,204)	(19.68) %

- Net cost of governmental activities (\$10,314,518 for 2024 and \$8,618,204 for 2023) was financed by general revenue, which is primarily made up of property taxes (\$2,426,770 for 2024 and \$2,350,342 for 2023) and state and federal revenues (\$7,039,216 for 2024 and \$7,458,768 for 2023).
- Investment earnings amounted to \$378,536 for 2024 and \$83,253 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.

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

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 \$10,101,991, an increase of \$1,124,765, which includes an error correction of (\$139) and a decrease in inventory of \$20,952. \$4,250,263, or 42% 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 \$5,851,728, or 58% is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$487,377, which includes an error correction of (\$139). The fund balance of Other Governmental Funds showed an increase in the amount of \$637,388, which includes a decrease in inventory of \$20,952. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ESSER III Fund	no increase or decrease

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. Budget revisions during the year were routine in nature and were insignificant when compared with total revenues and expenditures of the District.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and each 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 \$13,095,851, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and SBITA assets. This amount represents an increase of \$1,020,595 from 2023. Total accumulated depreciation and amortization as of June 30, 2024, was \$6,285,442, and total depreciation and amortization expense for the year was \$507,808, resulting in total net capital assets of \$6,810,409.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Percentage Change</u>
Land	\$ 256,610	\$ 256,610	0.00 %
Construction in Progress	-	773,123	(100.00) %
Buildings	934,470	956,778	(2.33) %
Building improvements	4,124,264	2,601,532	58.53 %
Improvements other than buildings	552,903	585,115	(5.51) %
Mobile equipment	738,463	617,664	19.56 %
Furniture and equipment	195,422	190,284	2.70 %
Lease assets	-	7,170	(100.00) %
Subscription IT assets	8,277	33,045	(74.95) %
Total	\$ 6,810,409	\$ 6,021,321	13.10 %

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

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

of the result upon the affected funds, restatement to the individual impacted line items of the prior periods were not made to this schedule.

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

Debt Administration. At June 30, 2024, the District had \$3,945,385 in outstanding long-term debt, including SBITA liabilities, of which \$292,953 is due within one year. During the fiscal year, the District made principal payments totaling \$223,510 on outstanding long-term debt. Notes and loans payable totaling \$881,291 were issued during the fiscal year. The liability for compensated absences increased \$3,463 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 575,000	\$ 600,000	(4.17) %
Shortfall notes payable	109,792	78,336	40.16 %
Obligations under energy efficiency loans	1,384,842	1,519,069	(8.84) %
Qualified school construction bonds payable	1,000,000	1,000,000	0.00 %
Other loans payable	818,100	-	N/A %
Obligations under lease liabilities	-	6,606	(100.00) %
Obligations under SBITA liabilities	2,921	28,863	(89.88) %
Compensated absences payable	54,730	51,267	6.75 %
Total	<u>\$ 3,945,385</u>	<u>\$ 3,284,141</u>	20.13 %

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 Nettleton 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 financial controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

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 Nettleton School District, P.O. Drawer 409, Nettleton, MS 38858.

FINANCIAL STATEMENTS

NETTLETON SCHOOL DISTRICT

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 5,802,706
Investments	2,697,676
Due from other governments	431,952
Accrued interest receivable	19,417
Inventories	16,531
Restricted assets	1,643,969
Capital assets, non-depreciable:	
Land	256,610
Capital assets, net of accumulated depreciation/amortization:	
Buildings	934,470
Building improvements	4,124,264
Improvements other than buildings	552,903
Mobile equipment	738,463
Furniture and equipment	195,422
Subscription IT assets	8,277
Total Assets	17,422,660
 Deferred Outflows of Resources	
Deferred outflows - pensions	5,434,506
Deferred outflows - OPEB	242,620
Total Deferred Outflows of Resources	5,677,126
 Liabilities	
Accounts payable and accrued liabilities	510,260
Interest payable on long-term liabilities	74,810
Long-term liabilities, due within one year:	
Capital related liabilities	162,878
Non-capital related liabilities	127,154
SBITA liabilities	2,921
Net OPEB liability	30,345
Long-term liabilities, due beyond one year:	
Capital related liabilities	2,796,964
Non-capital related liabilities	855,468
Net pension liability	22,602,988
Net OPEB liability	715,234
Total Liabilities	27,879,022
 Deferred Inflows of Resources	
Deferred inflows - pensions	218,501
Deferred inflows - OPEB	279,122
Total Deferred Inflows of Resources	497,623
 Net Position	
Net investment in capital assets	3,847,646
Restricted for:	
Expendable:	
School-based activities	484,241
Debt service	1,144,536
Unemployment benefits	16,523
Unrestricted	(10,769,805)
Total Net Position	\$ (5,276,859)

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

NETTLETON 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		
Governmental Activities:						
Instruction	\$ 5,662,154	\$ 162,450	\$ 1,325,637	\$ -		\$ (4,174,067)
Support services	5,126,463	-	1,729,244	-		(3,397,219)
Non-instructional	796,736	129,961	982,323	-		315,548
Pension expense	2,992,505	-	-	-		(2,992,505)
OPEB expense	(50,746)	-	-	-		50,746
Interest on long-term liabilities	117,021	-	-	-		(117,021)
Total Governmental Activities	\$ 14,644,133	\$ 292,411	\$ 4,037,204	\$ -		\$ (10,314,518)

General Revenues:

Taxes:		
General purpose levies		2,260,752
Debt purpose levies		166,018
Unrestricted grants and contributions:		
State		6,924,660
Federal		114,556
Unrestricted investment earnings		378,536
Other		35,172
Total General Revenues		9,879,694
Change in Net Position		(434,824)
Net Position - Beginning, as previously reported		(4,856,540)
Error corrections		14,505
Net Position - Beginning, as restated		(4,842,035)
Net Position - Ending		\$ (5,276,859)

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

NETTLETON SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2024

Exhibit C

	Major Funds			Total Governmental Funds
	General Fund	ESSER III Fund	Other Governmental Funds	
Assets				
Cash and cash equivalents	\$ 5,066,908	\$ -	\$ 1,496,923	\$ 6,563,831
Cash with fiscal agents	-	-	217,344	217,344
Investments	2,697,676	-	665,500	3,363,176
Due from other governments	138,191	81,656	212,105	431,952
Accrued interest receivable	13,024	-	6,393	19,417
Due from other funds	272,192	-	15,218	287,410
Inventories	-	-	16,531	16,531
Total Assets	\$ 8,187,991	\$ 81,656	\$ 2,630,014	\$ 10,899,661
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 510,260	\$ -	\$ -	\$ 510,260
Due to other funds	-	81,656	205,754	287,410
Total Liabilities	510,260	81,656	205,754	797,670
 Fund Balances:				
Nonspendable:				
Inventory	-	-	16,531	16,531
Restricted:				
Debt service	-	-	1,219,346	1,219,346
Capital projects	-	-	704,150	704,150
Grant activities	-	-	467,710	467,710
Unemployment benefits	-	-	16,523	16,523
Assigned:				
School based activities	1,897	-	-	1,897
Activity funds	148,758	-	-	148,758
Improvements, renovations and special projects	3,276,813	-	-	3,276,813
Unassigned	4,250,263	-	-	4,250,263
Total Fund Balances	7,677,731	-	2,424,260	10,101,991
Total Liabilities and Fund Balances	\$ 8,187,991	\$ 81,656	\$ 2,630,014	\$ 10,899,661

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

**NETTLETON 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 \$ 10,101,991

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	\$	256,610	
Buildings		3,247,910	
Building improvements		6,029,011	
Improvements other than buildings		831,686	
Mobile equipment		1,967,499	
Furniture and equipment		706,554	
Subscription-based IT assets, net		8,277	
Accumulated depreciation		<u>(6,237,138)</u>	6,810,409

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 (22,602,988)

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		5,434,506	
Deferred inflows of resources related to pensions		<u>(218,501)</u>	(17,386,983)

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 (745,579)

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		242,620	
Deferred inflows of resources related to OPEB		<u>(279,122)</u>	(782,081)

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		(1,000,000)	
Notes payable		(684,792)	
Energy efficiency loans		(1,384,842)	
Other loans payable		(818,100)	
Subscription IT liabilities		(2,921)	
Compensated absences		(54,730)	
Accrued interest payable		<u>(74,810)</u>	(4,020,195)

Net Position of governmental activities \$ (5,276,859)

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

NETTLETON SCHOOL DISTRICT
Governmental Funds

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

Exhibit D

	Major Funds			Total Governmental Funds
	General Fund	ESSER III Fund	Other Governmental Funds	
Revenues:				
Local sources	\$ 2,749,031	\$ -	\$ 383,859	\$ 3,132,890
State sources	7,854,823	-	184,530	8,039,353
Federal sources	62,881	900,734	2,073,451	3,037,066
Total Revenues	10,666,735	900,734	2,641,840	14,209,309
Expenditures:				
Instruction	5,620,254	-	893,575	6,513,829
Support services	4,309,283	178,168	763,784	5,251,235
Noninstructional services	-	-	857,817	857,817
Facilities acquisition and construction	-	707,348	280,542	987,890
Debt service:				
Principal	15,461	14,336	193,713	223,510
Interest	589	882	112,620	114,091
Other	-	-	2,026	2,026
Total Expenditures	9,945,587	900,734	3,104,077	13,950,398
Excess (Deficiency) of Revenues over (under) Expenditures	721,148	-	(462,237)	258,911
Other Financing Sources (Uses):				
Loans and notes issued	57,380	-	823,911	881,291
Payments held by escrow agent	-	-	49,875	49,875
Payment to QSCB debt escrow agent	-	-	(49,875)	(49,875)
Sale of transportation equipment	5,654	-	-	5,654
Operating transfers in	142,361	-	651,363	793,724
Operating transfers out	(439,027)	-	(354,697)	(793,724)
Total Other Financing Sources (Uses)	(233,632)	-	1,120,577	886,945
Net Change in Fund Balances	487,516	-	658,340	1,145,856
Fund Balances:				
July 1, 2023, as previously reported	7,190,354	-	1,786,872	8,977,226
Error corrections	(139)	-	-	(139)
July 1, 2023, as restated	7,190,215	-	1,786,872	8,977,087
Increase (Decrease) in inventory	-	-	(20,952)	(20,952)
June 30, 2024	\$ 7,677,731	\$ -	\$ 2,424,260	\$ 10,101,991

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

NETTLETON 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 **\$ 1,145,856**

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	\$ 1,322,923	
Depreciation and amortization expense	<u>(507,808)</u>	815,115
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.		(40,671)
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:		
Loans and notes issued	(881,291)	
Payments of debt principal	223,510	
Accrued interest payable	<u>(904)</u>	(658,685)
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	(2,992,505)	
Contributions subsequent to the measurement date	<u>1,238,002</u>	(1,754,503)
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	50,746	
Contributions subsequent to the measurement date	<u>31,733</u>	82,479
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	(3,463)	
Change in inventory	<u>(20,952)</u>	(24,415)
Change in Net Position of governmental activities		<u><u>\$ (434,824)</u></u>

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 an "other stand-alone government." The school district is a related organization of, but not a component unit of, the City of Nettleton since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Nettleton 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

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

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

The school district reports the following major governmental funds:

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

ESSER III Fund - This is a special revenue fund that accounts for the revenues and expenditures associated with the Elementary and Secondary School Emergency Relief (ESSER) federal award program.

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.

NETTLETON 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 two counties 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 are 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 not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired. Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. Also, resources resulting from unspent proceeds of long-term debt are classified as restricted assets.

6. Capital Assets

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

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

activities column in the government-wide financial statements.

Depreciation is calculated on the straight-line basis for all assets, except land. The following schedule details the capitalization thresholds:

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

(**) The estimated useful life is the term of the lease or subscription agreement. There is no mandated maximum amortization period.

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. The deferred outflows are directly related to pension reporting and OPEB reporting.

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

See Note 8 and Note 9 for further details.

8. Compensated Absences

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

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

9. Leases

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

The school district uses its estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known. See Note 6 for more information regarding leases.

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.

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

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

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 approval of the commitment spread upon the School Board's 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 Superintendent and the Business Manager pursuant to authorization established by the District's approved fund balance policy.

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

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

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 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.

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

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 \$9,261,507, which includes \$2,697,676 of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2024, none of the district's bank balance of \$6,833,024 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$217,344.

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Treasury SLGS Deposit	AAA	1 to 5 years	\$ 665,500
Certificates of deposit	N/A	1 to 5 years	<u>2,697,676</u>
Total			<u>\$ 3,363,176</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:

- U.S. Treasury SLGS Deposits of \$665,500 are valued using quoted market prices (Level 1 inputs)
- Certificates of deposit of \$2,697,676 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.

NETTLETON 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	\$ 81,656
	Other governmental funds	190,536
Other governmental funds	Other governmental funds	<u>15,218</u>
Total		<u>\$ 287,410</u>

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

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 439,027
Other governmental funds	General Fund	142,361
Other governmental funds	Other governmental funds	<u>212,336</u>
Total		<u>\$ 793,724</u>

The primary purpose of the inter-fund transfers was to provide funds for daily operations and to report indirect costs from governmental funds to the General Fund. All inter-fund transfers were routine and consistent with the activities of the fund making the transfer.

Note 4 – Restricted Assets

The restricted assets represent the cash with fiscal agent and investment balance, totaling \$217,344 and \$665,500, respectively, of the QSCB Bond Retirement Fund. Cash and cash equivalents in the amount of \$761,125 resulting from the unspent proceeds of long-term debt are also reported as restricted assets.

NETTLETON 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	Adjustments	Completed Construction	Balance 6/30/2024
Governmental Activities:						
<u>Non-depreciable capital assets:</u>						
Land	\$ 256,610	\$ -	\$ -	-	-	\$ 256,610
Construction-in-progress	773,123	987,890	-	-	(1,761,013)	-
Total non-depreciable capital assets	<u>1,029,733</u>	<u>987,890</u>	<u>-</u>	<u>-</u>	<u>(1,761,013)</u>	<u>256,610</u>
<u>Depreciable capital assets:</u>						
Buildings	3,247,910	-	-	-	-	3,247,910
Building improvements	4,267,998	-	-	-	1,761,013	6,029,011
Improvements other than buildings	831,686	-	-	-	-	831,686
Mobile equipment	1,978,809	247,475	405,224	146,439	-	1,967,499
Furniture and equipment	633,860	87,558	14,864	-	-	706,554
Total depreciable capital assets	<u>10,960,263</u>	<u>335,033</u>	<u>420,088</u>	<u>146,439</u>	<u>1,761,013</u>	<u>12,782,660</u>
<u>Less accumulated depreciation for:</u>						
Buildings	2,291,132	22,308	-	-	-	2,313,440
Building improvements	1,666,466	238,281	-	-	-	1,904,747
Improvements other than buildings	246,571	32,212	-	-	-	278,783
Mobile equipment	1,361,145	100,798	364,702	131,795	-	1,229,036
Furniture and equipment	443,576	82,271	14,715	-	-	511,132
Total accumulated depreciation	<u>6,008,890</u>	<u>475,870</u>	<u>379,417</u>	<u>131,795</u>	<u>-</u>	<u>6,237,138</u>
Total depreciable capital assets, net	<u>4,951,373</u>	<u>(140,837)</u>	<u>40,671</u>	<u>14,644</u>	<u>1,761,013</u>	<u>6,545,522</u>
Governmental activities capital assets, net	<u>\$ 5,981,106</u>	<u>\$ 847,053</u>	<u>\$ 40,671</u>	<u>\$ 14,644</u>	<u>-</u>	<u>\$ 6,802,132</u>
Total capital assets, net						6,802,132
Lease and Subscription IT assets, net (Note 6)						<u>8,277</u>
Total capital assets, net as reported in the statement of net position						<u>\$ 6,810,409</u>

Adjustments were necessary to correct balances of a prior period.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 30,039
Support services	431,663
Non-instructional	14,168
Total depreciation expense - Governmental activities	<u>\$ 475,870</u>

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

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	\$ 28,679	-	28,679	-
Total Lease Assets	28,679	-	28,679	-
<u>Less Accumulated Amortization:</u>				
Lease assets:				
Furniture & Equipment	21,509	7,170	28,679	-
Total Accumulated Amortization	21,509	7,170	28,679	-
Total Lease Assets, net	7,170	(7,170)	-	-
Subscription IT Assets:	56,581	-	-	56,581
Less accumulated amortization	23,536	24,768	-	48,304
Subscription IT Assets, Net	33,045	(24,768)	-	8,277
Total lease and subscription IT assets, net	\$ 40,215	(31,938)	-	8,277

Amortization expense was charged to the following governmental functions:

Governmental Activities:	<u>Amount</u>
Instruction	\$ 7,170
Support services	24,768
Total amortization expense	\$ 31,938

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

	Balance 7/1/2023	Additions	Retirements	Adjustments	Balance 6/30/2024	Amounts due within one year
Lease Liabilities	\$ 6,606	-	6,606	-	-	-
Subscription IT Liabilities	28,863	-	25,942	-	2,921	2,921
Total	\$ 35,469	-	32,548	-	2,921	2,921

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

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

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 purchase 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	2.00%	7/1/2021	2/28/2024	\$ 28,679	\$ -
Total				<u>\$ 28,679</u>	<u>\$ -</u>

The copier lease was paid off during the 2024 fiscal year.

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 three (3) subscription IT arrangements.

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

Details of the subscription obligations are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Apptegy - District Webpage	6.15%	07/01/22	01/31/25	\$ 18,255	\$ -
2. Instructure - Learning Management System	6.15%	08/01/22	07/30/24	29,554	-
3. SPED Track	6.15%	07/01/22	06/30/25	8,772	2,921
Total				<u>\$ 56,581</u>	<u>\$ 2,921</u>

Note: Issue date for Apptegy reflects GASB 96 implementation date.

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

SBITAs			
Year Ending June 30	Principal	Interest	Total
2025	\$ 2,921	179	3,100
Total	<u>\$ 2,921</u>	<u>179</u>	<u>3,100</u>

NETTLETON 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. Three mill notes payable	\$ 600,000	\$	25,000	\$ 575,000	\$ 25,000
B. Shortfall notes payable	78,336	63,191	31,735	109,792	42,607
C. Energy efficiency loans	1,519,069	-	134,227	1,384,842	137,878
D. Qualified school construction bonds payable	1,000,000	-	-	1,000,000	-
E. Other loans payable		818,100		818,100	81,810
F. Compensated absences payable	51,267	3,463	-	54,730	2,737
Total	\$ 3,248,672	\$ 884,754	\$ 190,962	\$ 3,942,464	\$ 290,032

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, 2021	2.130%	5/1/2021	5/1/2031	\$ 650,000	\$ 575,000
Total				\$ 650,000	\$ 575,000

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

Year Ending June 30	Principal	Interest	Total
2025	\$ 25,000	\$ 12,247	\$ 37,247
2026	85,000	11,715	96,715
2027	90,000	30,033	120,033
2028	90,000	7,988	97,988
2029	95,000	6,070	101,070
2030-2031	190,000	6,071	196,071
Total	\$ 575,000	\$ 74,124	\$ 649,124

This debt will be retired from the Three Mill Note 2021 Fund (Debt Service Fund).

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

B. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Shortfall note, Series 2023	6.22%	8/15/2023	8/15/2026	\$ 63,191	\$ 63,191
2. Shortfall note, Series 2022	4.30%	8/30/2022	8/30/2025	68,455	46,601
3. Shortfall note, Series 2020	1.90%	8/14/2020	8/14/2023	29,093	-
Total				<u>\$ 160,739</u>	<u>\$ 109,792</u>

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

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

1. Shortfall notes payable issue of 8/15/2023.

Year Ending June 30	Principal	Interest	Total
2025	\$ 19,806	\$ 3,930	\$ 23,736
2026	21,038	2,699	23,737
2027	22,347	1,390	23,737
Total	<u>\$ 63,191</u>	<u>\$ 8,019</u>	<u>\$ 71,210</u>

This debt will be retired from the Shortfall Debt Service Fund (Debt Service Fund).

2. Shortfall notes payable issue of 8/30/2022.

Year Ending June 30	Principal	Interest	Total
2025	\$ 22,801	\$ 2,037	\$ 24,838
2026	23,800	1,038	24,838
Total	<u>\$ 46,601</u>	<u>\$ 3,075</u>	<u>\$ 49,676</u>

This debt will be retired from the Shortfall Debt Service Fund (Debt Service Fund).

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

3. Shortfall notes payable issue of 8/14/2020.

The 8/14/2020 Shortfall issue was paid off in the 2024 fiscal year.

Total shortfall notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2025	\$ 42,607	\$ 5,967	\$ 48,574
2026	44,838	3,737	48,575
2027	22,347	1,390	23,737
Total	\$ 109,792	\$ 11,094	\$ 120,886

C. Energy efficiency loan

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy efficiency loan	2.72%	2/1/2017	2/1/2033	\$ 2,253,000	\$ 1,384,842
Total				\$ 2,253,000	\$ 1,384,842

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

Year Ending June 30	Principal	Interest	Total
2025	\$ 137,878	\$ 37,668	175,546
2026	141,628	33,918	175,546
2027	145,481	30,065	175,546
2028	149,438	26,108	175,546
2029	153,503	22,043	175,546
2030 – 2033	656,914	45,269	702,183
Total	\$ 1,384,842	\$ 195,071	\$ 1,579,913

This debt will be retired from the District Maintenance Fund (General Fund). An energy efficiency loan agreement dated February 1, 2017, was executed by and between the district and U.S. Bancorp Government Leasing and Finance, Inc.

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

The agreement authorized the borrowing of \$2,253,000 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments shall be made from the District Maintenance Fund and not exceed twenty (20) years.

The district entered into this energy efficiency loan agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to the bank, the district has the option of repaying the total amount due as set forth by the agreement.

D. Qualified school construction bonds payable

As more fully explained in Note 13, 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
Qualified school construction bonds, Series 2010	5.50%	12/7/2010	8/1/2025	\$ 1,000,000	\$ 1,000,000
Total				<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

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

Year Ending June 30	Principal	Interest	Total
2025	-	55,000	55,000
2026	1,000,000	55,000	1,055,000
Total	<u>\$ 1,000,000</u>	<u>\$ 110,000</u>	<u>\$ 1,110,000</u>

This debt will be retired from the QSCB Sinking Fund (Debt Service Fund).

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

E. Other loans payable

The school district has issued debt instruments granted under the authority of the Mississippi Department of Education Educational Facilities Revolving Loan Fund Program. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Other loans payable					
EFRL	0.00%	07-01-23	05-31-34	\$ 818,100	\$ 818,100

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

Year Ending June 30,	Principal
2025	\$ 81,810
2026	81,810
2027	81,810
2028	81,810
2029	81,810
2030-2034	<u>409,050</u>
Total	<u>\$ 818,100</u>

This debt will be retired from the District Maintenance Fund.

F. 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 Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at www.pers.ms.gov.

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 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 \$1,238,002, \$1,159,133 and \$1,062,276, 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 \$22,602,988 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 0.089868 percent, which was based on a measurement date of June 30, 2023. This was an increase of 0.001188 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.

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

For the year ended June 30, 2024, the District recognized pension expense of \$2,992,505. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 565,426	\$
Net difference between projected and actual earnings on pension plan investments	971,315	
Changes of assumptions	2,659,763	
Changes in proportion and differences between District contributions and proportionate share of contributions		218,501
District contributions subsequent to the measurement date	1,238,002	
Total	\$ 5,434,506	\$ 218,501

\$1,238,002 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	\$	1,423,653
2026		876,561
2027		1,671,068
2028		6,721
Total	\$	3,978,003

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

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

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:

<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	\$ 29,147,127	\$ 22,602,988	\$ 17,232,796

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 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 \$31,733 for the year ended June 30, 2024.

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
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 \$745,579 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 0.13473298 percent. This was an increase of 0.00220461 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 (\$50,746). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,215	\$ 210,496
Changes of assumptions	66,607	56,089
Net difference between projected and actual earnings on OPEB plan investments	46	
Changes in proportion and differences between District contributions and proportionate share of contributions	22,019	12,537
District contributions subsequent to the measurement date	31,733	
Total	\$ <u>242,620</u>	\$ <u>279,122</u>

\$31,733 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	\$ (27,595)
2026	(33,364)
2027	(24,028)
2028	(3,790)
2029	11,714
2030	<u>8,828</u>
Total	\$ (68,235)

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

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.

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.

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

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	\$ 816,666	\$ 745,579	\$ 683,945

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	\$ 694,717	\$ 745,579	\$ 802,544

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

NETTLETON 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

The district made error corrections to a previous period to correctly reclassify the expenditure of an asset between the general and governmental activities. The district also made correction to depreciation calculations and rounding correction in the pension liability.

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:

	Governmental Funds		
	General Fund	Total Governmental Funds	Governmental Activities
July 1, 2023 , as previously reported	\$ 7,190,354	\$ 8,977,226	\$ (4,856,540)
Correction of Errors in Previously Issued 2023 Financial Statements:			
Error Correction: error in recording revenue or expenditures	(139)	(139)	(139)
Error Correction: Correction of prior CIP and equipment amounts, and amortization			14,644
July 1, 2023, as restated	\$ 7,190,215	\$ 8,977,087	\$ (4,842,035)

Note 11 – 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 12 – 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. 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.

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 13 – 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 \$51,675

The school district makes equal annual payments into a sinking fund which is used to pay off 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 \$882,844. 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	67,000
2026	67,000
Total	<u>\$ 134,000</u>

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position (deficit) amount of (\$10,769,805) 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 pensions in the amount of \$1,238,002 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The \$4,196,504 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.

The unrestricted net position (deficit) amount of (\$10,769,805) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$218,501 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.

NETTLETON SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2024

The unrestricted net position (deficit) amount of (\$10,769,805) 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 \$31,733 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. The \$210,887 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 (deficit) amount of (\$10,769,805) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$279,122 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 – Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated November 13, 2015 creating the Monroe County School District Career and Technical Educational Center. The consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Nettleton School District, the Aberdeen School District, and the Monroe County School District. Section 37-31-73, Miss. Code Ann.(1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students. The Monroe County School District has been designated as the fiscal agent for the Monroe County School District Career and Technical Educational Center, and the operations of the consortium are included in its financial statements.

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 Nettleton School District evaluated the activity of the district through January 15, 2026, (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

1. On August 20, 2024 the school board approved of a \$31,047 shortfall note that will mature in three years. The note will have an interest rate of 6.09%.

REQUIRED SUPPLEMENTARY INFORMATION

NETTLETON SCHOOL DISTRICT
Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Original	Final
	Original	Final	(GAAP Basis)	to Final	to Actual
Revenues:					
Local sources	\$ 2,692,683	\$ 2,749,031	\$ 2,749,031	\$ 56,348	\$ -
State sources	7,844,975	7,854,823	7,854,823	9,848	-
Federal sources	51,950	62,881	62,881	10,931	-
Total Revenues	10,589,608	10,666,735	10,666,735	77,127	-
Expenditures:					
Instruction	6,062,776	5,620,254	5,620,254	442,522	-
Support services	4,839,361	4,299,458	4,309,283	539,903	(9,825)
Facilities acquisition and construction	-	25,875	-	(25,875)	25,875
Debt service:					
Principal	-	-	15,461	-	(15,461)
Interest	-	-	589	-	(589)
Total Expenditures	10,902,137	9,945,587	9,945,587	956,550	-
Excess (Deficiency) of Revenues over (under) Expenditures	(312,529)	721,148	721,148	1,033,677	-
Other Financing Sources (Uses):					
Loans and notes issued	-	57,380	57,380	57,380	-
Sale of transportation equipment	-	5,654	5,654	5,654	-
Operating transfers in	1,258,526	1,239,388	142,361	(19,138)	(1,097,027)
Operating transfers out	(1,627,324)	(1,536,054)	(439,027)	91,270	1,097,027
Total Other Financing Sources (Uses)	(368,798)	(233,632)	(233,632)	135,166	-
Net Change in Fund Balances	(681,327)	487,516	487,516	1,168,843	-
Fund Balances:					
July 1, 2023, as previously reported	6,429,154	7,190,354	7,190,354	761,200	-
Error corrections	-	(139)	(139)	(139)	-
July 1, 2023, as restated	6,429,154	7,190,215	7,190,215	761,061	-
June 30, 2024	\$ 5,747,827	\$ 7,677,731	\$ 7,677,731	\$ 1,929,904	\$ -

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

NETTLETON SCHOOL DISTRICT
Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,022,191	\$ 1,022,191	\$ 900,734	\$ -	\$ (121,457)
Total Revenues	1,022,191	1,022,191	900,734	-	(121,457)
Expenditures:					
Instruction	27,148	95,775	-	(68,627)	95,775
Support services	194,123	219,068	178,168	(24,945)	40,900
Facilities acquisition and construction	800,920	707,348	707,348	93,572	-
Debt service:					
Principal	-	-	14,336	-	(14,336)
Interest	-	-	882	-	(882)
Total Expenditures	1,022,191	1,022,191	900,734	-	121,457
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
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.

**NETTLETON SCHOOL DISTRICT
Required Supplementary Information**

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.089868%	0.088680%	0.091593%	0.091838%	0.095280%	0.085827%	0.095845%	0.098154%	0.101637%	0.103559%
District's proportionate share of the net pension liability	\$ 22,602,988	\$ 18,253,571	\$ 13,537,846	\$ 17,778,770	\$ 15,925,661	\$ 14,275,580	\$ 15,932,692	\$ 17,532,755	\$ 15,711,076	\$ 12,570,166
District's covered payroll	6,661,684	6,105,034	6,090,023	6,115,293	5,895,816	5,480,902	6,148,540	6,279,117	6,349,702	6,328,013
District's proportionate share of the net pension liability as a percentage of its covered payroll	339.30%	298.99%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	198.64%
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 Statement No. 68 was implemented in FYE 6/30/15, and the District has compiled a full 10-year trend.

**NETTLETON SCHOOL DISTRICT
Required Supplementary Information**

**Schedule of District Contributions
PERS
Last 10 Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,238,002	\$ 1,159,133	\$ 1,062,276	\$ 1,059,664	\$ 1,064,061	\$ 928,591	\$ 863,242	\$ 968,395	\$ 988,961	\$ 1,000,078
Contributions in relation to the contractually required contribution	1,238,002	1,159,133	1,062,276	1,059,664	1,064,061	928,591	863,242	968,395	988,961	1,000,078
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	7,114,954	6,661,684	6,105,034	6,090,023	6,115,293	5,895,816	5,480,902	6,148,540	6,279,117	6,349,702
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 Statement No. 68 was implemented in FYE 6/30/15, and the District has compiled a full 10-year trend.

NETTLETON SCHOOL DISTRICT
Required Supplementary Information

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

	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.13473298%	0.13252837%	0.13464409%	0.13417088%	0.13282668%	0.13073196%	0.13355371%
District's proportionate share of the net OPEB liability	\$ 745,579	\$ 652,946	\$ 866,680	\$ 1,044,128	\$ 1,127,089	\$ 1,011,277	\$ 1,047,874
District's covered - employee payroll	\$ 7,170,557	6,512,386	6,401,247	6,466,172	6,082,700	5,480,902	6,000,201
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%	18.45%	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.

NETTLETON SCHOOL DISTRICT
Required Supplementary Information

Schedule of District Contributions
OPEB
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution **	\$ 31,733	\$ 32,693	\$ 26,609	\$ 34,835	\$ 41,640	\$ 45,177	\$ 44,672
Contributions in relation to the actuarially determined contribution **	\$ 31,733	32,693	26,609	34,835	41,640	45,177	44,672
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered-employee payroll	\$ 7,114,954	\$ 6,661,684	\$ 6,105,034	\$ 6,090,023	\$ 6,755,943	\$ 6,450,178	\$ 5,480,902
Contributions as a percentage of covered-employee payroll	0.45%	0.49%	0.44%	0.57%	0.62%	0.70%	0.82%

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 the prior year audit reports.

** The amounts reflected above only deal with the Implicit Rate Subsidy as it relates to contributions

NETTLETON 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%.

NETTLETON 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%.

NETTLETON 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

NETTLETON SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2024

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

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

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

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

(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.

NETTLETON SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 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%
Initial health care cost trend rates	
Medicare Supplement Claims	7.00%
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

NETTLETON 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
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	245MS326N1099 \$	168,062
National School Lunch Program	10.555	245MS326N1099	854,735
Summer Food Service Program for Children	10.559	245MS326N1099	15,218
Total Child Nutrition Cluster			<u>1,038,015</u>
Total Passed-through Mississippi Department of Education			<u>1,038,015</u>
Total U.S. Department of Agriculture			<u>1,038,015</u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A220024	535,998
Career and Technical Education - Basic Grants to States	84.048	V048A220024	2,843
Rural Education	84.358	S358B220024	32,112
Supporting Effective Instruction State Grants	84.367	S367A220023	69,638
Student Support and Academic Enrichment Program	84.424	S424A220025	42,257
Subtotal			<u>682,848</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A220108	325,561
COVID-19 - IDEA, Part B ARP Grant	84.027X	H027X210108	5,500
Subtotal			<u>331,061</u>
Special Education - Preschool Grants	84.173	H173A220113	12,017
COVID-19 - IDEA, Preschool ARP Grant	84.173X	H173X210113	289
Subtotal			<u>12,306</u>
Total Special Education Cluster			<u>343,367</u>
COVID-19 Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	285,428
COVID -19 Elementary & Secondary School Emergency Relief Fund III ARP	84.425U	S425U210031	900,734
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			<u>1,186,162</u>
Total Passed-through Mississippi Department of Education			<u>2,212,377</u>
Total U.S. Department of Education			<u>2,212,377</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medicaid Cluster:			
Medical Assistance Program	93.778	2305MS5ADM	9,652
Total Medicaid Cluster			<u>9,652</u>
Total passed-through Mississippi Department of Education			<u>9,652</u>
Total U.S. Department of Health and Human Services			<u>9,652</u>
Total for All Federal Awards			<u>\$ 3,260,044</u>

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

NETTLETON 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 Nettleton 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 Nettleton School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Nettleton 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 Nettleton 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.

NETTLETON SCHOOL DISTRICT
Supplementary Information

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

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 9,310,086	6,866,184	709,430	763,642	970,830
Other	4,640,312	950,161	175,654	6,530	3,507,967
Total	<u>\$ 13,950,398</u>	<u>7,816,345</u>	<u>885,084</u>	<u>770,172</u>	<u>4,478,797</u>
Total number of students *	<u>1,022</u>				
Cost per student	<u>\$ 13,650</u>	<u>7,648</u>	<u>866</u>	<u>754</u>	<u>4,382</u>

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

NETTLETON SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
UNAUDITED

	2024	2023*	2022*	2021*
Revenues:				
Local sources	\$ 2,749,031	\$ 2,511,099	\$ 2,297,448	\$ 2,191,219
State sources	7,854,823	7,914,965	7,299,595	7,209,551
Federal sources	62,881	175,716	57,537	109,989
Total Revenues	<u>10,666,735</u>	<u>10,601,780</u>	<u>9,654,580</u>	<u>9,510,759</u>
Expenditures:				
Instruction	5,620,254	5,813,967	5,180,199	5,180,124
Support services	4,309,283	3,953,895	3,546,353	3,439,586
Facilities acquisition and construction			-	150,000
Debt service:				
Principal	15,461	20,547	10,926	-
Interest	589	253	474	-
Total Expenditures	<u>9,945,587</u>	<u>9,788,662</u>	<u>8,737,952</u>	<u>8,769,710</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>721,148</u>	<u>813,118</u>	<u>916,628</u>	<u>741,049</u>
Other Financing Sources (Uses):				
Bonds, loans, and notes issued	57,380	55,740	-	26,175
Insurance recovery		-	15,952	3,937
Sale of transportation equipment	5,654			
Operating transfers in	142,361	587,878	163,096	75,500
Operating transfers out	(439,027)	(528,868)	(439,610)	(438,936)
Total Other Financing Sources (Uses)	<u>(233,632)</u>	<u>114,750</u>	<u>(260,562)</u>	<u>(333,324)</u>
Net Change in Fund Balances	<u>487,516</u>	<u>927,868</u>	<u>656,066</u>	<u>407,725</u>
Fund Balances:				
Beginning of period, as previously reported	7,190,354	6,262,486	5,606,420	5,198,695
Accounting changes or error corrections	(139)	-	-	
Beginning of period, as restated	<u>7,190,215</u>	<u>6,262,486</u>	<u>5,606,420</u>	<u>5,198,695</u>
End of Period	<u>\$ 7,677,731</u>	<u>\$ 7,190,354</u>	<u>\$ 6,262,486</u>	<u>\$ 5,606,420</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

NETTLETON SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
UNAUDITED

	2024	2023*	2022*	2021*
Revenues:				
Local sources	\$ 3,132,890	\$ 2,829,306	\$ 2,491,967	\$ 2,422,060
State sources	8,039,353	8,134,655	7,484,045	7,401,207
Federal sources	3,037,066	3,767,412	2,793,832	2,608,173
Total Revenues	<u>14,209,309</u>	<u>14,731,373</u>	<u>12,769,844</u>	<u>12,431,440</u>
Expenditures:				
Instruction	6,513,829	6,947,673	6,212,155	6,601,154
Support services	5,251,235	4,925,891	4,460,124	4,196,594
Noninstructional services	857,817	912,810	772,648	662,864
Facilities acquisition and construction	987,890	778,765	443,479	232,694
Debt service:				
Principal	223,510	204,234	172,655	123,844
Interest	114,091	113,811	118,205	106,702
Other	2,026	1,868	1,682	1,520
Total Expenditures	<u>13,950,398</u>	<u>13,885,052</u>	<u>12,180,948</u>	<u>11,925,372</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>258,911</u>	<u>846,321</u>	<u>588,896</u>	<u>506,068</u>
Other Financing Sources (Uses):				
Bonds, loans, and notes issued	881,291	68,455		679,093
SBITA issued		38,326		
Insurance recovery			15,952	3,937
Payment held by escrow agent	49,875	46,497	61,443	52,328
Payment to QSCB debt escrow agent	(49,875)	(46,497)	(61,443)	(52,328)
Sale of transportation equipment	5,654			
Operating transfers in	793,724	1,300,406	749,723	627,774
Operating transfers out	(793,724)	(1,300,406)	(749,723)	(627,774)
Total Other Financing Sources (Uses)	<u>886,945</u>	<u>106,781</u>	<u>15,952</u>	<u>683,030</u>
Net Change in Fund Balances	<u>1,145,856</u>	<u>953,102</u>	<u>604,848</u>	<u>1,189,098</u>
Fund Balances:				
Beginning of period, as previously reported	8,977,226	8,016,854	7,400,405	6,244,908
Accounting changes or error corrections	(139)			
Beginning of period, as restated	<u>8,977,087</u>	<u>8,016,854</u>	<u>7,400,405</u>	<u>6,244,908</u>
Increase (Decrease) in inventory	<u>(20,952)</u>	<u>7,270</u>	<u>11,601</u>	<u>(33,601)</u>
End of Period	<u>\$ 10,101,991</u>	<u>\$ 8,977,226</u>	<u>\$ 8,016,854</u>	<u>\$ 7,400,405</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



McKENZIE CPA, PLLC

346 Sundial Rd
Madison, MS 39110
(Phone) 601-670-5282 (Email) barrymckenzie@mckenziecpapllc.com

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
Nettleton 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 Nettleton School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Nettleton School District's basic financial statements, and have issued our report thereon dated January 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nettleton 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 Nettleton School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Nettleton School District's internal control.

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

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

Report on Compliance and Other Matters

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

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.

McKenzie CPA, PLLC
Madison, Mississippi
January 15, 2026

A handwritten signature in blue ink that reads "McKenzie CPA, PLLC".



McKENZIE CPA, PLLC

346 Sundial Rd
Madison, MS 39110
(Phone) 601-670-5282 (Email) barrymckenzie@mckenziecpapllc.com

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
Nettleton School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Nettleton 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 Nettleton School District's major federal programs for the year ended June 30, 2024. The Nettleton 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 Nettleton 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 Nettleton 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 Nettleton 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 Nettleton 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 Nettleton 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 Nettleton 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 Nettleton 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 Nettleton 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 Nettleton 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.

McKenzie CPA, PLLC
Madison, Mississippi
January 15, 2026



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



McKENZIE CPA, PLLC

346 Sundial Rd
Madison, MS 39110
(Phone) 601-670-5282 (Email) barrymckenzie@mckenziecpallc.com

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

Superintendent and School Board
Nettleton School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nettleton School District as of and for the year ended June 30, 2024, which collectively comprise Nettleton School District's basic financial statements and have issued our report thereon dated January 15, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

State Legal Finding 01: The District Should Strengthen Internal Controls Regarding Activity/Athletic Fund procedures and policies.

Internal Control Deficiency: The COSO specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Good internal controls require the functions of processing, recording transactions, and maintaining custody of related assets be properly recorded to ensure the assets are safeguarded against loss from unauthorized use or theft.

School Board Policy: *Section D, Fiscal Management, Policy DK, Student Activities Fund Management*, states, "Within five working days of the close of the month, a principal shall deliver to the central office a transmittal of all activity fund receipts and disbursements during the preceding month. This transmittal

form shall contain receipts and disbursements by individual activity. It will list each check-by-check number, date and purpose and each deposit by date, receipt numbers and source. Upon receipt of the transmittal forms, the central office staff shall review them for accuracy and completeness prior to making the entries to the accounting records. The information from the transmittal form will be used to reconcile the monthly bank statements. All school district activity fund transmittal reports and bank reconciliations shall be reviewed and approved by the school board. This approval shall be acknowledged in the board's official minutes."

Applicable State Law: *MS AG Op., Adams (Stephens) *1 (March 11, 2005)* provides that free admission to sporting and social events would not be permissible.

Mississippi Constitution, Article 4, Section 96, states, "The legislature shall never grant extra compensation, fee, or allowance, to any public officer, agent, servant, or contractor, after service rendered or contract made, nor authorize payment, or part payment, of any claim under any contract not authorized by law..."

Finding Detail: During the review of the District's activity/athletic fund revenue, the auditor noted the following exceptions:

- The District allows free admission to all family members of employees.

Failure to have adequate internal controls related to activity funds revenue collections and depositing could result in a loss of assets and improper revenue recognition. Also, free admission to relatives of District employees could result in an illegal donation.

Recommendation: We recommend the District strengthen internal controls by implementing adequate policies and procedures to ensure receipts from all activity are safeguarded, adequately recognized, and recorded and ensure compliance over game admissions by implementing policies and procedures in regards to the free admissions.

District's Response: The District will implement a policy to properly identify who the game administrators are and also ensure that all individuals receiving a state pass fall within MHSAA guidelines. The district has adopted a policy as it related to free admission. The district will ensure revenue is not combined on its transmittal reports.

Repeat Finding: Yes. State Legal Finding 1 from FY 2023

State Legal Finding 02: The District Should Strengthen Internal Controls and Ensure Compliance with State Law Regarding Budget Approvals and projected balances.

Internal Control Deficiency: The Board of Education establishes priorities for the financial management of the District, reviews and approves all presented budgets, and assures expenditures for the District fund are within the legal requirements of the approved budget.

Applicable State Law: Section 37-61-19 states, "...it shall be unlawful for any contract to be entered into or any obligation incurred or expenditure made in excess of the resources available for such fiscal year. Any member of the school board, superintendent of schools, or other school official, who shall knowingly enter into any contract, incur any obligation, or make any expenditure in excess of the amount available for the fiscal year shall be personally liable for the amount of such excess..."

Finding Detail: During the review of the District's budgets, the auditor noted the following exceptions:

- On July 25, 2023, the Board approved the 2023-2024 original budget that included the following funds projecting a negative fund balance at year end:

- o State Special Education Fund (1130) - (\$173,290);
- o At-Risk Fund (1145) - (\$120);
- o Extended School Year Fund (2090) - (\$3,612);
- o Summer Food Program 2022 Fund (2132) - (\$2,746);
- o Title I, Part A Fund (2211) - (\$104,295);

- o Title I, 1003 (a) Fund (2213) - (\$23,414);
- o Consolidated Admin Cost Pool Fund (2290) - (\$1,744);
- o Title V Fund (2311) - (\$3,352);
- o Title II Fund (2511) - (\$7,010);
- o ESSER II Fund (2594) - (\$12,247);
- o ESSER III Fund (2598) - (\$155,354);
- o Preschool ARP Fund (2600) - (\$2,992);
- o IDEA, Part B Fund (2610) - (\$63,990);
- o Preschool Fund (2620) - (\$600);
- o Vocational Fund (2711) - (\$62,466); and
- o Educable Child Fund (2903) - (\$25,906).

The actual fund balances at June 30, 2024 were not negative; however, the approval of the fund budgets with ending deficit fund balances could result in noncompliance with State Law.

Recommendation: We recommend the District strengthen internal controls and ensure compliance by implementing sound budgeting practices that will prevent projected negative fund balances from being presented to the School Board. A thorough review of such budgets should be made prior to presentation to the Board for approval.

District's Response: Nettleton School District will ensure the projected fund balances does not contain any deficit amounts prior to the adoption of the budgets.

Repeat Finding: Yes. State Legal Finding 3 from FY 2023

State Legal Finding 03: The District Should Ensure Compliance Regarding Merchant – Specific Credit and Membership Club Cards Usage, Approval, and Justification.

Applicable Administrative Guidance: Mississippi Procurement Manual, Chapter 10,10.112.04, Merchant Specific Credit Card Minimum Requirements states, "Upon receipt of the monthly statement, the cardholder shall review all charges to assure accuracy, complete applicable dispute documents, reconcile the statement with copies of receipts and order logs, and approve and sign the statement...The appropriate agency official shall maintain a file with the statements and all applicable receipts and dispute documents." Mississippi Procurement Manual, Chapter 10,10.112.05, Membership Club Cards states, "Membership card fee's such as Sam's club cards, are allowed but should be justified by the agency or governing authority to show that the anticipated savings using the card would exceed the cost of the card fee. This justification should be maintained on file with the government entity. Each subsequent year, the government entity shall document actual saving for the previous year which substantiate the cost of the card. This would not mean documenting saving on each and every purchase but enough documentation to substantiate adequate saving to justify the expense of the card."

Finding Detail: During the review of the District's credit cards, the auditor noted the following exceptions:

- The District's merchant-specific and membership club card (Sam's) was Board approved; however, there was no justification for its use spread across the Board minutes.

Failure to not maintain evidence of review or include the justification of merchant specific credit and membership club cards resulted in noncompliance with State regulations.

Recommendation: We recommend the District ensure compliance by reviewing credit card charges and including the justification of credit card use annually, as required by State regulations.

District's Response: Although, the credit card statements are reviewed monthly, the district will do better with initialing and dating the statements to show evidence of review. The District will also include justification for credit card use and Sam's Club membership when requesting the yearly board approval.

Repeat Finding: Yes. State Legal Finding 7 from FY 2023

State Legal Finding 04: The District Should Ensure Compliance with State Law Regarding Surety Bonds. School Board Policy: Section D, Fiscal Management, Policy Code DJEA, Purchasing Authority, provides

that the School Board designates the Assistant Superintendent, Business Manager, Director of Auxiliary Services, Director of Maintenance, and Principals as Purchasing agents.

Applicable State Law: Section 25-1-12(1) states, "Notwithstanding any other provision of law to the contrary, any public officer or employee handling or having the custody of public funds, by virtue of his or her office or employment, shall give an individual bond or be covered by a blanket bond. The amount of such bonds shall not be less than Twenty-five Thousand Dollars (\$25,000.00) for each public officer or employee, unless a specific amount is otherwise required by law. The provisions of this section shall not apply to any public officer or employee whose activity of handling or having custody of public funds is incidental to his or her employment or job duties, as defined by the regulations of the State Auditor's office."

Finding Detail: During the review of the District's surety bonds, the auditor noted the following exceptions:

- Board policy designates Assistant Superintendent, Business Manager, Director of Auxiliary Services, Director of Maintenance, and Principals as Purchasing agents; however, only the Superintendent and Business Manager were bonded as Purchasing Agents.

Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms and result in the loss of public funds. Additionally, failure to ensure all employees are correctly and sufficiently bonded resulted in noncompliance with State Law and regulations.

Recommendation: We recommend the District ensure compliance by assuring all employees are properly and sufficiently bonded, as required by Board policy and State Law.

District's Response: The district is in the process of having the following positions bonded: secretary/bookkeeper, CN manager, CN Cashier, CN Director. Board Policy DJEA will be revised to reflect only the Superintendent and Business Manger as the purchasing agents.

Repeat Finding: Yes. State Legal Finding 10 from FY 2023

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the findings in this report to insure that corrective action has been taken.

The Nettleton School District's responses to the findings included in this report were not audited and, accordingly, we express no opinion on them.

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

McKenzie CPA, PLLC
Madison, Mississippi
January 15, 2026



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NETTLETON 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 auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified? | None Reported |
| 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>
10.553; 10.555; 10.559	Child Nutrition Cluster
84.425D	COVID 19 - Elementary & Secondary School Emergency Relief Fund II
84.425U	COVID 19 - Elementary & Secondary School Emergency Relief Fund ARP III

- | | | |
|-----|--|---------------|
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as low-risk auditee? | 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). | None Reported |

NETTLETON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II: Financial Statement Findings

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

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.