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GRENADA SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2025

GRENADA SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



McKENZIE CPA, PLLC

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

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Grenada 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 Grenada School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Grenada 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 Grenada 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 Grenada 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 Grenada 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 Grenada 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 Grenada 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 Grenada 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 6, 2026, on our consideration of the Grenada 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 Grenada 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 Grenada School District's internal control over financial reporting and compliance.

McKenzie CPA, PLLC
Madison, Mississippi
March 6, 2026



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Grenada 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 \$4,269,717, including an error correction of \$2,518 and a change in accounting principle of (\$132,074), which represents a 33% decrease from fiscal year 2024. Total net position for 2024 increased \$1,949,827, including an error correction of \$304,277 which represents a 13% increase from fiscal year 2023
- General revenues amounted to \$45,280,424 and \$35,814,904, or 82% and 63% of all revenues for fiscal years 2025 and 2024, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,048,277, or 18% of total revenues for 2025, and \$20,989,409, or 37% of total revenues for 2024.
- The District had \$59,468,862 and \$55,158,763 in expenses for fiscal years 2025 and 2024; only \$10,048,277 for 2025 and \$20,989,409 for 2024 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$45,280,424 for 2025 were not adequate to provide for these programs. However, general revenues of \$35,814,904 for 2024 were adequate to provide for these programs.
- Among major funds, the General Fund had \$38,997,611 in revenues and \$39,721,101 in expenditures for 2025, and \$35,223,764 in revenues and \$34,976,468 in expenditures for 2024. The General Fund's fund balance decreased by \$1,968,426, including an error correction of \$2,520, from 2024 to 2025, and decreased by \$2,471,918, including an error correction of (\$950) from 2023 to 2024.
- Capital assets, including leased and subscription IT assets, net of accumulated depreciation and amortization, increased by \$1,870,836 for 2025, and increased by \$8,023,798 for 2024. The increase for 2025 was due primarily to the additions to construction in progress, building improvements and mobile equipment as well as the additions of leases and subscription IT assets.
- Long-term debt, including compensated absences, leases and subscription IT liabilities, increased by \$812,165, including a change in accounting principle of \$136,074, for 2025, and decreased by \$162,939 for 2024. The increase for 2025 was due primarily to the issuance of three mill notes and inception of leases and subscription liabilities. The liability for compensated absences increased by \$294,655, including a change in accounting principle of \$136,074 for 2025 and decreased by \$15,083 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.

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

Fund Financial Statements

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

GRENADA 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 \$17,020,626 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.

GRENADA 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

	June 30, 2025	June 30, 2024	Percentage Change	
Current assets	\$ 32,275,145	\$ 27,676,348	16.62	%
Restricted assets	293,274	2,215,941	(86.77)	%
Lease receivable	357,373	414,768	(13.84)	%
Capital assets, net	31,104,166	29,233,330	6.40	%
Total assets	<u>64,029,958</u>	<u>59,540,387</u>	7.54	%
Deferred outflows of resources	<u>21,208,533</u>	<u>29,760,386</u>	(28.74)	%
Current liabilities	1,210,819	1,551,864	(21.98)	%
Long-term debt outstanding	3,401,325	2,662,961	27.73	%
Lease liability	25,182	-	N/A	%
SBITA liability	44,619	-	N/A	%
Net OPEB liability	2,928,156	2,906,639	0.74	%
Net pension liability	88,971,154	88,011,763	1.09	%
Total liabilities	<u>96,581,255</u>	<u>95,133,227</u>	1.52	%
Deferred inflows of resources	<u>5,677,862</u>	<u>6,918,455</u>	(17.93)	%
Net position:				
Net investment in capital assets	28,434,365	27,233,330	4.41	%
Restricted	16,036,133	11,062,659	44.96	%
Unrestricted	(61,491,124)	(51,046,898)	(20.46)	%
Total net position	<u>\$ (17,020,626)</u>	<u>\$ (12,750,909)</u>	(33.49)	%

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 16 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 16 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)	\$ (61,491,124)
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>75,967,103</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 14,475,979</u>

GRENADA 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.

- Increase in net capital assets in the amount of \$1,870,836, including leased and subscription IT assets.
- The principal retirement of \$2,152,291 of long-term debt, and payment of principal of \$61,020 for leases and subscription IT liabilities.
- The inception of leases totaling \$27,660 and additions of subscription IT liabilities in the amount of \$103,161.
- The district issued new three mill notes payable in the amount of \$2,600,000.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2025 and June 30, 2024 were \$55,328,701 and \$56,804,313, respectively. The total cost of all programs and services was \$59,468,862 for 2025 and \$55,158,763 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>
Revenues:			
Program revenues:			
Charges for services	\$ 962,907	\$ 767,941	25.39 %
Operating grants and contributions	9,085,370	20,221,468	(55.07) %
General revenues:			
Property taxes	9,809,238	9,703,750	1.09 %
Grants and contributions not restricted	27,907,868	21,989,521	26.91 %
Investment earnings	1,148,135	864,806	32.76 %
Sixteenth section sources	647,333	250,394	158.53 %
Other	5,767,850	3,006,433	91.85 %
Total revenues	<u>55,328,701</u>	<u>56,804,313</u>	(2.60) %
Expenses:			
Instruction	25,180,295	24,170,134	4.18 %
Support services	18,327,310	15,401,251	19.00 %
Non-instructional	2,455,190	2,612,717	(6.03) %
Sixteenth section	94,565	63,202	49.62 %
Pension expense	13,387,920	13,024,395	2.79 %
OPEB expense	(85,728)	(142,881)	40.00 %
Interest on long-term liabilities	109,310	29,945	265.03 %
Total expenses	<u>59,468,862</u>	<u>55,158,763</u>	7.81 %
Increase (Decrease) in net position	<u>(4,140,161)</u>	<u>1,645,550</u>	(351.60) %
Net Position, July 1, as previously reported	(12,750,909)	(14,700,736)	13.26 %
Adjustment or restatement	<u>(129,556)</u>	<u>304,277</u>	(142.58) %
Net Position, July 1, as restated	<u>(12,880,465)</u>	<u>(14,396,459)</u>	10.53 %
Net Position, June 30	<u>\$ (17,020,626)</u>	<u>\$ (12,750,909)</u>	(33.49) %

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 16 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.

GRENADA 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 16 of this report.

Governmental activities

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

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change	
	2025	2024		
Instruction	\$ 25,180,295	\$ 24,170,134	4.18	%
Support services	18,327,310	15,401,251	19.00	%
Non-instructional	2,455,190	2,612,717	(6.03)	%
Sixteenth section	94,565	63,202	49.62	%
Pension Expense	13,387,920	13,024,395	2.79	%
OPEB Expense	(85,728)	(142,881)	40.00	%
Interest on long-term liabilities	109,310	29,945	265.03	%
Total expenses	\$ 59,468,862	\$ 55,158,763	7.81	%
	Net (Expense) Revenue		Percentage Change	
	2025	2024		
Instruction	\$ (19,821,913)	\$ (13,688,177)	(44.81)	%
Support services	(16,155,827)	(7,349,823)	(119.81)	%
Non-instructional	(19,942)	(162,672)	87.74	%
Sixteenth section	(11,401)	(57,223)	80.08	%
Pension Expense	(13,387,920)	(13,024,395)	(2.79)	%
OPEB Expense	85,728	142,881	(40.00)	%
Interest on long-term liabilities	(109,310)	(29,945)	(265.03)	%
Total net (expense) revenue	\$ (49,420,585)	\$ (34,169,354)	(44.63)	%

- Net cost of governmental activities (\$49,420,585 for 2025 and \$34,169,354 for 2024) was financed by general revenue, which is primarily made up of property taxes (\$9,809,238 for 2025 and \$9,703,750 for 2024) and state and federal revenues (\$27,907,868 for 2025 and \$21,989,521 for 2024). In addition, there was \$647,333 and \$250,394 in Sixteenth Section sources for 2025 and 2024, respectively.
- Investment earnings amounted to \$1,148,135 for 2025 and \$864,806 for 2024.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District

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

completed the year, its governmental funds reported a combined fund balance of \$31,415,673, an increase of \$3,092,825, which includes an error correction of \$2,520 and an increase in inventory of \$18,835. \$12,942,100, or 41% 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 \$18,473,573, or 59% 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 decrease in fund balance in the General Fund for the fiscal year was \$1,968,426, including an error correction of \$2,520. The fund balance of Other Governmental Funds showed a decrease in the amount of \$2,603,311, which includes an increase in inventory of \$18,835. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)	
Title I Fund	no increase or decrease	
SB 3015 - CTE Fund	\$	5,000,000
GMS Addition Fund	\$	2,664,562

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 each additional special revenue fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2025, the District's total capital assets were \$57,763,015, including land, construction in progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, leased assets and subscription IT assets. This amount represents an increase of \$3,471,754 from 2024. Total accumulated depreciation and amortization as of June 30, 2025, was \$26,658,849, and total depreciation and amortization expense for the year was \$2,002,880, resulting in total net capital assets of \$31,104,166.

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

	June 30, 2025	June 30, 2024	Percentage Change
Land	\$ 148,900	\$ 148,900	0.00 %
Construction in Progress	1,515,767	4,577,013	(66.88) %
Buildings	18,587,595	14,842,350	25.23 %
Building improvements	1,599,439	1,386,629	15.35 %
Improvements other than buildings	2,547,173	2,688,208	(5.25) %
Mobile equipment	5,779,548	4,825,708	19.77 %
Furniture and equipment	802,107	743,594	7.87 %
Leased Assets	24,993	-	N/A %
Subscription IT assets	98,644	20,928	371.35 %
Total	\$ 31,104,166	\$ 29,233,330	6.40 %

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

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

Debt Administration. At June 30, 2025, the District had \$3,471,126 in outstanding long-term debt, including compensated absences, leases and subscription IT liabilities, of which \$375,845 is due within one year. During the fiscal year, the District issued debt for \$2,600,000, had an inception of leases and additions of SBITAs liabilities totaling \$130,821. The District made principal payments totaling \$2,213,311 on outstanding long-term debt, including leases and subscription IT liabilities. The liability for compensated absences increased \$294,655, including a change in accounting principle of \$136,074 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Percentage Change</u>
Three mill notes payable	2,600,000	2,000,000	30.00 %
Shortfall notes payable	156,861	309,152	(49.26) %
Lease liabilities	25,182	-	N/A %
Subscription IT liabilities	44,619	-	N/A %
Compensated absences payable	644,464	353,809	82.15 %
Total	\$ 3,471,126	\$ 2,662,961	30.35 %

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

CURRENT ISSUES

The Grenada 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.

The district has seven (7) schools, an achievement center, and a technical center.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Grenada School District, Post Office Box 1940, Grenada, MS 38901.

FINANCIAL STATEMENTS

GRENADA SCHOOL DISTRICT

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 24,684,426
Cash with fiscal agents	40
Investments	5,875,455
Due from other governments	1,584,047
Other receivables, net	32,222
Lease receivable	357,373
Inventories	98,955
Restricted assets	293,274
Capital assets, non-depreciable:	
Land	148,900
Construction in progress	1,515,767
Capital assets, net of accumulated depreciation:	
Buildings	18,587,595
Building improvements	1,599,439
Improvements other than buildings	2,547,173
Mobile equipment	5,779,548
Furniture and equipment	802,107
Leased Assets	24,993
Subscription IT assets	98,644
Total Assets	64,029,958
Deferred Outflows of Resources	
Deferred outflows - pensions	20,209,983
Deferred outflows - OPEB	998,550
Total Deferred Outflows of Resources	21,208,533
Liabilities	
Accounts payable and accrued liabilities	1,108,583
Interest payable on long-term liabilities	102,236
Long-term liabilities, due within one year:	
Lease liabilities	6,291
Capital related liabilities	170,079
Non-capital related liabilities	189,084
SBITA liabilities	10,391
Net OPEB liability	131,498
Long-term liabilities, due beyond one year:	
Lease liabilities	18,891
Capital related liabilities	2,429,921
Non-capital related liabilities	612,241
SBITA liabilities	34,228
Net pension liability	88,971,154
Net OPEB liability	2,796,658
Total Liabilities	96,581,255
Deferred Inflows of Resources	
Deferred inflows - pensions	4,509,904
Deferred inflows - OPEB	766,422
Deferred inflows - leases	401,536
Total Deferred Inflows of Resources	5,677,862
Net Position	
Net investment in capital assets	28,434,365
Restricted for:	
Expendable:	
School-based activities	5,732,248
Debt service	616,238
Capital improvements	8,937,363
Forestry improvements	30,999
Unemployment benefits	426,011
Non-expendable:	
Sixteenth section	293,274
Unrestricted	(61,491,124)
Total Net Position (deficit)	\$ (17,020,626)

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

GRENADA 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	Capital Grants and Contributions		
Governmental Activities:						
Instruction	\$ 25,180,295	\$ 518,758	\$ 4,839,624	\$ -		\$ (19,821,913)
Support services	18,327,310	67,471	2,104,012	-		(16,155,827)
Non-instructional	2,455,190	293,514	2,141,734	-		(19,942)
Sixteenth section	94,565	83,164	-	-		(11,401)
Pension expense	13,387,920	-	-	-		(13,387,920)
OPEB expense	(85,728)	-	-	-		85,728
Interest on long-term liabilities	109,310	-	-	-		(109,310)
Total Governmental Activities	\$ 59,468,862	\$ 962,907	\$ 9,085,370	\$ -		\$ (49,420,585)
General Revenues:						
Taxes:						
General purpose levies						9,493,867
Debt purpose levies						315,371
Unrestricted grants and contributions:						
State						27,587,123
Federal						320,745
Unrestricted investment earnings						1,148,135
Sixteenth section sources						647,333
Other						5,767,850
Total General Revenues						45,280,424
Change in Net Position						(4,140,161)
Net Position - Beginning, as previously reported						(12,750,909)
Adjustment or restatement						(129,556)
Net Position - Beginning, as restated						(12,880,465)
Net Position (deficit) - Ending						\$ (17,020,626)

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

**GRENADA SCHOOL DISTRICT
Governmental Funds**

**Balance Sheet
June 30, 2025**

Exhibit C

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Title I Fund	SB 3015 - CTE Fund	GMS Addition Fund			
Assets							
Cash and cash equivalents	\$ 8,908,156	\$ -	\$ 5,000,000	\$ 6,653,519	\$ 4,416,025	\$ 24,977,700	
Cash with fiscal agents	40	-	-	-	-	40	
Investments	5,875,455	-	-	-	-	5,875,455	
Due from other governments	546,642	485,083	-	-	552,322	1,584,047	
Other receivables, net	32,222	-	-	-	-	32,222	
Lease receivable	357,373	-	-	-	-	357,373	
Due from other funds	909,186	-	-	-	-	909,186	
Inventories	-	-	-	-	98,955	98,955	
Total Assets	\$ 16,629,074	\$ 485,083	\$ 5,000,000	\$ 6,653,519	\$ 5,067,302	\$ 33,834,978	
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances:</u>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 950,234	\$ 280	\$ -	\$ 45,184	\$ 112,885	\$ 1,108,583	
Due to other funds	-	484,803	-	-	424,383	909,186	
Total Liabilities	950,234	485,083	-	45,184	537,268	2,017,769	
Deferred Inflows of Resources							
Leases	401,536	-	-	-	-	401,536	
Total Deferred Inflows of Resources	401,536	-	-	-	-	401,536	
Fund Balances:							
Nonspendable:							
Inventory	-	-	-	-	98,955	98,955	
Permanent fund principal	-	-	-	-	293,274	293,274	
Restricted:							
Debt service	-	-	-	-	718,474	718,474	
Capital projects	-	-	-	6,608,335	2,329,028	8,937,363	
Forestry improvement purposes	-	-	-	-	30,999	30,999	
Grant activities	-	-	5,000,000	-	161,569	5,161,569	
Unemployment benefits	-	-	-	-	426,011	426,011	
Food services	-	-	-	-	471,724	471,724	
Assigned:							
Capital improvements	1,557,194	-	-	-	-	1,557,194	
Student activities	778,010	-	-	-	-	778,010	
Unassigned	12,942,100	-	-	-	-	12,942,100	
Total Fund Balances	15,277,304	-	5,000,000	6,608,335	4,530,034	31,415,673	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,629,074	\$ 485,083	\$ 5,000,000	\$ 6,653,519	\$ 5,067,302	\$ 33,834,978	

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

**GRENADA 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 \$ 31,415,673

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	\$	148,900	
Construction in progress		1,515,767	
Buildings		37,939,704	
Building improvements		2,834,070	
Improvements other than buildings		3,379,267	
Mobile equipment		8,822,034	
Furniture and equipment		2,960,793	
Accumulated depreciation		(26,620,006)	
Leased assets		27,659	
Accumulated amortization		(2,666)	
Subscription IT assets		134,821	
Accumulated amortization		<u>(36,177)</u>	31,104,166

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		(88,971,154)	
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions		20,209,983	
Deferred inflows of resources related to pensions		<u>(4,509,904)</u>	(73,271,075)

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		(2,928,156)	
--------------------	--	-------------	--

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		998,550	
Deferred inflows of resources related to OPEB		<u>(766,422)</u>	(2,696,028)

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:

Notes payable		(2,756,861)	
Lease liabilities		(25,182)	
SBITA liabilities		(44,619)	
Compensated absences		(644,464)	
Accrued interest payable		<u>(102,236)</u>	(3,573,362)

Net Position of governmental activities **\$ (17,020,626)**

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

**GRENADA 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 Fund	SB 3015 - CTE Fund	GMS Addition Fund		
Revenues:						
Local sources	\$ 10,666,843	\$ -	\$ -	\$ -	1,432,436	\$ 12,099,279
State sources	26,936,990	-	5,000,000	-	2,365,071	34,302,061
Federal sources	321,864	1,801,950	-	-	5,567,362	7,691,176
Sixteenth section sources	1,071,914	-	-	-	96,800	1,168,714
Total Revenues	38,997,611	1,801,950	5,000,000	-	9,461,669	55,261,230
Expenditures:						
Instruction	20,857,199	1,506,257	-	-	5,122,649	27,486,105
Support services	18,781,113	221,214	-	-	1,848,143	20,850,470
Noninstructional services	2,408	48,703	-	-	2,538,964	2,590,075
Sixteenth section	18,748	-	-	-	75,817	94,565
Facilities acquisition and construction	-	-	-	1,142,865	603,289	1,746,154
Debt service:						
Principal	61,020	-	-	-	2,152,291	2,213,311
Interest	613	-	-	-	28,075	28,688
Other	-	-	-	-	1,300	1,300
Total Expenditures	39,721,101	1,776,174	-	1,142,865	12,370,528	55,010,668
Excess (Deficiency) of Revenues over (under) Expenditures	(723,490)	25,776	5,000,000	(1,142,865)	(2,908,859)	250,562
Other Financing Sources (Uses):						
Bonds and notes issued	-	-	-	2,600,000	-	2,600,000
Leases issued	27,660	-	-	-	-	27,660
SBITA issued	103,161	-	-	-	-	103,161
Insurance recovery	67,471	-	-	-	-	67,471
Payments held by escrow agent	-	-	-	-	58,787	58,787
Payment to QSCB debt escrow agent	-	-	-	-	(58,787)	(58,787)
Sale of transportation equipment	16,000	-	-	-	-	16,000
Sale of other property	6,616	-	-	-	-	6,616
Operating transfers in	310,226	-	-	1,207,427	571,163	2,088,816
Operating transfers out	(1,778,590)	(25,776)	-	-	(284,450)	(2,088,816)
Total Other Financing Sources (Uses)	(1,247,456)	(25,776)	-	3,807,427	286,713	2,820,908
Net Change in Fund Balances	(1,970,946)	-	5,000,000	2,664,562	(2,622,146)	3,071,470
Fund Balances:						
July 1, 2024, as previously reported	17,245,730	-	-	3,943,773	7,133,345	28,322,848
Adjustment or restatement	2,520	-	-	-	-	2,520
July 1, 2024, as restated	17,248,250	-	-	3,943,773	7,133,345	28,325,368
Increase (Decrease) in inventory	-	-	-	-	18,835	18,835
June 30, 2025	\$ 15,277,304	\$ -	\$ 5,000,000	\$ 6,608,335	\$ 4,530,034	\$ 31,415,673

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

**GRENADA 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 \$ 3,071,470

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	\$ 3,799,314	
Depreciation expense	(1,974,769)	
Leases outlay	27,659	
Amortization expense	(2,666)	
SBITAs outlay	103,161	
Amortization expense	<u>(25,445)</u>	1,927,254

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. (56,416)

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	(2,600,000)	
Leases issued	(27,660)	
Subscription IT liability issued	(103,161)	
Payments of debt principal	2,152,291	
Payments of leases principal	2,478	
Payments of SBITAs principal	58,542	
Accrued interest payable	<u>(79,322)</u>	(596,832)

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	(13,387,920)	
Contributions subsequent to the measurement date	<u>4,817,259</u>	(8,570,661)

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	85,728	
Contributions subsequent to the measurement date	<u>139,042</u>	224,770

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	(158,581)	
Change in inventory	<u>18,835</u>	(139,746)

Change in Net Position of governmental activities \$ (4,140,161)

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five-member board to which each member is elected by the citizens of each defined county district

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

B. Government-wide and Fund Financial Statements

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental funds.

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

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 – Fund – This special revenue fund is used to account for the federal funds whose use is restricted for services associated with providing supplemental education services to students.

SB 3015 – CTE Fund – This is a special revenue fund that accounts for designated CTE and workforce development.

GMS Addition Fund – This is a capital projects fund that accounts for funds received for the public-school building.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. 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

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

expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

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

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

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

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

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

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

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.

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

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

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

The following schedule details the capitalization thresholds:

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

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, deferred inflows related to OPEB and deferred inflows related to leases.

See Notes 6, 9, 10 and 15 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

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

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.

When acting as the lessor, the school district uses 4% to calculate the present value of lease payments involving the leasing of 16th section school lands.

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

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

to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Postemployment Benefits Other than Pensions (OPEB)

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

14. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

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

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

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

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

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

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 \$24,977,700.

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 \$27,668,213 was exposed to custodial credit risk.

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

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$40.

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Government Securities	AA+	1-24	\$ 4,721,413
Municipal Bonds	AA+	1-14	1,054,031
Corporate Bonds	AA-	1-9	100,011
Total			\$ <u>5,875,455</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:

- All types of investments of \$5,875,455 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.

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

Issuer	Fair Value	% of Total Investments
U.S. Government Securities	\$ 4,721,413	80%
Municipal Bonds	1,054,031	18%
Corporate Bonds	100,011	2%
Total	\$ <u>5,875,455</u>	

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

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 Fund	\$ 484,803
General Fund	Other Governmental Funds	424,383
Total		<u>\$ 909,186</u>

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 Fund	General Fund	\$ 25,776
General Fund	GMS Addition Fund	1,207,427
Other Governmental Funds	General Fund	284,450
General Fund	Other Governmental Funds	571,163
Total		<u>\$ 2,088,816</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 balance, totaling \$293,274, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

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

Note 5 – Capital Assets

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

	Balance 7/1/2024	Increases	Decreases	Completed Construction	Adjustments	Balance 6/30/2025
Governmental Activities:						
<u>Non-depreciable capital assets:</u>						
Land	\$ 148,900	\$ -	\$ -	\$ -	\$ -	148,900
Construction in progress	4,577,013	1,379,144	-	(4,440,390)	-	1,515,767
Total non-depreciable capital assets	4,725,913	1,379,144	-	(4,440,390)	-	1,664,667
<u>Depreciable capital assets:</u>						
Buildings	33,499,314	-	-	4,440,390		37,939,704
Building improvements	2,467,059	367,010	-	-	1	2,834,070
Improvements other than buildings	3,379,268	-	-	-	(1)	3,379,267
Mobile equipment	7,526,744	1,691,200	395,909	-	(1)	8,822,034
Furniture and equipment	2,661,303	361,960	62,469	-	(1)	2,960,793
Total depreciable capital assets	49,533,688	2,420,170	458,378	4,440,390	(2)	55,935,868
<u>Less accumulated depreciation for:</u>						
Buildings	18,656,964	695,145	-	-		19,352,109
Building improvements	1,080,430	154,201	-	-		1,234,631
Improvements other than buildings	691,060	141,034	-	-		832,094
Mobile equipment	2,701,036	681,568	340,118	-		3,042,486
Furniture and equipment	1,917,709	302,821	61,844	-		2,158,686
Total accumulated depreciation	25,047,199	1,974,769	401,962	-	-	26,620,006
Total depreciable capital assets, net	24,486,489	445,401	56,416	4,440,390	(2)	29,315,862
Governmental activities capital assets, net	\$ 29,212,402	\$ 1,824,545	\$ 56,416	\$ -	(2)	\$ 30,980,529
Lease assets, net	\$ -					\$ 24,993
Subscription IT assets, net	20,928					98,644
Total capital assets, net, as reported in SNP	\$ 29,233,330					\$ 31,104,166

Error corrections were made to accurately reflect book balances.

Depreciation expense was charged to the following governmental functions:

Governmental Activities:	Amount
Instructional	\$ 944,064
Support services	929,824
Non-instructional	100,881
Total depreciation expense	\$ 1,974,769

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

Governmental Activities:	Spent to June 30, 2025	Remaining Commitment
GMS Classroom and Admin Addition	\$ 1,263,457	\$ 6,684,777
GES 3-5 12 Classroom Additions	-	4,440,390
EIC Interior Construction	252,310	2,500,000
Total	\$ 1,515,767	\$ 13,625,167

Construction projects included in governmental activities are funded with GMS Addition Fund and District Funds.

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

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

A summary of leases and subscription IT 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	\$ -	27,659	27,659
Total lease assets	-	27,659	27,659
<u>Less accumulated amortization:</u>			
Furniture and equipment	-	2,666	2,666
Total accumulated amortization	-	2,666	2,666
Total lease assets, net	\$ -	24,993	24,993
Subscription IT Asset	\$ 31,660	103,161	134,821
Less Accumulated Amortization	10,732	25,445	36,177
Total subscription IT assets, Net	\$ 20,928	77,716	98,644
Total leases and subscription IT Assets, Net	\$ 20,928	102,709	123,637

Amortization expense was charged to the following governmental functions:

Governmental Activities:	Amount
Instructional	\$ 2,666
Support services	25,445
Total amortization expense	\$ 28,111

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

	Balance 7/1/2024	Additions	Deductions	Balance 6/30/2025	Amounts due within one year
Lease Liabilities	\$ -	27,660	2,478	25,182	6,291
Subscription IT Liabilities	-	103,161	58,542	44,619	10,391
Total	\$ -	130,821	61,020	69,801	16,682

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

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 purchased at the date of lease inception.

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

The school district, acting as lessee, has entered into 4 leases for various copiers within the district. Details of the lease obligations are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copiers	7.50%	04-15-25	03-15-29	\$ 18,666	\$ 17,546
Copiers	8.00%	11-01-24	10-15-28	8,994	7,636
Total				\$ 27,660	\$ 25,182

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

Year Ending June 30,	Lease Principal	Interest	Total
2026	\$ 6,291	1,709	8,000
2027	6,790	1,210	8,000
2028	7,329	670	7,999
2029	4,772	137	4,909
\$	<u>25,182</u>	<u>3,726</u>	<u>28,908</u>

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

As lessor:

Acting as lessor, the district has entered into 70 leases transferring the right of use of sixteenth section school lands. Such leases are set for a term that corresponds with the state law in accordance with the type lease executed.

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools.

The following shows the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30,	Lease Principal	Interest	Total
2026 \$	112,754	14,295	127,049
2027	100,952	9,785	110,737
2028	70,281	5,747	76,028
2029	25,515	2,935	28,450
2030	14,065	1,915	15,980
2031-2035	21,572	4,548	26,120
2036-2040	7,308	1,867	9,175
2041-2045	4,926	399	5,325
\$	<u>357,373</u>	<u>41,491</u>	<u>398,864</u>

The total amount of inflows recognized in the reporting period from these leases is \$155,649. As of June 30, 2025, the district recognized a lease receivable of \$357,373 and deferred inflow of resources of \$401,536 related to the sixteenth section land leases.

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

Subscription Based IT Arrangements (SBITAs)

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

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

The school district generally uses U. S. Treasury rate at subscription inception as the discount rate for subscriptions unless the rate that the lessor charges is known.

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

Details of the 6 subscription obligations are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Houghton	4.75%	07-01-22	N/A	\$ 22,000	\$ -
McGraw	4.75%	07-01-23	N/A	9,660	-
Teachtown	4.75%	08-02-24	08-02-28	57,129	44,619
Drift Net	5.00%	09-01-24	N/A	4,800	-
Individual Software	4.75%	09-01-24	N/A	2,700	-
TN Book Company	4.75%	08-14-24	N/A	38,532	-
Total				\$ 134,821	\$ 44,619

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

Year Ending	Principal	Interest	Total
June 30, 2026	\$ 10,391	2,119	12,510
2027	10,884	1,625	12,509
2028	11,401	1,108	12,509
2029	11,943	567	12,510
Total	\$ 44,619	5,419	50,038

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

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. Three mill notes payable	\$ 2,000,000	\$ 2,600,000	\$ 2,000,000	\$ -	\$ 2,600,000	\$ 170,079
B. Shortfall notes payable	309,152	-	152,291	-	156,861	156,861
C. Compensated absences payable	353,809	158,581	-	132,074	644,464	32,223
Total	<u>\$ 2,662,961</u>	<u>\$ 2,758,581</u>	<u>\$ 2,152,291</u>	<u>\$ 132,074</u>	<u>\$ 3,401,325</u>	<u>\$ 359,163</u>

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. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill notes payable, Series 2009	0.94%	12-17-09	09-15-24	\$ 2,000,000	-
Three mill notes payable, Series 2023	4.30%	08-15-24	08-15-36	2,600,000	2,600,000
Total				<u>\$ 4,600,000</u>	<u>2,600,000</u>

1. Series 2009:

This debt was paid off and retired from the QSCB sinking fund debt service fund.

2. Series 2023:

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

Year Ending June 30,	Principal	Interest	Total
2026 \$	170,079	111,800	281,879
2027	177,393	104,487	281,880
2028	185,021	96,859	281,880
2029	192,977	88,903	281,880
2030	201,275	80,605	281,880
2031-2035	1,143,880	265,515	1,409,395
2036-2039	529,375	34,384	563,759
Total \$	<u>2,600,000</u>	<u>782,553</u>	<u>3,382,553</u>

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

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

B. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall note Series 2014	3.00%	08-16-22	08-16-25	\$ 457,008	\$ 156,861

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 156,861	4,706	161,567

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

C. Compensated absences payable

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

Note 8 – Other Commitments

Commitments under construction contracts are described in Note 5.

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2025 was 17.90% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2025, 2024 and 2023 were \$4,817,259, \$4,568,584, and \$4,513,455, 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 \$89,971,154 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 0.342626 percent, which was based on a measurement date of June 30, 2024. This was a decrease of 0.007303 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.

GRENADA 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 \$13,387,920. 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	\$ 4,804,868	\$
Net difference between projected and actual earnings on pension plan investments		2,891,037
Change of assumptions	5,628,322	
Changes in proportion and differences between District contributions and proportionate share of contributions	4,959,534	1,618,867
District contributions subsequent to the measurement date	4,817,259	
Total	\$ 20,209,983	\$ 4,509,904

\$4,817,259 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 \$	5,044,593
2027	6,832,806
2028	(271,819)
2029	(722,760)
Total \$	10,882,820

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.

GRENADA 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	\$ 115,319,562	\$ 88,971,154	\$ 67,406,975

Note 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$139,042 for the year ended June 30, 2025.

GRENADA 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 \$2,928,156 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 0.52402292 percent. This was a decrease of 0.00123369 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 (\$85,728) related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 604,901	\$ 518,851
Changes of assumptions	115,442	223,527
Net difference between projected and actual earnings on OPEB plan investments	115	
Changes in proportion and differences between District contributions and proportionate share of contributions	139,050	24,044
District contributions subsequent to the measurement date	139,042	
Total	\$ <u>998,550</u>	\$ <u>766,422</u>

\$139,042 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	\$ (85,851)
2027	(36,577)
2028	50,409
2029	91,568
2030	64,891
Thereafter	8,646

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

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.

GRENADA 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	\$ 3,192,096	\$ 2,928,156	\$ 2,697,822

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB Liability	\$ 2,735,059	\$ 2,928,156	\$ 3,143,430

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

Note 11 – 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. Except as described below, the district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 58 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies.

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

Note 13 – Qualified School Construction Bonds

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

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

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 accumulated in the sinking fund was sufficient to retire the debt.

Note 14 – Insurance Loss Recoveries

The Grenada School District received \$67,471 in insurance loss recoveries related to building and inventory damage during the 2024-2025 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated among the expense function support services.

Note 15 – Effect of Deferred Amounts on Net Position

The unrestricted net position (deficit) amount of (\$61,491,124) 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 \$4,817,259 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 \$15,392,724 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 net position (deficit) amount of (\$61,491,124) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$4,509,904 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 (\$61,491,124) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$139,042 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 \$859,508 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 (\$61,491,124) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$766,422 balance of deferred inflow

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

of resources related to OPEB at June 30, 2025, will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

The unrestricted net position (deficit) amount of (\$61,491,124) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$401,536 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 20 years.

Note 16 – 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 as of the beginning of the beginning of the 2025 fiscal year. The restatement reduced the beginning net position by \$132,074.

Correction of an Error in Previously Issued Financial Statements

A correction was needed for a reclassification of an expenditure from the prior period.

Adjustments to and Restatements of Beginning Balances

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

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Funds	Government-Wide
	General Fund	Governmental Activities
July 1, 2024, as previously reported	\$ 17,245,730	\$ (12,750,909)
Change in accounting principle		(132,074)
Error correction	2,520	2,518
July 1, 2024, as adjusted or restated	\$ 17,248,250	\$ (12,880,465)

Note 17 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Grenada School District evaluated the activity of the district through March 6, 2026, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

GRENADA 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
Revenues:					
Local sources	\$ 10,438,051	\$ 10,635,508	\$ 10,666,843	\$ 197,457	\$ 31,335
State sources	27,116,510	26,936,990	26,936,990	(179,520)	-
Federal sources	319,000	321,865	321,864	2,865	(1)
Sixteenth section sources	555,591	1,075,585	1,071,914	519,994	(3,671)
Total Revenues	38,429,152	38,969,948	38,997,611	540,796	27,663
Expenditures:					
Instruction	21,032,613	20,832,631	20,857,199	199,982	(24,568)
Support services	16,782,673	18,736,495	18,781,113	(1,953,822)	(44,618)
Noninstructional services	3,700	2,408	2,408	1,292	-
Sixteenth section	13,136	18,748	18,748	(5,612)	-
Debt service:					
Principal	-	-	61,020	-	(61,020)
Interest	-	-	613	-	(613)
Total Expenditures	37,832,122	39,590,282	39,721,101	(1,758,160)	(130,819)
Excess (Deficiency) of Revenues over (under) Expenditures	597,030	(620,334)	(723,490)	(1,217,364)	(103,156)
Other Financing Sources (Uses):					
Leases issued	-	-	27,660	-	27,660
SBITA issued	-	-	103,161	-	103,161
Insurance recovery	-	67,471	67,471	67,471	-
Sale of transportation equipment	5,000	16,000	16,000	11,000	-
Sale of other property	35,000	6,616	6,616	(28,384)	-
Operating transfers in	694,311	1,208,125	310,226	513,814	(897,899)
Operating transfers out	(1,705,302)	(2,676,489)	(1,778,590)	(971,187)	897,899
Total Other Financing Sources (Uses)	(970,991)	(1,378,277)	(1,247,456)	(407,286)	130,821
Net Change in Fund Balances	(373,961)	(1,998,611)	(1,970,946)	(1,624,650)	27,665
Fund Balances:					
July 1, 2024, as previously reported	17,286,222	17,286,222	17,245,730	-	(40,492)
Accounting changes or error corrections	-	2,520	2,520	2,520	-
July 1, 2024, as restated	17,286,222	17,288,742	17,248,250	2,520	(40,492)
June 30, 2025	\$ 16,912,261	\$ 15,290,131	\$ 15,277,304	\$ (1,622,130)	\$ (12,827)

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

GRENADA SCHOOL DISTRICT
Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,738,999	\$ 2,073,021	\$ 1,801,950	\$ 334,022	\$ (271,071)
Total Revenues	1,738,999	2,073,021	1,801,950	334,022	(271,071)
Expenditures:					
Instruction	1,446,783	1,768,579	1,506,257	(321,796)	262,322
Support services	205,194	229,429	221,214	(24,235)	8,215
Noninstructional services	58,300	49,236	48,703	9,064	533
Total Expenditures	1,710,277	2,047,244	1,776,174	(336,967)	271,070
Excess (Deficiency) of Revenues over (under) Expenditures	28,722	25,777	25,776	(2,945)	(1)
Other Financing Sources (Uses):					
Operating transfers out	(28,722)	(25,777)	(25,776)	2,945	1
Total Other Financing Sources (Uses)	(28,722)	(25,777)	(25,776)	2,945	1
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.

GRENADA SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
SB 3015 - CTE Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State sources	\$ -	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ -
Total Revenues	-	5,000,000	5,000,000	5,000,000	-
Expenditures:					
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	5,000,000	5,000,000	5,000,000	-
Other Financing Sources (Uses):					
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	5,000,000	5,000,000	5,000,000	-
Fund Balances:					
July 1, 2024	-	-	-	-	-
June 30, 2025	\$ -	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ -

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

GRENADA SCHOOL DISTRICT
Required Supplementary Information

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.342626%	0.349929%	0.333735%	0.324106%	0.328990%	0.323159%	0.322802%	0.323209%	0.316843%	0.318904%
District's proportionate share of the net pension liability \$	88,971,154	88,011,763	68,694,808	47,904,283	63,688,641	56,850,044	53,691,563	53,728,306	56,596,071	49,296,270
District's covered payroll	26,256,230	25,939,397	22,975,391	21,549,764	21,906,632	19,050,701	20,614,019	20,734,051	20,269,206	19,923,295
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%	298.41%	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.

**GRENADA 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	\$ 4,817,259	4,568,584	4,513,455	3,997,718	3,749,659	3,811,754	3,314,822	3,246,708	3,265,613	3,192,400
Contributions in relation to the contractually required contribution	4,817,259	4,568,584	4,513,455	3,997,718	3,749,659	3,811,754	3,314,822	3,246,708	3,265,613	3,192,400
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 26,912,061	26,256,230	25,939,397	22,975,391	21,549,764	21,906,632	21,046,489	20,614,019	20,734,051	20,269,206
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.

**GRENADA 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	0.52402292%	0.52525661%	0.51248425%	0.49389832%	0.49863841%	0.50229083%	0.49336911%	0.48540223%
District's proportionate share of the net OPEB liability	\$ 2,928,156	2,906,639	2,524,928	3,179,135	3,880,444	4,262,144	3,816,457	3,808,510
District's covered - employee payroll	28,412,062	27,954,419	25,183,251	23,480,904	24,031,160	23,002,037	22,314,749	21,807,787
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.

**GRENADA 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	\$ 139,042	127,999	127,452	102,896	127,781	154,752	170,840	162,362
Contributions in relation to the actuarially determined contribution	139,042	127,999	127,452	102,896	127,781	154,752	170,840	162,362
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
District's covered - employee payroll	\$ 26,912,061	23,985,348	22,988,222	20,991,843	21,549,770	21,906,644	21,046,495	19,069,526
Contributions as a percentage of covered - employee payroll	0.52%	0.53%	0.55%	0.49%	0.59%	0.71%	0.81%	0.85%

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 District has only presented information for the years in which information is available.

GRENADA 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%.

GRENADA 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%.

GRENADA 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

GRENADA 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.

GRENADA 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

**GRENADA SCHOOL DISTRICT
Supplementary Information**

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

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	255MS326N1099	\$ 569,362
National school lunch program	10.555	255MS326N1099	1,925,436
Summer food service program for children	10.559	245MS326N1099	10,589
Total child nutrition cluster			<u>2,505,387</u>
Total passed-through Mississippi Department of Education			<u>2,505,387</u>
Total U.S. Department of Agriculture			<u>2,505,387</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
Reserve Officers' Training Corps	12.006	N/A	59,072
Total U.S. Department of Defense			<u>59,072</u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A240024	1,967,796
Career and technical education - basic grants to states	84.048	V048A240024	61,767
Twenty-first Century Community Learning Centers	84.287	S287C230024	498,578
Rural education	84.358	S358B240024	179,830
Supporting Effective Instruction State Grants	84.367	S367A240023	269,429
Student Support and Academic Enrichment Program	84.424	S424A230025	142,896
Subtotal			<u>3,120,296</u>
Special education cluster:			
Special education - grants to states	84.027	H027A240108	1,137,917
Special education - preschool grants	84.173	H173A240113	44,668
Total special education cluster			<u>1,182,585</u>
Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	90,784
Education Stabilization Fund ARP III – School Nurse Grant	84.425D	S425D210025	4,468
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			<u>95,252</u>
Total passed-through Mississippi Department of Education			<u>4,398,133</u>
Total U.S. Department of Education			<u>4,398,133</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through Mississippi Department of Education:			
Medicaid cluster:			
Medical assistance program	93.778	N/A	11,768
Total Medicaid cluster			<u>11,768</u>
Total passed-through Mississippi Department of Education			<u>11,768</u>
Total U.S. Department of Health and Human Services			<u>11,768</u>
<u>U.S. Department of Social Security Administration</u>			
Passed-through Mississippi Department of Rehabilitation Services:			
Disability Insurance/SSI Cluster:			
Social Security Disability Insurance	96.001	N/A	1,120
Total Disability Insurance/SSI Cluster			<u>1,120</u>
Total passed-through Mississippi Department of Rehabilitation Services			<u>1,120</u>
Total U.S. Department of Social Security Administration			<u>1,120</u>
Total for All Federal Awards			<u>\$ 6,975,480</u>

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

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

**GRENADA SCHOOL DISTRICT
Supplementary Information**

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 38,316,537	28,745,805	1,434,156	2,602,742	5,533,834
Other	16,694,131	4,749,385	550,951	92,470	11,301,325
Total	\$ 55,010,668	33,495,190	1,985,107	2,695,212	16,835,159
Total number of students *	3,221				
Cost per student	\$ 17,079	10,399	616	837	5,227

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

**GRENADA SCHOOL DISTRICT
Other Information**

Statement of Revenues, Expenditures and Changes in Fund Balances

**General Fund
Last Four Years
UNAUDITED**

	2025	2024*	2023*	2022*
Revenues:				
Local sources	\$ 10,666,843	\$ 10,436,428	\$ 9,742,643	\$ 8,852,943
State sources	26,936,990	23,654,739	24,238,984	20,333,743
Federal sources	321,864	538,234	324,443	747,649
Sixteenth section sources	1,071,914	594,363	244,167	102,158
Total Revenues	38,997,611	35,223,764	34,550,237	30,036,493
Expenditures:				
Instruction	20,857,199	20,286,510	20,197,993	17,215,937
Support services	18,781,113	14,658,761	15,586,375	13,684,031
Noninstructional services	2,408	383	393	246
Sixteenth section	18,748	30,814	21,242	23,212
Facilities acquisition and construction	-	-	-	613,164
Debt service:				
Principal	61,020	-	22,000	-
Interest	613	-	-	-
Total Expenditures	39,721,101	34,976,468	35,828,003	31,536,590
Excess (Deficiency) of Revenues over (under) Expenditures	(723,490)	247,296	(1,277,766)	(1,500,097)
Other Financing Sources (Uses):				
Bonds and notes issued	-	-	457,008	-
Leases issued	27,660	-	-	-
SBITA issued	103,161	-	22,000	-
Insurance recovery	67,471	161,143	22,459	3,474
Sale of transportation equipment	16,000	34,392	-	3,925
Sale of other property	6,616	35,714	24,754	47,045
Operating transfers in	310,226	139,650	299,283	5,351,990
Operating transfers out	(1,778,590)	(3,089,163)	(2,841,173)	(267,808)
Total Other Financing Sources (Uses)	(1,247,456)	(2,718,264)	(2,015,669)	5,138,626
Net Change in Fund Balances	(1,970,946)	(2,470,968)	(3,293,435)	3,638,529
Fund Balances:				
Beginning of period, as previously reported	17,245,730	19,717,648	23,468,091	19,831,308
Accounting changes or error corrections	2,520	(950)	(457,008)	(1,746)
Beginning of period, as restated	17,248,250	19,716,698	23,011,083	19,829,562
End of Period	\$ 15,277,304	\$ 17,245,730	\$ 19,717,648	\$ 23,468,091

*SOURCE - PRIOR YEAR AUDIT REPORTS

GRENADA SCHOOL DISTRICT
Other Information

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

	2025	2024*	2023*	2022*
Revenues:				
Local sources	\$ 12,099,279	\$ 11,850,796	\$ 10,875,787	\$ 9,572,417
State sources	34,302,061	28,609,565	26,368,557	22,191,640
Federal sources	7,691,176	15,572,961	9,969,170	15,370,922
Sixteenth section sources	1,168,714	609,848	266,205	160,757
Total Revenues	55,261,230	56,643,170	47,479,719	47,295,736
Expenditures:				
Instruction	27,486,105	26,751,380	26,885,458	23,890,448
Support services	20,850,470	20,129,916	18,324,054	16,372,351
Noninstructional services	2,590,075	2,454,595	2,660,891	1,979,509
Sixteenth section	94,565	63,202	25,617	61,258
Facilities acquisition and construction	1,746,154	5,306,455	1,488,055	671,664
Debt service:				
Principal	2,213,311	147,856	22,000	-
Interest	28,688	32,510	18,800	18,800
Advance refunding escrow	-	1,300	1,300	1,300
Other	1,300	-	-	-
Total Expenditures	55,010,668	54,887,214	49,426,175	42,995,330
Excess (Deficiency) of Revenues over (under) Expenditures	250,562	1,755,956	(1,946,456)	4,300,406
Other Financing Sources (Uses):				
Bonds and notes issued	2,600,000	-	457,008	-
Leases issued	27,660	-	-	-
SBITA issued	103,161	-	22,000	-
Insurance recovery	67,471	161,143	22,459	3,474
Refunding bonds issued	-	-	-	-
Payment held by QSCB escrow agent	58,787	142,000	143,000	142,998
Payment to QSCB debt escrow agent	(58,787)	(142,000)	(143,000)	(142,998)
Sale of transportation equipment	16,000	34,392	-	3,925
Sale of other property	6,616	35,714	24,754	47,045
Operating transfers in	2,088,816	7,424,460	3,198,614	5,619,799
Operating transfers out	(2,088,816)	(7,424,460)	(3,198,614)	(5,619,799)
Total Other Financing Sources (Uses)	2,820,908	231,249	526,221	54,444
Net Change in Fund Balances	3,071,470	1,987,205	(1,420,235)	4,354,850
Fund Balances:				
Beginning of period, as previously reported	28,322,848	26,378,692	28,240,405	23,872,278
Accounting changes or error corrections	2,520	(9,405)	(457,008)	(784)
Beginning of period, as restated	28,325,368	26,369,287	27,783,397	23,871,494
Increase (Decrease) in inventory	18,835	(33,644)	15,530	14,061
End of Period	\$ 31,415,673	\$ 28,322,848	\$ 26,378,692	\$ 28,240,405

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



McKENZIE CPA, PLLC

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

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

Superintendent and School Board
Grenada 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 Grenada School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Grenada School District's basic financial statements, and have issued our report thereon dated March 6, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

McKenzie CPA, PLLC
Madison, Mississippi
March 6, 2026

McKenzie CPA, PLLC



McKENZIE CPA, PLLC

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

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

Superintendent and School Board
Grenada School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Grenada 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 Grenada School District's major federal programs for the year ended June 30, 2025. The Grenada 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 Grenada 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 Grenada 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 Grenada 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 Grenada 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 Grenada 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 Grenada 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 Grenada 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 Grenada 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 Grenada 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 6, 2026



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



McKENZIE CPA, PLLC

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

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

Superintendent and School Board
Grenada School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Grenada School District as of and for the year ended June 30, 2025, which collectively comprise Grenada School District's basic financial statements and have issued our report thereon dated March 6, 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 6, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GRENADA 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? | None Reported |
| | | |
| 3. | Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | | |
|-----|--|--|
| 4. | Internal control over major programs: | |
| a. | Material weakness identified? | No |
| b. | Significant deficiency identified? | None Reported |
| | | |
| 5. | Type of auditor's report issued on compliance for major programs: | Unmodified |
| | | |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| | | |
| 7. | Identification of major programs: | |
| | <u>Assistance Listing Numbers</u> | <u>Name of Federal Program or Cluster</u> |
| | 84.010 | Title I Grants to Local Educational Agencies |
| | 84.027; 84.173 | Special Education Cluster |
| | | |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| | | |
| 9. | Auditee qualified as low-risk auditee? | Yes |
| | | |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | No |

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

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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