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CLARKSDALE MUNICIPAL SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2025

CLARKSDALE MUNICIPAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Clarksdale Municipal 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 Clarksdale Municipal School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Clarksdale Municipal 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 Clarksdale Municipal School District, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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 Clarksdale Municipal School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***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 Clarksdale Municipal School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Clarksdale Municipal School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clarksdale Municipal School District's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB), 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 Clarksdale Municipal School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental

Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of the Clarksdale Municipal School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clarksdale Municipal School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clarksdale Municipal School District's internal control over financial reporting and compliance.

McKenzie CPA, PLLC  
Madison, Mississippi  
March 31, 2026

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025

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

## FINANCIAL HIGHLIGHTS

- Total net position for 2025 decreased \$3,592,743, including an error correction of (\$1,471,087) and a change in accounting principle of (\$242,555), which represents a 321% decrease from fiscal year 2024. Total net position for 2024 increased \$925,857, including an error correction of (\$3,639,561), which represents a 475% increase from fiscal year 2023.
- General revenues amounted to \$20,813,273 and \$17,526,256, or 63% and 44% of all revenues for fiscal years 2025 and 2024, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,169,103 or 37% of total revenues for 2025, and \$22,177,495, or 56% of total revenues for 2024.
- The District had \$34,861,477 and \$35,138,333 in expenses for fiscal years 2025 and 2024; only \$12,169,103 for 2025 and \$22,177,495 for 2024 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$20,813,273 for 2025 were not adequate to provide for these programs. However, general revenues of \$17,526,256 for 2024 were adequate to provide for these programs.
- Among major funds, the General Fund had \$19,757,405 in revenues and \$16,789,655, expenditures for 2025, and \$17,717,327 in revenues and \$18,083,338 in expenditures for 2024. The General Fund's fund balance increased by \$2,068,640, including an error correction of \$33,625, from 2024 to 2025, and increased by \$2,099,611, including an error correction of \$1,203,013 from 2023 to 2024.
- Capital assets, including lease assets, net of accumulated depreciation and amortization, decreased by \$2,430,911, including an error correction of (\$1,501,135) for 2025, and increased by \$4,311,743, including an error correction of (\$4,689,840) for 2024. The decrease for 2025 was due primarily to the error corrections made to the different asset accounts and the related accumulated depreciation.
- Long-term debt, including compensated absences and lease liabilities, increased by \$52,666, including a change in accounting principle of \$242,555, for 2025, and decreased by \$349,914 for 2024. The increase for 2025 was due primarily to the issuance of a shortfall note in long-term debt. The liability for compensated absences increased by \$276,751, including a change in accounting principle of \$242,555 for 2025 and increased by \$4,613 for 2024.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional, pension expense, OPEB expense, and interest on long-term liabilities.

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025

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

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

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

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Required Supplementary Information**

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

**Supplementary Information**

Additionally, a Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,471,814 as of June 30, 2025.

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025

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

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Percentage Change</u>
Current assets	\$ 8,633,945	\$ 6,787,202	27.21 %
Restricted assets	2,863,103	2,537,472	12.83 %
Capital assets, net	42,116,181	44,547,092	(5.46) %
<b>Total assets</b>	<u>53,613,229</u>	<u>53,871,766</u>	<b>(0.48) %</b>
 <b>Deferred outflows of resources</b>	 <u>11,738,880</u>	 <u>14,635,723</u>	 <b>(19.79) %</b>
Current liabilities	1,335,784	1,883,892	(29.09) %
Long-term debt outstanding	10,547,160	10,434,524	1.08 %
Lease liability	-	59,970	(100.00) %
Net OPEB liability	1,596,700	1,731,944	(7.81) %
Net pension liability	47,676,454	52,313,237	(8.86) %
<b>Total liabilities</b>	<u>61,156,098</u>	<u>66,423,567</u>	<b>(7.93) %</b>
 <b>Deferred inflows of resources</b>	 <u>6,667,825</u>	 <u>962,993</u>	 <b>592.41 %</b>
 <b>Net position:</b>			
Net investment in capital assets	32,306,181	34,237,122	(5.64) %
Restricted	4,179,992	3,528,150	18.48 %
Unrestricted	(38,957,987)	(36,644,343)	(6.31) %
<b>Total net position (deficit)</b>	<u>\$ (2,471,814)</u>	<u>\$ 1,120,929</u>	<b>(320.51) %</b>

Error corrections that impacted prior fiscal years were made during the fiscal year ending June 30, 2025. Additional information and further explanation can be found in Note 15 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.

The District implemented GASB 101, *Compensated Absences*, which resulted in an adjustment to beginning net position in the Government-wide financial statements. Additional information and further explanation can be found in Note 15 of this report.

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)	\$ (38,957,987)
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	
	<u>44,202,099</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 5,244,112</u>

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025

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

- Decrease in net capital assets, including lease assets, in the amount of \$2,430,911, including an error correction of (\$1,501,135).
- The principal retirement of \$468,439 of long-term debt, and payment of principal of \$59,970 for lease liabilities.
- The issuance of a shortfall note in the amount of \$304,324.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2025 and June 30, 2024 were \$32,982,376 and \$39,703,751, respectively. The total cost of all programs and services was \$34,861,477 for 2025 and \$35,138,333 for 2024.

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

**Table 2  
Changes in Net Position**

	<u>Year Ended June 30, 2025</u>	<u>Year Ended June 30, 2024</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 233,261	\$ 224,124	4.08 %
Operating grants and contributions	11,935,842	21,953,371	(45.63) %
General revenues:			
Property taxes	4,179,879	4,083,874	2.35 %
Grants and contributions not restricted	15,786,427	12,223,841	29.14 %
Investment earnings	244,652	173,918	40.67 %
Sixteenth section sources	191,253	128,260	49.11 %
Other	411,062	916,363	(55.14) %
<b>Total revenues</b>	<u>32,982,376</u>	<u>39,703,751</u>	<b>(16.93) %</b>
<b>Expenses:</b>			
Instruction	13,736,227	11,953,911	14.91 %
Support services	12,998,664	13,215,965	(1.64) %
Non-instructional	1,762,068	2,122,227	(16.97) %
Pension expense	6,138,538	7,702,234	(20.30) %
OPEB expense	(74,494)	(157,505)	52.70 %
Interest on long-term liabilities	300,474	301,501	(0.34) %
<b>Total expenses</b>	<u>34,861,477</u>	<u>35,138,333</u>	<b>(0.79) %</b>
<b>Increase (Decrease) in net position</b>	<u>(1,879,101)</u>	<u>4,565,418</u>	<b>(141.16) %</b>
<b>Net Position, July 1, as previously reported</b>	1,120,929	195,072	474.62 %
<b>Adjustment or restatement</b>	<u>(1,713,642)</u>	<u>(3,639,561)</u>	52.92 %
<b>Net Position (deficit), July 1, as restated</b>	<u>(592,713)</u>	<u>(3,444,489)</u>	82.79 %
<b>Net Position (deficit), June 30</b>	<u>\$ (2,471,814)</u>	<u>\$ 1,120,929</u>	<b>(320.51) %</b>

Error corrections that impacted prior fiscal years were made during the fiscal year ending June 30, 2025. Additional information and further explanation can be found in Note 15 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.

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025

The District implemented GASB 101, *Compensated Absences*, which resulted in an adjustment to beginning net position in the Government-wide financial statements. Additional information and further explanation can be found in Note 15 of this report.

**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
	2025	2024	
Instruction	\$ 13,736,227	\$ 11,953,911	14.91 %
Support services	12,998,664	13,215,965	(1.64) %
Non-instructional	1,762,068	2,122,227	(16.97) %
Pension Expense	6,138,538	7,702,234	(20.30) %
OPEB Expense	(74,494)	(157,505)	52.70 %
Interest on long-term liabilities	300,474	301,501	(0.34) %
<b>Total expenses</b>	<b>\$ 34,861,477</b>	<b>\$ 35,138,333</b>	<b>(0.79) %</b>
	Net (Expense) Revenue		Percentage Change
	2025	2024	
Instruction	\$ (8,939,002)	\$ (3,167,333)	(182.22) %
Support services	(7,319,460)	(1,904,006)	(284.42) %
Non-instructional	(69,394)	(43,269)	(60.38) %
Pension Expense	(6,138,538)	(7,702,234)	20.30 %
OPEB Expense	74,494	157,505	(52.70) %
Interest on long-term liabilities	(300,474)	(301,501)	0.34 %
<b>Total net (expense) revenue</b>	<b>\$ (22,692,374)</b>	<b>\$ (12,960,838)</b>	<b>(75.08) %</b>

- Net cost of governmental activities (\$22,692,374 for 2025 and \$12,960,838 for 2024) was financed by general revenue, which is primarily made up of property taxes (\$4,179,879 for 2025 and \$4,083,874 for 2024) and state and federal revenues (\$15,786,427 for 2025 and \$12,223,841 for 2024). In addition, there was \$191,253 and \$128,260 in Sixteenth Section sources for 2025 and 2024, respectively.
- Investment earnings amounted to \$244,652 for 2025 and \$173,918 for 2024.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025

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 \$10,235,887, an increase of \$2,735,434, which includes an error correction of \$30,048 and an increase in inventory of \$6,756. \$5,783,773, or 57% 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 \$4,452,114, or 43% 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 \$2,068,640, including an error correction of \$33,625. The fund balance of Other Governmental Funds showed an increase in the amount of \$341,164, which includes an error correction of (\$3,577) and an increase in inventory of \$6,756. The increase (decrease) in the fund balance for the other major funds was as follows:

Major Fund	Increase (Decrease)
Title I-A Fund	no increase or decrease
ESSER III ARP Fund	no increase or decrease
3-Mill Sinking Fund	\$ 325,630

### BUDGETARY HIGHLIGHTS

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

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

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2025, the District's total capital assets were \$66,629,158, including land, school buildings, improvements other than buildings, buses, other school vehicles, furniture and equipment and lease assets. This amount represents an increase of \$282,894 from 2024. Total accumulated depreciation and amortization as of June 30, 2025, was \$24,512,977, and total depreciation and amortization expense for the year was \$1,332,698, resulting in total net capital assets of \$42,116,181.

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

	June 30, 2025	June 30, 2024	Percentage Change
Land	\$ 188,819	\$ 188,819	0.00 %
Construction in Progress	-	669,786	(100.00) %
Buildings	7,959,481	8,267,748	(3.73) %
Building improvements	21,132,797	21,450,259	(1.48) %
Improvements other than buildings	6,277,374	6,540,146	(4.02) %
Mobile equipment	1,146,590	1,106,542	3.62 %
Furniture and equipment	5,411,120	6,266,556	(13.65) %
Lease Assets	-	57,236	(100.00) %
<b>Total</b>	<b>\$ 42,116,181</b>	<b>\$ 44,547,092</b>	<b>(5.46) %</b>

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025

Error corrections that impacted prior fiscal years were made during the fiscal year ending June 30, 2025. Additional information and further explanation can be found in Note 15 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.

**Debt Administration.** At June 30, 2025, the District had \$10,547,160 in outstanding long-term debt, including compensated absences and lease liabilities, of which \$3,599,168 is due within one year. During the fiscal year, the District issued a shortfall note in the amount of \$304,324. The District made principal payments totaling \$528,409 on outstanding long-term debt, including lease liabilities. The liability for compensated absences increased \$276,751, including a change in accounting principle of \$242,555, from the prior year.

**Table 5  
Outstanding Long-Term Debt**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 6,210,000	\$ 6,575,000	(5.55) %
Shortfall notes payable	366,379	90,494	304.87 %
Lease liabilities	-	59,970	(100.00) %
Qualified school construction bonds payable	3,000,000	3,000,000	0.00 %
Other loans payable	600,000	675,000	(11.11) %
Compensated absences payable	370,781	94,030	294.32 %
<b>Total</b>	<b>\$ 10,547,160</b>	<b>\$ 10,494,494</b>	<b>0.50 %</b>

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

**CURRENT ISSUES**

The Clarksdale Municipal School District is financially stable. The District is proud of its community support of the public schools.

The District has committed itself to financial excellence for many years. The District'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 Clarksdale Municipal School District, P.O. Box 1088, Clarksdale, MS 38614.

FINANCIAL STATEMENTS

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT**

**Statement of Net Position  
June 30, 2025**

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 6,815,154
Due from other governments	1,782,234
Inventories	31,671
Prepaid items	4,886
Restricted assets	2,863,103
Capital assets, non-depreciable:	
Land	188,819
Capital assets, net of accumulated depreciation:	
Buildings	7,959,481
Building improvements	21,132,797
Improvements other than buildings	6,277,374
Mobile equipment	1,146,590
Furniture and equipment	5,411,120
Total Assets	<u>53,613,229</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	11,131,278
Deferred outflows - OPEB	607,602
Total Deferred Outflows of Resources	<u>11,738,880</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	1,261,161
Interest payable on long-term liabilities	74,623
Long-term liabilities, due within one year:	
Capital related liabilities	3,455,000
Non-capital related liabilities	144,168
Net OPEB liability	68,290
Long-term liabilities, due beyond one year:	
Capital related liabilities	6,355,000
Non-capital related liabilities	592,992
Net pension liability	47,676,454
Net OPEB liability	1,528,410
Total Liabilities	<u>61,156,098</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	6,112,532
Deferred inflows - OPEB	555,293
Total Deferred Inflows of Resources	<u>6,667,825</u>
<b>Net Position</b>	
Net investment in capital assets	32,306,181
Restricted for:	
Expendable:	
School-based activities	874,662
Debt service	3,226,726
Capital improvements	33,285
Unemployment benefits	45,319
Unrestricted	<u>(38,957,987)</u>
Total Net Position (deficit)	<u>\$ (2,471,814)</u>

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

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT**

**Statement of Activities  
For the Year Ended June 30, 2025**

**Exhibit B**

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 13,736,227	\$ 101,719	\$ 4,695,506	\$	(8,939,002)
Support services	12,998,664	62,965	5,616,239		(7,319,460)
Non-instructional	1,762,068	68,577	1,624,097		(69,394)
Pension expense	6,138,538	-	-		(6,138,538)
OPEB expense	(74,494)	-	-		74,494
Interest on long-term liabilities	300,474	-	-		(300,474)
<b>Total Governmental Activities</b>	<b>\$ 34,861,477</b>	<b>\$ 233,261</b>	<b>\$ 11,935,842</b>	<b>\$</b>	<b>(22,692,374)</b>

General Revenues:

Taxes:

General purpose levies	3,216,641
Debt purpose levies	963,238

Unrestricted grants and contributions:

State	15,733,447
Federal	52,980
Unrestricted investment earnings	244,652
Sixteenth section sources	191,253
Other	411,062
<b>Total General Revenues</b>	<b>20,813,273</b>

Change in Net Position (1,879,101)

Net Position - Beginning, as previously reported 1,120,929  
 Adjustment or restatement (1,713,642)

Net Position - Beginning, as restated (592,713)

Net Position (deficit) - Ending \$ (2,471,814)

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

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT**  
**Governmental Funds**

**Balance Sheet**  
**June 30, 2025**

**Exhibit C**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Title I-A Fund	ESSER III ARP Fund	3-Mill Sinking Fund		
<b>Assets</b>						
Cash and cash equivalents	\$ 5,456,271	\$ -	\$ -	\$ -	\$ 1,358,883	\$ 6,815,154
Cash with fiscal agents	-	-	-	147	-	147
Investments	-	-	-	2,862,955	1	2,862,956
Due from other governments	374,636	290,359	579,903	-	537,336	1,782,234
Due from other funds	1,180,466	-	-	-	77,141	1,257,607
Inventories	-	-	-	-	31,671	31,671
Prepaid items	4,886	-	-	-	-	4,886
<b>Total Assets</b>	<b>\$ 7,016,259</b>	<b>\$ 290,359</b>	<b>\$ 579,903</b>	<b>\$ 2,863,102</b>	<b>\$ 2,005,032</b>	<b>\$ 12,754,655</b>
 <b><u>Liabilities and Fund Balances</u></b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 974,987	\$ 1,430	\$ 128,500	\$ -	\$ 156,244	\$ 1,261,161
Due to other funds	60,000	288,929	451,403	-	457,275	1,257,607
<b>Total Liabilities</b>	<b>1,034,987</b>	<b>290,359</b>	<b>579,903</b>	<b>-</b>	<b>613,519</b>	<b>2,518,768</b>
 <b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Inventory	-	-	-	-	31,671	31,671
Prepaid items	4,886	-	-	-	-	4,886
<b>Restricted:</b>						
Debt service	-	-	-	2,863,102	438,247	3,301,349
Capital projects	-	-	-	-	33,285	33,285
Grant activities	-	-	-	-	831,549	831,549
Unemployment benefits	-	-	-	-	45,319	45,319
Food service	-	-	-	-	11,442	11,442
<b>Assigned:</b>						
School activities	192,613	-	-	-	-	192,613
<b>Unassigned</b>	<b>5,783,773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,783,773</b>
<b>Total Fund Balances</b>	<b>5,981,272</b>	<b>-</b>	<b>-</b>	<b>2,863,102</b>	<b>1,391,513</b>	<b>10,235,887</b>
 <b>Total Liabilities and Fund Balances</b>	 <b>\$ 7,016,259</b>	 <b>\$ 290,359</b>	 <b>\$ 579,903</b>	 <b>\$ 2,863,102</b>	 <b>\$ 2,005,032</b>	 <b>\$ 12,754,655</b>

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

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT**  
**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2025**

**Exhibit C-1**

**Total fund balances for governmental funds** \$ 10,235,887

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	\$ 188,819	
Buildings	21,420,379	
Building improvements	25,648,376	
Improvements other than buildings	8,419,265	
Mobile equipment	2,140,507	
Furniture and equipment	8,640,104	
Accumulated depreciation	(24,341,269)	
Lease assets	171,708	
Accumulated amortization	<u>(171,708)</u>	42,116,181

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	(47,676,454)	
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	11,131,278	
Deferred inflows of resources related to pensions	<u>(6,112,532)</u>	(42,657,708)

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	(1,596,700)	
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	607,602	
Deferred inflows of resources related to OPEB	<u>(555,293)</u>	(1,544,391)

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:

General obligation bonds	(6,210,000)	
Other bonds payable	(3,000,000)	
Notes payable	(366,379)	
Other loans payable	(600,000)	
Compensated absences	(370,781)	
Accrued interest payable	<u>(74,623)</u>	(10,621,783)

**Net Position of governmental activities** **\$ (2,471,814)**

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

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT**  
**Governmental Funds**

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

**Exhibit D**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Title I-A Fund	ESSER III ARP Fund	3-Mill Sinking Fund		
<b>Revenues:</b>						
Local sources	\$ 3,531,751	\$ -	\$ -	138,130	\$ 1,398,974	\$ 5,068,855
State sources	15,957,507	-	-	-	772,587	16,730,094
Federal sources	76,894	3,130,568	3,273,935	-	4,510,777	10,992,174
Sixteenth section sources	191,253	-	-	-	-	191,253
<b>Total Revenues</b>	<b>19,757,405</b>	<b>3,130,568</b>	<b>3,273,935</b>	<b>138,130</b>	<b>6,682,338</b>	<b>32,982,376</b>
<b>Expenditures:</b>						
Instruction	8,645,496	1,207,775	1,184,742	-	2,100,288	13,138,301
Support services	8,007,632	1,540,685	2,089,193	-	2,193,629	13,831,139
Noninstructional services	3	129,211	-	-	1,716,655	1,845,869
Facilities acquisition and construction	-	-	-	-	73,999	73,999
Debt service:						
Principal	134,970	-	-	-	393,439	528,409
Interest	1,554	-	-	28,500	250,778	280,832
Other	-	-	-	1,950	2,740	4,690
<b>Total Expenditures</b>	<b>16,789,655</b>	<b>2,877,671</b>	<b>3,273,935</b>	<b>30,450</b>	<b>6,731,528</b>	<b>29,703,239</b>
Excess (Deficiency) of Revenues over (under) Expenditures	2,967,750	252,897	-	107,680	(49,190)	3,279,137
<b>Other Financing Sources (Uses):</b>						
Proceeds of loans	304,324	-	-	-	-	304,324
Payments held by escrow agent	-	-	-	217,950	-	217,950
Payment to QSCB debt escrow agent	-	-	-	-	(217,950)	(217,950)
Sale of other property	1,200	-	-	-	-	1,200
Operating transfers in	225,028	-	-	-	917,714	1,142,742
Operating transfers out	(577,256)	(252,897)	-	-	(312,589)	(1,142,742)
Other financing uses	(886,031)	-	-	-	-	(886,031)
<b>Total Other Financing Sources (Uses)</b>	<b>(932,735)</b>	<b>(252,897)</b>	<b>-</b>	<b>217,950</b>	<b>387,175</b>	<b>(580,507)</b>
<b>Net Change in Fund Balances</b>	<b>2,035,015</b>	<b>-</b>	<b>-</b>	<b>325,630</b>	<b>337,985</b>	<b>2,698,630</b>
<b>Fund Balances:</b>						
July 1, 2024, as previously reported	3,912,632	-	-	2,537,472	1,050,349	7,500,453
Adjustment or restatement	33,625	-	-	-	(3,577)	30,048
July 1, 2024, as restated	3,946,257	-	-	2,537,472	1,046,772	7,530,501
Increase (Decrease) in inventory	-	-	-	-	6,756	6,756
June 30, 2025	\$ 5,981,272	\$ -	\$ -	2,863,102	\$ 1,391,513	\$ 10,235,887

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

**CLARKSDALE MUNICIPAL 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, 2025**

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ 2,698,630

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	\$ 431,598	
Depreciation expense	(1,275,462)	
Amortization expense	<u>(57,236)</u>	(901,100)

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.

(28,676)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Bonds and notes issued	(304,324)	
Payments of debt principal	468,439	
Payments of leases principal	59,970	
Accrued interest payable	<u>(14,952)</u>	209,133

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	(6,138,538)	
Contributions subsequent to the measurement date	<u>2,175,266</u>	(3,963,272)

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	74,494	
Contributions subsequent to the measurement date	<u>59,130</u>	133,624

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	(34,196)	
Change in inventory	<u>6,756</u>	(27,440)

**Change in Net Position of governmental activities** **\$ (1,879,101)**

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2025

**Note 1 – Summary of Significant Accounting Policies**

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

**A. Financial Reporting Entity**

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Clarksdale 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, Clarksdale Municipal School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

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

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

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

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

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2025

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.

Title I-A Fund – This special revenue fund is federally funded and is used to account for activities for the Title I grant to local educational agencies.

ESSER III Fund - This special revenue fund accounts for activities related to federal grant Assistance Listing number 84.425U, COVID-19 – Elementary & Secondary School Emergency Relief III ARP (ESSER).

3-Mill Sinking Fund - This debt service fund accounts for resources set aside to pay off the QSCB Bond at its maturity.

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.

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2025

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

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

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

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

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

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

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

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

**D. Encumbrances**

An encumbrance system is not maintained to account for commitments or assignments 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.

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Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at

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historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

The term 'depreciation' includes the amortization of lease assets and subscription IT assets.

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

7. Deferred outflows/inflows of resources

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

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

See Notes 8, 9 and 14 for further details.

8. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some

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employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

9. Leases

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

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

10. Subscription-Based Information Technology Arrangements

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

The school district uses the U. S. Treasury yield curve rate as a basis for establishing an effective interest rate when subscription arrangements do not state an effective rate.

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

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benefit terms. Investments are reported at fair value.

13. Postemployment Benefits Other than Pensions (OPEB)

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

14. Fund Balances

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

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

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is a vote by the School Board to commit funds. 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 management pursuant to authorization established by the School Board.

*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 the fiscal year end of not less than 10% of general revenues.

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15. Accounting Standards Update

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

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

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

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

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

**Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$6,815,154.

**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, 2025, none of the district's bank balance of \$6,461,429 was exposed to custodial credit risk.

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Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$147.

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
Trustmark - QSCB Common Trust Fund 2012 - A	N/A	less than 5	\$ <u>2,862,956</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, 2025:

- Investments of \$2,862,956 are valued using quoted market prices (Level 1 inputs)

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

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

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

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

**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	Title I-A Fund	\$ 288,929
	ESSER III Fund	451,403
	Other Governmental Funds	440,134
Other Governmental Funds	Other Governmental Funds	17,141
Other Governmental Funds	General Fund	60,000
Total		\$ <u>1,257,607</u>

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The primary purpose of the inter-fund loans was to cover federal and state funds not received prior to year-end.

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
Title I-A Fund	General Fund	\$ 27,017
	Other Governmental Funds	225,880
Other Governmental Funds	General Fund	198,011
General Fund	Other Governmental Funds	577,256
Other Governmental Funds	Other Governmental Funds	114,578
Total		<u>\$ 1,142,742</u>

The primary purpose of the inter-fund transfers was to transfer General Fund monies to various other governmental funds for operating purposes. These transfers were consistent with the activities of the fund making the transfer.

**Note 4 – Restricted Assets**

The restricted assets represent the cash with fiscal agents and investment balance, totaling \$147 and \$2,862,955, respectively and \$1, in a debt service fund. Those balances are restricted for future debt service requirements.

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**Note 5 – Capital Assets**

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

	Balance 7/1/2024	Increases	Decreases	Adjustments	Balance 6/30/2025
<b>Governmental Activities:</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 188,819	\$ -	\$ -	\$ -	188,819
Construction in progress	669,786	-	-	(669,786)	-
Total non-depreciable capital assets	858,605	-	-	(669,786)	188,819
<u>Depreciable capital assets:</u>					
Buildings	21,420,379	-	-	-	21,420,379
Building improvements	24,958,644	-	-	689,732	25,648,376
Improvements other than buildings	8,345,266	73,999	-	-	8,419,265
Mobile equipment	2,184,557	118,600	286,151	123,501	2,140,507
Furniture and equipment	8,407,105	238,999	6,000	-	8,640,104
Total depreciable capital assets	65,315,951	431,598	292,151	813,233	66,268,631
<u>Less accumulated depreciation for:</u>					
Buildings	13,152,631	308,267	-	-	13,460,898
Building improvements	3,508,385	307,227	-	699,967	4,515,579
Improvements other than buildings	1,805,120	336,771	-	-	2,141,891
Mobile equipment	1,078,015	162,323	257,535	11,114	993,917
Furniture and equipment	2,140,549	160,874	5,940	933,501	3,228,984
Total accumulated depreciation	21,684,700	1,275,462	263,475	1,644,582	24,341,269
Total depreciable capital assets, net	43,631,251	(843,864)	28,676	(831,349)	41,927,362
Governmental activities capital assets, net	\$ 44,489,856	\$ (843,864)	\$ 28,676	\$ (1,501,135)	\$ 42,116,181
Lease assets, net (Note 6)	\$ 57,236				\$ -
Total capital assets, net, as reported in SNP	\$ 44,547,092				\$ 42,116,181

Error corrections were made to building improvements and mobile equipment and to the related accumulated depreciation as of the beginning of the fiscal year as well as corrections to the furniture and equipment accumulated depreciation.

Depreciation expense was charged to the following governmental functions:

<b>Governmental Activities:</b>	<u>Amount</u>
Instructional	\$ 987,466
Support services	257,632
Non-instructional	30,364
Total	\$ <u>1,275,462</u>

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**Note 6 – Intangible Right-to-Use Assets – Lease Assets**

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

	Balance 7/1/2024	Additions	Balance 6/30/2025
<u>Lease assets:</u>			
Furniture and equipment	\$ 171,708		171,708
Total lease assets	171,708	-	171,708
<u>Less accumulated amortization:</u>			
Furniture and equipment	114,472	57,236	171,708
Total accumulated amortization	114,472	57,236	171,708
<b>Total lease assets, net</b>	<b>\$ 57,236</b>	<b>(57,236)</b>	<b>-</b>

Amortization expense was charged to the following governmental functions:

<b>Governmental Activities:</b>	<u>Amount</u>
Support services	\$ 57,236

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

	Balance 7/1/2024	Deductions	Balance 6/30/2025	Amounts due within one year
Lease Liabilities	\$ 59,970	59,970	-	-

**Leases**

*As Lessee:*

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

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

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

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Lease currently outstanding is as follows:

Description	Interest Rate	Lease Term	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copiers	4.75%	36 mths	07-01-22	06-30-25	\$ 171,708	\$ -

The lease liabilities were paid off during the year.

**Note 7 – Long-term Liabilities**

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

	Balance 7/1/2024	Additions	Reductions	Adjustments	Balance 6/30/2025	Amounts due within one year
A. General obligation bonds payable	\$ 6,575,000	\$ -	\$ 365,000	\$ -	\$ 6,210,000	\$ 380,000
B. Shortfall notes payable	90,494	304,324	28,439	-	366,379	125,629
C. Qualified school construction bonds payable	3,000,000	-	-	-	3,000,000	3,000,000
D. Other loans payable	675,000	-	75,000	-	600,000	75,000
E. Compensated absences payable	94,030	34,196	-	242,555	370,781	18,539
Total	\$ 10,434,524	\$ 338,520	\$ 468,439	\$ 242,555	\$ 10,547,160	\$ 3,599,168

The change in the compensated absences liability is presented as a net change. The adjustment above to compensated absences was a result of retroactively implementing GASB 101.

**A. General obligation bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds Series 2018	3.0-4.25%	05-04-18	05-01-38	\$ 8,500,000	\$ 6,210,000

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

Year Ending June 30,	Principal	Interest	Total
2026 \$	380,000	229,881	609,881
2027	400,000	213,732	613,732
2028	415,000	196,732	611,732
2029	430,000	179,094	609,094
2030	445,000	166,194	611,194
2031-2035	2,450,000	612,664	3,062,664
2036-2038	1,690,000	145,563	1,835,563
Total \$	6,210,000	1,743,860	7,953,860

This debt will be retired from the Bond Issue Retirement Fund.

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The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2025, the amount of outstanding bonded indebtedness was equal to 9% of property assessments as of October 1, 2024.

**B. Shortfall notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall Note - Series 2024	5.25%	10-23-23	10-23-26	\$ 90,494	\$ 62,055
Shortfall Note - Series 2025	6.10%	08-23-24	08-23-27	304,324	304,324
Total				\$ 394,818	\$ 366,379

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

1. Series 2024

Year Ending June 30,	Principal	Interest	Total
2026 \$	30,131	3,692	33,823
2027	31,924	1,899	33,823
Total \$	62,055	5,591	67,646

This debt will be retired from the Shortfall debt service fund.

2. Series 2025

Year Ending June 30,	Principal	Interest	Total
2026 \$	95,498	18,564	114,062
2027	101,323	12,738	114,061
2028	107,503	6,558	114,061
Total \$	304,324	37,860	342,184

This debt will be retired from the Shortfall debt service fund.

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

Year Ending June 30,	Principal	Interest	Total
2026 \$	125,629	22,256	147,885
2027	133,247	14,637	147,884
2028	107,503	6,558	114,061
Total \$	366,379	43,451	409,830

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**C. Qualified school construction bonds payable**

As more fully explained in Note 10, 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
QSCB - Series 2010	0.95%	11-06-09	11-06-25	\$ 3,000,000	\$ 3,000,000

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 3,000,000	28,500	3,028,500

This debt will be retired from the QSCB debt service fund.

**D. Other loans payable**

The 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
EFRLF	0.00%	07-01-23	05-01-33	\$ 750,000	\$ 600,000

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

Year Ending June 30,	Principal
2026	\$ 75,000
2027	75,000
2028	75,000
2029	75,000
2030	75,000
2031-2033	225,000
Total	\$ 600,000

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

**E. 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.

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
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**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](http://www.pers.ms.gov).

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2025 was 17.90% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2025, 2024 and 2023 were \$2,175,266, \$2,448,134, and \$2,682,751, respectively, which equaled the required contributions for each year.

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

At June 30, 2025, the school district reported a liability of \$47,676,454 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2025 net pension liability was 0.183601 percent, which was based on a measurement date of June 30, 2024. This was a decrease of 0.024393 percent from its proportionate share used to calculate the June 30, 2024 net pension liability, which was based on a measurement date of June 30, 2023.

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2025

For the year ended June 30, 2025, the District recognized pension expense of \$6,138,538. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,646,035	\$
Net difference between projected and actual earnings on pension plan investments		1,549,202
Change of assumptions	3,345,414	
Changes in proportion and differences between District contributions and proportionate share of contributions	2,964,563	4,563,330
District contributions subsequent to the measurement date	2,175,266	
<b>Total</b>	<b>\$ 11,131,278</b>	<b>\$ 6,112,532</b>

\$2,175,266 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2026 \$	1,648,978
2027	2,511,658
2028	(929,856)
2029	(387,300)
Total \$	2,843,480

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

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

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2025

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 61,795,622	\$ 47,676,454	\$ 36,120,983

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2025

**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 \$59,130 for the year ended June 30, 2025.

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2025

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

At June 30, 2025, the District reported a liability of \$1,596,700 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2024, the District's proportion was 0.28574551 percent. This was a decrease of 0.02723283 percent from the proportionate share as of the measurement date of June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of (\$74,494). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 329,847	\$ 282,925
Changes of assumptions	62,950	121,888
Net difference between projected and actual earnings on OPEB plan investments	63	
Changes in proportion and differences between District contributions and proportionate share of contributions	155,612	150,480
District contributions subsequent to the measurement date	59,130	
<b>Total</b>	<b>\$ <u>607,602</u></b>	<b>\$ <u>555,293</u></b>

\$59,130 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2026	\$ (48,227)
2027	(13,013)
2028	17,631
2029	30,318
2030	9,485
Thereafter	(3,015)

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
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*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following key actuarial assumptions and other inputs:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.94%
Prior Measurement Date	3.66%
Year FNP is projected to be depleted	
Measurement Date	2024
Prior Measurement Date	2023
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.94%
Prior Measurement Date	3.66%
Health Care Cost Trends	
Medicare Supplement Claims	6.00% for 2025 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, 2024 valuation were based on the results of the last actuarial experience study, dated April 21, 2023.

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

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

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

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2025

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

	1% Decrease (2.94%)	Current Discount Rate (3.94%)	1% Increase (4.94%)
Net OPEB liability	\$ 1,740,624	\$ 1,596,700	\$ 1,471,101

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB Liability	\$ 1,491,406	\$ 1,596,700	\$ 1,714,087

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

**Note 10 – 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, 2025, the subsidy payments amounted to \$0.

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, 2025 was \$2,863,102. 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
2026 \$	<u>148,500</u>

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2025

**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.

**Note 13 – Juvenile Detention Center Education Program**

The Clarksdale Municipal School District entered into a Juvenile Detention Center Agreement dated August 6, 2018 creating the Leflore County Juvenile Detention Center. This program was in accordance with Section 43-21-321, Miss. Code Ann. (1972) which states a sponsoring school district must provide educational services to youths detained in juvenile detention centers. It was approved by the Mississippi Department of Education and includes the Attala County School District, Carroll County School District, Coffeeville School District, Clarksdale Municipal School District, Coahoma County Agricultural High School, Coahoma County School District, East Tallahatchie School District, Greenwood Public School District, Holmes County Consolidated School District, Humphreys County School District, Kosciusko School District, Winona-Montgomery Consolidated School District, North Panola School District, Senatobia Municipal School District, South Panola School District, Sunflower County Consolidated School District, Tate County School District, Tunica County School District, Water Valley School District, West Tallahatchie Consolidated School District, Winona School District and Leflore County School District. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the juvenile detention center program. The Leflore County School District has been designated as the lead school district for the Leflore County Juvenile Detention Center and the operations of the program are included in its financial statements.

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

The unrestricted net position (deficit) amount of (\$38,957,987) 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 \$2,175,266 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, 2026. The \$8,956,012 balance of deferred outflow of resources related to pensions at June 30, 2025, will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted position (deficit) amount of (\$38,957,987) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$6,112,532 balance of deferred inflow of resources related to pensions at June 30, 2025, will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position (deficit) amount of (\$38,957,987) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2025

resources related to OPEB in the amount of \$59,130 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, 2026. The \$548,472 balance of deferred outflow of resources related to OPEB at June 30, 2025, will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position (deficit) amount of (\$38,957,987) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$555,293 balance of deferred inflow of resources related to OPEB at June 30, 2025, will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

**Note 15 – Adjustments and Restatements of Beginning Balances**

Change in Accounting Principle or Estimate

Governmental Accounting Standards Board (GASB) Statement No.101, effective for years beginning after December 15, 2023, updates the recognition and measurement guidance for compensated absences. This new standard aims to create a more consistent model applicable to all types of compensated absences arrangements, such as vacation, personal, and sick leave.

A liability for compensated absences must be recognized if: 1) The leave is attributable to services rendered; 2) The leave accumulates and carries forward to future periods; and 3) It is more likely than not (greater than 50% likelihood) that the leave will be used or paid.

The district restated the beginning net position to account for the new liability amounts of the beginning of the 2025 fiscal year. The restatement reduced the beginning net position by \$242,555.

Correction of an Error in Previously Issued Financial Statements

A correction was needed to present capital assets with the right balance as of the beginning of the year. Also, an asset or liability was corrected in the General Fund and Other Governmental Funds.

Adjustments to and Restatements of Beginning Balances

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

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Funds		Government-Wide
	General Fund	Other Governmental Funds	Governmental Activities
July 1, 2024, as previously reported	\$ 3,912,632	1,050,349	\$ 1,120,929
Change in accounting principle			(242,555)
Error correction	33,625	(3,577)	(1,471,087)
July 1, 2024, as adjusted or restated	<u>\$ 3,946,257</u>	<u>1,046,772</u>	<u>\$ (592,713)</u>

**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 Clarksdale Municipal School District evaluated the activity of the district through March 31, 2026, (the date the financial statements were available to be issued), and determined that there were the following subsequent events that have occurred requiring disclosure in the notes to the financial statements.

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2025

In October 2025, Earl Joe Nelson (former Superintendent of Clarksdale Municipal School District from July 2019 to May 2022) pled guilty to conspiracy to commit embezzlement in Federal Court in Aberdeen, Mississippi. Nelson used his position to enter into reciprocal consulting agreements with other conspirators to obtain payments without performing any services.

REQUIRED SUPPLEMENTARY INFORMATION

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 3,935,614	\$ 3,479,577	\$ 3,531,751	\$ (456,037)	\$ 52,174
State sources	15,940,525	15,957,507	15,957,507	16,982	-
Federal sources	53,400	76,894	76,894	23,494	-
Sixteenth section sources	140,000	191,253	191,253	51,253	-
<b>Total Revenues</b>	<b>20,069,539</b>	<b>19,705,231</b>	<b>19,757,405</b>	<b>(364,308)</b>	<b>52,174</b>
<b>Expenditures:</b>					
Instruction	10,352,204	8,645,496	8,645,496	1,706,708	-
Support services	8,787,280	8,049,110	8,007,632	738,170	41,478
Noninstructional services	-	3	3	(3)	-
Facilities acquisition and construction	25,026	20,026	-	5,000	20,026
Debt service:					
Principal	-	75,000	134,970	(75,000)	(59,970)
Interest	-	-	1,554	-	(1,554)
<b>Total Expenditures</b>	<b>19,164,510</b>	<b>16,789,635</b>	<b>16,789,655</b>	<b>2,374,875</b>	<b>(20)</b>
Excess (Deficiency) of Revenues over (under) Expenditures	905,029	2,915,596	2,967,750	2,010,567	52,154
<b>Other Financing Sources (Uses):</b>					
Proceeds of loans	-	304,304	304,324	304,304	20
Sale of other property	-	1,200	1,200	1,200	-
Operating transfers in	2,239,612	1,514,630	225,028	(724,982)	(1,289,602)
Operating transfers out	(2,759,211)	(2,009,815)	(577,256)	749,396	1,432,559
Other financing uses	-	(886,030)	(886,031)	(886,030)	(1)
<b>Total Other Financing Sources (Uses)</b>	<b>(519,599)</b>	<b>(1,075,711)</b>	<b>(932,735)</b>	<b>(556,112)</b>	<b>142,976</b>
<b>Net Change in Fund Balances</b>	<b>385,430</b>	<b>1,839,885</b>	<b>2,035,015</b>	<b>1,454,455</b>	<b>195,130</b>
<b>Fund Balances:</b>					
July 1, 2024, as previously reported	5,008,618	5,008,618	3,912,632	-	(1,095,986)
Accounting changes or error corrections	-	(1,062,361)	33,625	(1,062,361)	1,095,986
July 1, 2024, as restated	5,008,618	3,946,257	3,946,257	(1,062,361)	-
June 30, 2025	\$ 5,394,048	\$ 5,786,142	\$ 5,981,272	\$ 392,094	\$ 195,130

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

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**Title I-A Fund**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts		Actual	Variances	
				Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 3,564,841	\$ 4,205,376	\$ 3,130,568	\$ 640,535	\$ (1,074,808)
Total Revenues	3,564,841	4,205,376	3,130,568	640,535	(1,074,808)
<b>Expenditures:</b>					
Instruction	1,081,489	1,546,472	1,207,775	(464,983)	338,697
Support services	2,207,932	2,175,496	1,540,685	32,436	634,811
Noninstructional services	188,537	191,376	129,211	(2,839)	62,165
Total Expenditures	3,477,958	3,913,344	2,877,671	(435,386)	1,035,673
Excess (Deficiency) of Revenues over (under) Expenditures	86,883	292,032	252,897	205,149	(39,135)
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(86,883)	(292,032)	(252,897)	(205,149)	39,135
Total Other Financing Sources (Uses)	(86,883)	(292,032)	(252,897)	(205,149)	39,135
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2024	-	-	-	-	-
June 30, 2025	\$ -	\$ -	\$ -	\$ -	\$ -

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

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Required Supplementary Information**

**Budgetary Comparison Schedule  
ESSER III ARP Fund  
For the Year Ended June 30, 2025**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 2,945,882	\$ 3,367,184	\$ 3,273,935	\$ 421,302	\$ (93,249)
Total Revenues	2,945,882	3,367,184	3,273,935	421,302	(93,249)
<b>Expenditures:</b>					
Instruction	1,056,962	1,245,571	1,184,742	(188,609)	60,829
Support services	1,888,920	1,676,638	2,089,193	212,282	(412,555)
Facilities acquisition and construction	-	444,975	-	(444,975)	444,975
Total Expenditures	2,945,882	3,367,184	3,273,935	(421,302)	93,249
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2024	-	-	-	-	-
June 30, 2025	\$ -	\$ -	\$ -	\$ -	\$ -

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

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Required Supplementary Information**

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	0.183601%	0.207994%	0.202380%	0.188454%	0.195218%	0.192575%	0.196957%	0.225665%	0.246889%	0.254173%
District's proportionate share of the net pension liability	\$ 47,676,454	\$ 52,313,237	\$ 41,657,169	\$ 27,854,324	\$ 37,791,936	\$ 33,877,742	\$ 32,759,801	\$ 37,513,182	\$ 44,100,540	\$ 39,290,134
District's covered payroll	\$ 14,069,736	\$ 15,418,109	\$ 13,932,506	\$ 12,530,287	\$ 12,999,086	\$ 12,541,911	\$ 12,577,568	\$ 14,476,514	\$ 15,794,102	\$ 15,879,251
District's proportionate share of the net pension liability as a percentage of its covered payroll	338.86%	339.30%	298.99%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	56.30%	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement No. 68 was implemented in FYE 6/30/15 and the District has compiled a full 10-year trend.

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Required Supplementary Information**

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,175,266	\$ 2,448,134	\$ 2,682,751	\$ 2,424,256	\$ 2,180,270	\$ 2,261,841	\$ 1,975,351	\$ 1,980,967	\$ 2,280,051	\$ 2,487,571
Contributions in relation to the contractually required contribution	\$ 2,175,266	\$ 2,448,134	\$ 2,682,751	\$ 2,424,256	\$ 2,180,270	\$ 2,261,841	\$ 1,975,351	\$ 1,980,967	\$ 2,280,051	\$ 2,487,571
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 12,152,324	\$ 14,069,736	\$ 15,418,109	\$ 13,932,506	\$ 12,530,287	\$ 12,999,086	\$ 12,541,911	\$ 12,577,568	\$ 14,476,514	\$ 15,794,102
Contributions as a percentage of covered payroll	17.90%	17.40%	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement No. 68 was implemented in FYE 6/30/15 and the District has compiled a full 10-year trend.

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Required Supplementary Information**

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

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.28574551%	0.31297834%	0.30634620%	0.28255436%	0.27179357%	0.27722966%	0.28279112%	0.31385859%
District's proportionate share of the net OPEB liability	\$ 1,596,700	\$ 1,731,944	\$ 1,509,319	\$ 1,818,752	\$ 2,115,119	\$ 2,352,407	\$ 2,187,531	\$ 2,462,563
District's covered - employee payroll	\$ 15,492,870	\$ 16,656,864	\$ 15,053,717	\$ 13,433,194	\$ 13,098,700	\$ 12,695,527	\$ 12,790,450	\$ 14,100,803
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	10.31%	10.40%	10.03%	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.20%	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 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT**  
**Required Supplementary Information**

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

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 59,130	\$ 69,797	\$ 75,943	\$ 61,508	\$ 73,102	\$ 84,351	\$ 94,292	\$ 104,983
Contributions in relation to the actuarially determined contribution	\$ 59,130	\$ 69,797	\$ 75,943	\$ 61,508	\$ 73,102	\$ 84,351	\$ 94,292	\$ 104,983
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 12,152,324	\$ 14,069,736	\$ 15,418,109	\$ 13,932,506	\$ 12,530,287	\$ 12,999,086	\$ 12,541,911	\$ 12,577,568
Contributions as a percentage of covered - employee payroll	0.49%	0.50%	0.49%	0.44%	0.58%	0.65%	0.75%	0.83%

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

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2025

Budgetary Comparison Schedules

(1) Basis of Presentation

The Budgetary Comparison Schedules present 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%.

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2025

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%.

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2025

2023:

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

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

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2025

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

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

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

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

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2025

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2023 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2024 :

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

SUPPLEMENTARY INFORMATION

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Supplementary Information**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	255MS326N1099	\$ 415,477
National School Lunch Program	10.555	255MS326N1099	1,267,159
Summer Food Service Program for Children	10.559	255MS326N1099	75,860
Total Child Nutrition Cluster			<u>1,758,496</u>
Total passed-through the Mississippi Department of Education			<u>1,758,496</u>
<b>Total U.S. Department of Agriculture</b>			
<b>1,758,496</b>			
<b><u>U.S. Department of Defense</u></b>			
Direct program:			
Reserve Officers' Training Corps	12.006	N/A	23,914
<b>TOTAL U. S. Department of Defense</b>			
<b>23,914</b>			
<b><u>U. S. Department of Education</u></b>			
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A240024	3,399,019
Career and Technical Education - Basic Grants to States	84.048	V048A230024	72,645
Twenty-First Century Community Learning Center	84.287	S287C230024	264,809
Rural Education	84.358	S358B230024	77,156
Supporting Effective Instruction State Grants	84.367	S367A230023	416,608
Student Support and Academic Enrichment Program	84.424	S424A230025	445,874
Subtotal			<u>4,676,111</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A240108	748,785
Special Education - Preschool Grants	84.173	H173A240113	19,710
Total Special Education Cluster			<u>768,495</u>
Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	S425D210031	315,095
Elementary and Secondary School Emergency Relief Fund (ARP III)	84.425U	S425U210031	3,273,936
ARP ESSER - Elementary Education & Reading - HQIM	84.425U	S425U210031	202,602
COVID-19 - Education Stabilization Fund (ESSER)			<u>3,791,633</u>
Total passed-through the Mississippi Department of Education			<u>9,236,239</u>
<b>Total U.S. Department of Education</b>			
<b>9,236,239</b>			
<b><u>Social Security Administration</u></b>			
Passed-through Mississippi Department of Rehabilitation Services			
SSI/Disability Cluster			
Social Security Disability Insurance	96.001	N/A	532
Total SSI/Disability Cluster			<u>532</u>
Total passed-through the Mississippi Department of Rehabilitation Services			<u>532</u>
<b>Total Social Security Administration</b>			
<b>532</b>			
Total for All Federal Awards			<b>\$ <u>11,019,181</u></b>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

CLARKSDALE MUNICIPAL SCHOOL DISTRICT  
Notes to the Supplementary Information  
For the Year Ended June 30, 2025

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 Clarksdale Municipal School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Clarksdale Municipal School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Clarksdale Municipal 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 Clarksdale Municipal 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.

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT**  
**Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds**  
**For the Year Ended June 30, 2025**

<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	\$ 17,083,499	12,676,868	1,230,053	1,265,622	1,910,956
Other	12,619,740	5,028,019	444,619	7,261	7,139,841
<b>Total</b>	<b>\$ 29,703,239</b>	<b>17,704,887</b>	<b>1,674,672</b>	<b>1,272,883</b>	<b>9,050,797</b>
Total number of students *	1,450				
Cost per student	\$ 20,485	12,210	1,155	878	6,242

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

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT**

**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	2025	2024*	2023*	2022*
<b>Revenues:</b>				
Local sources	\$ 3,531,751	\$ 3,552,589	\$ 3,677,700	\$ 4,218,663
State sources	15,957,507	13,996,486	12,274,452	12,242,802
Federal sources	76,894	39,992	68,622	77,557
Sixteenth section sources	191,253	128,260	278,383	115,836
Total Revenues	<u>19,757,405</u>	<u>17,717,327</u>	<u>16,299,157</u>	<u>16,654,858</u>
<b>Expenditures:</b>				
Instruction	8,645,496	6,282,358	9,753,122	9,156,537
Support services	8,007,632	6,998,508	7,439,043	6,743,430
Noninstructional services	3	-	-	406,911
Facilities acquisition and construction	-	4,660,299	4,089,374	-
Debt service:				
Principal	134,970	132,193	54,545	30,107
Interest	1,554	9,980	6,979	8,968
Total Expenditures	<u>16,789,655</u>	<u>18,083,338</u>	<u>21,343,063</u>	<u>16,345,953</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,967,750</u>	<u>(366,011)</u>	<u>(5,043,906)</u>	<u>308,905</u>
<b>Other Financing Sources (Uses):</b>				
Bonds, notes and loans issued	304,324	840,494	-	-
Leases issued	-	-	171,708	-
Insurance recovery	-	604,618	3,051,166	748,709
Sale of other property	1,200	-	-	-
Operating transfers in	225,028	362,329	808,715	308,202
Operating transfers out	(577,256)	(544,832)	(474,042)	(45,350)
Other financing uses	(886,031)	-	(93,865)	-
Total Other Financing Sources (Uses)	<u>(932,735)</u>	<u>1,262,609</u>	<u>3,463,682</u>	<u>1,011,561</u>
Net Change in Fund Balances	<u>2,035,015</u>	<u>896,598</u>	<u>(1,580,224)</u>	<u>1,320,466</u>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	3,912,632	1,813,021	3,486,442	1,286,282
Error corrections	33,625	1,203,013	(93,197)	879,694
Beginning of period, as restated	<u>3,946,257</u>	<u>3,016,034</u>	<u>3,393,245</u>	<u>2,165,976</u>
End of Period	<u>\$ 5,981,272</u>	<u>\$ 3,912,632</u>	<u>\$ 1,813,021</u>	<u>\$ 3,486,442</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**CLARKSDALE MUNICIPAL SCHOOL DISTRICT**

**Other Information**

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

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2025	2024*	2023*	2022*
<b>Revenues:</b>				
Local sources	\$ 5,068,855	\$ 4,793,659	\$ 4,976,909	\$ 5,447,730
Intermediate sources	-	-	267,024	-
State sources	16,730,094	14,841,858	13,059,625	13,418,572
Federal sources	10,992,174	19,335,354	25,985,331	14,527,677
Sixteenth section sources	191,253	128,260	278,383	115,836
<b>Total Revenues</b>	<b>32,982,376</b>	<b>39,099,131</b>	<b>44,567,272</b>	<b>33,509,815</b>
<b>Expenditures:</b>				
Instruction	13,138,301	12,435,089	15,731,051	13,455,157
Support services	13,831,139	14,643,402	13,945,396	10,689,266
Noninstructional services	1,845,869	2,223,327	2,618,225	2,834,633
Facilities acquisition and construction	73,999	9,493,384	15,971,142	5,092,404
Debt service:				
Principal	528,409	495,193	432,545	465,003
Interest	280,832	299,199	311,862	331,284
Other	4,690	4,781	4,867	6,706
<b>Total Expenditures</b>	<b>29,703,239</b>	<b>39,594,375</b>	<b>49,015,088</b>	<b>32,874,453</b>
Excess (Deficiency) of Revenues over (under) Expenditures	3,279,137	(495,244)	(4,447,816)	635,362
<b>Other Financing Sources (Uses):</b>				
Bonds, notes and loans issued	304,324	840,494	-	-
Leases issued	-	-	171,708	-
Insurance recovery	-	604,618	3,051,166	748,709
Payments held by escrow agent	217,950	187,500	217,950	186,293
Payment to QSCB debt escrow agent	(217,950)	(187,500)	(217,950)	(186,293)
Sale of other property	1,200	-	311	-
Operating transfers in	1,142,742	1,000,408	1,364,039	659,898
Operating transfers out	(1,142,742)	(1,000,408)	(1,364,039)	(659,898)
Other financing uses	(886,031)	-	(95,615)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(580,507)</b>	<b>1,445,112</b>	<b>3,127,570</b>	<b>748,709</b>
<b>Net Change in Fund Balances</b>	<b>2,698,630</b>	<b>949,868</b>	<b>(1,320,246)</b>	<b>1,384,071</b>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	7,500,453	5,512,108	7,140,940	4,836,896
Error corrections	30,048	1,050,279	(310,155)	916,794
Beginning of period, as restated	7,530,501	6,562,387	6,830,785	5,753,690
Increase (Decrease) in inventory	6,756	(11,802)	1,569	3,179
<b>End of Period</b>	<b>\$ 10,235,887</b>	<b>\$ 7,500,453</b>	<b>\$ 5,512,108</b>	<b>\$ 7,140,940</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



# McKENZIE CPA, PLLC

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

Superintendent and School Board  
Clarksdale Municipal School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clarksdale Municipal School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Clarksdale Municipal School District's basic financial statements, and have issued our report thereon dated March 31, 2026.

## Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs, as item **2025-001**, that we consider to be a significant deficiency.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarksdale Municipal School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items **2025-001**, that we consider to be an immaterial noncompliance.

## Clarksdale Municipal School District's Response to Findings

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

## 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  
March 31, 2026





## McKENZIE CPA, PLLC

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

Superintendent and School Board  
Clarksdale Municipal School District

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

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

We have audited Clarksdale Municipal School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clarksdale Municipal School District's major federal programs for the year ended June 30, 2025. The Clarksdale Municipal 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 Clarksdale Municipal School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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

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

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Clarksdale Municipal 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 Clarksdale Municipal School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting

material noncompliance resulting from fraud is higher than 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 Clarksdale Municipal School District's compliance with the requirements of each major federal program as a whole.

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

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

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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  
March 31, 2026

*McKenzie CPA, PLLC*

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



# McKENZIE CPA, PLLC

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

Superintendent and School Board  
Clarksdale Municipal School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clarksdale Municipal School District as of and for the year ended June 30, 2025, which collectively comprise Clarksdale Municipal School District's basic financial statements and have issued our report thereon dated March 31, 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 did not disclose any instances of noncompliance with other state laws and regulations.

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

McKenzie CPA, PLLC  
Madison, Mississippi  
March 31, 2026

*McKenzie CPA, PLLC*

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

**Section I: Summary of Auditor's Results**

Financial Statements:

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

Federal Awards:

- |     |  |  |
|-----|--|--|
| 4.  | Internal control over major programs:  |  |
| a.  | Material weakness identified?  | No   |
| b.  | Significant deficiency identified?   | None Reported                                |
|     |  |  |
| 5.  | Type of auditor's report issued on compliance for major programs:  | Unmodified                                   |
|     |  |  |
| 6.  | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   | No   |
|     |  |  |
| 7.  | Identification of major programs:  |  |
|     | <u>Assistance Listing Numbers</u>  | <u>Name of Federal Program or Cluster</u>    |
|     | 10.553; 10.555; 10.559   | Child Nutrition Cluster                      |
|     | 84.010   | Title I Grants to Local Educational Agencies |
|     |  |  |
| 8.  | Dollar threshold used to distinguish between type A and type B programs:   | \$750,000                                    |
|     |  |  |
| 9.  | Auditee qualified as low-risk auditee?   | No   |
|     |  |  |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | Yes  |

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

**Section II: Financial Statement Findings**

**Significant Deficiency and Immaterial Non-Compliance**

**2025-001 Finding**

**Capital asset testing and internal controls**

**Repeat Finding: 2024-001, 2023-001, and 2022-001**

Criteria:

According to the MS Public School Asset Management Manual and based on the requirement of GASB Statement 34 public school districts are required to establish and maintain a system of accountability, control, and reporting for their capital assets. School districts are required to develop policies and to establish and implement control procedures to implement those policies to ensure a high degree of certainty that the policies are adhered to as intended by the school board. Required policies include valuation of its capital assets, capitalization policy, and a policy on depreciating capital assets. In addition, all capital assets should be tagged and properly recorded in the financial statements.

Condition:

During our asset inventory testing we noted the following exceptions out of the samples tested:

1. Five (5) assets could not be found or verified during physical inspection.
2. One (1) asset was found to be disposed, but was still listed within inventory.

Cause:

District did not have adequate controls in place to ensure that all assets are being properly tagged and available at the time of an audit inspection.

Effect:

This could cause capital assets to be misstated on the financials and could lead to assets being easily misplaced or stolen.

Questioned Cost:

None

Recommendation:

The district should implement the proper procedures and controls with regard to the purchase, disposal, and transfer of fixed assets. District should reconcile assets monthly to the general ledger, including additions and board approved disposals. The district should also require an annual inventory of all capital assets within the district. The proper transfer paperwork should be submitted when an asset is moved to a new location within the district and each asset should be tagged with the number assigned by the software.

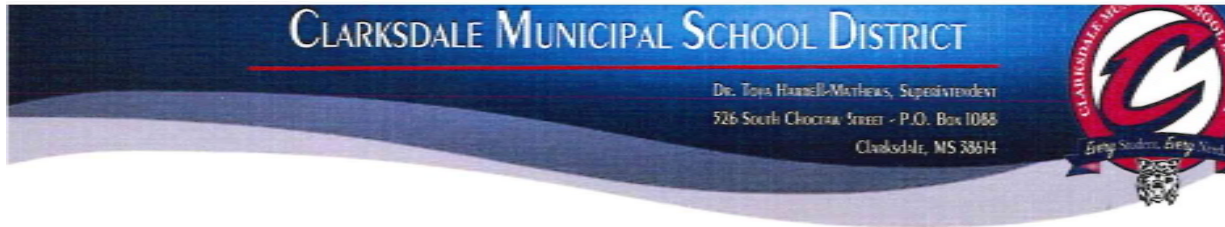
Response:

Please refer to the Auditee's Corrective Action Plan.

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

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

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



### AUDITEE'S CORRECTIVE ACTION PLAN

As required by the Uniform Guidance, The Clarksdale Municipal School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2025:

**2025-001**

Capital asset testing and internal controls

A. Name of contact person responsible for corrective action:

Name: Dr. Toya Matthews

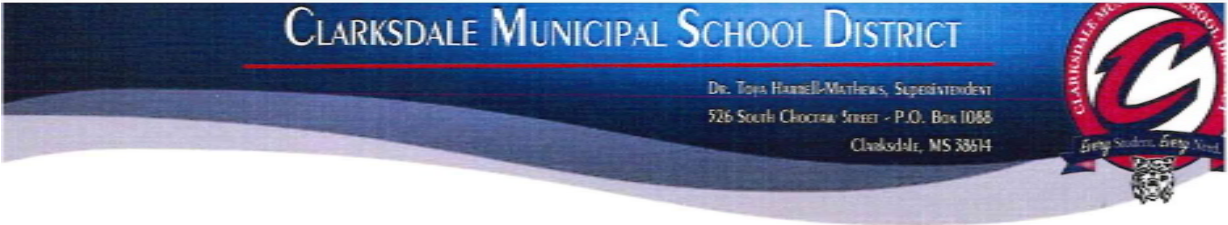
Title: Superintendent

B. Corrective action planned:

The district will implement stronger internal controls to ensure all assets are properly recorded and tagged. The district will also strengthen controls to ensure all assets are maintained and documented with asset additions, disposals, and transfers. The district will continue to perform an internal asset audit at least twice a year to verify the accuracy of the accounting records.

C. Anticipated completion date:

June 30, 2026



**AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

As required by Uniform Guidance, the Clarksdale Municipal School District has prepared and hereby submits the following summary of prior year audit findings as of June 30, 2025:

<u>Findings</u>	<u>Status</u>
2024-001	See Finding 2025-001.
2024-002	Corrected