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HUMPHREYS COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2025

HUMPHREYS COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent
Humphreys County School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Humphreys County School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Humphreys County School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Humphreys County 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* issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 Humphreys County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 7 and Note 10 to the financial statements, in 2025 the Humphreys County School District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. As a result of this change, beginning net position as of July 1, 2024 was restated. Our opinion is not modified with respect to this matter.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Humphreys County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 August 21, 2026, on our consideration of the Humphreys County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Humphreys County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Humphreys County School District's internal control over financial reporting and compliance.

Cunningham CPAs, PLLC
Belzoni, MS
August 21, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Humphreys County 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 $158,669, including an error correction and a change in accounting principle of ($1,159,162), which represents a 3% decrease from fiscal year 2024. Total net position for 2024 increased $3,959,097, including an error correction of $114,866 which represents a 175% increase from fiscal year 2023.

- General revenues amounted to $12,972,390 and $11,838,425, or 56% and 45% 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 $10,129,779, or 44% of total revenues for 2025, and $14,670,138, or 55% of total revenues for 2024.

- The District had $22,101,676 and $22,664,332 in expenses for fiscal years 2025 and 2024; only $10,129,779 for 2025 and $14,670,138 for 2024 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $12,972,390 for 2025 and $11,838,425 for 2024 were adequate to provide for these programs.

- Among major funds, the General Fund had $12,535,100 in revenues and $12,595,500 in expenditures for 2025, and $12,125,542 in revenues and $10,887,855 in expenditures in 2024. The General Fund's fund balance decreased by $605,951, including an error correction of ($240,225), from 2024 to 2025, and increased by $1,771,242, including an error correction of $159,113, from 2023 to 2024.

- Capital assets, including lease assets, net of accumulated depreciation/amortization, increased by $3,059,328, including an error correction of $99,529, for 2025 and increased by $4,083,846, including an error correction of $282,609 for 2024. The increase for 2025 was due primarily to construction in progress coupled with the increase in accumulated depreciation/amortization.

- Long-term debt, including the lease liability, decreased by $802,661 for 2025 and increased by $211,422 for 2024. This decrease for 2025 was due primarily to a change in accounting principle net of principal payments on outstanding long-term debt. The liability for compensated absences increased by $850,272, including a change in accounting principle of $1,018,466, for 2025 and decreased by $13,588 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.

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

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

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

Capital outlay spending results in capital assets on government-wide financial statements, but is

reported as expenditures on the governmental funds financial statements.

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

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. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6,058,352 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.

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	$ 17,270,996	$ 17,971,274	-3.90 %
Restricted assets	370,786	2,156,437	-82.81 %
Lease receivable	1,534,832	1,076,125	42.63 %
Capital assets, net	18,277,575	15,218,247	20.10 %
Total assets	**37,454,189**	**36,422,083**	**2.83 %**
Deferred outflows of resources	**5,530,058**	**7,462,081**	**-25.89 %**
Current liabilities	813,207	1,016,574	-20.01 %
Long-term debt outstanding	1,419,017	2,195,294	-35.36 %
Lease liability	6,732	33,116	-79.67 %
Net OPEB liability	952,785	924,449	3.07 %
Net pension liability	29,827,744	30,209,502	-1.26 %
Total liabilities	**33,019,485**	**34,378,935**	**-3.95 %**
Deferred inflows of resources	**3,906,410**	**3,288,208**	**18.80 %**
Net position:			
Net investment in capital assets	17,786,237	13,448,976	32.25 %
Restricted	737,822	1,883,657	-60.83 %
Unrestricted	(12,465,707)	(9,115,612)	-36.75 %
Total net position	**$ 6,058,352**	**$ 6,217,021**	**-2.55 %**

The 2024 amounts presented here have not been restated to correct errors in previously issued financial statements. Refer to Note 11 for details.

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)	$ (12,465,707)
Less unrestricted deficit in net position resulting from recognition of the net pension and net OPEB liability, including the deferred outflows and deferred inflows related to pensions and OPEB	27,650,696
Unrestricted net position, exclusive of the net pension and net OPEB liability effect	$ 15,184,989

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 $3,059,328.
- The principal retirement of $1,652,933 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2025 and June 30, 2024 were $23,102,169 and $26,508,563, respectively. The total cost of all programs and services was $22,101,676 for 2025 and $22,664,332 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

	Year Ended June 30, 2025	Year Ended June 30, 2024	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 246,476	$ 198,207	24.35 %
Operating grants and contributions	6,993,242	9,878,783	(29.21) %
Capital Grants and Contributions	2,890,061	4,593,148	(37.08) %
General revenues:			
Property taxes	3,009,547	2,957,864	1.75 %
Grants and contributions not restricted	8,427,922	7,563,201	11.43 %
Investment earnings	522,068	44,561	1,071.58 %
Sixteenth section sources	636,987	706,598	(9.85) %
Other	375,866	566,201	(33.62) %
Total revenues	**23,102,169**	**26,508,563**	**(12.85) %**
Expenses:			
Instruction	8,165,772	8,679,751	(5.92) %
Support services	9,051,996	9,056,740	(0.05) %
Non-instructional	1,550,669	1,532,647	1.18 %
Sixteenth section	6,185	7,169	(13.73) %
Pension expense	3,391,761	3,467,194	(2.18) %
OPEB expense	(73,947)	(100,722)	26.58 %
Interest on long-term liabilities	9,240	21,553	(57.13) %
Total expenses	**22,101,676**	**22,664,332**	**(2.48) %**
Increase (Decrease) in net position	**1,000,493**	**3,844,231**	**(73.97) %**
Net Position, July 1, as previously reported	**6,217,021**	**2,257,924**	**175.34 %**
Error correction	**(140,696)**	**114,866**	**(222.49) %**
Change in accounting principle	**(1,018,466)**	**-**	**N/A %**
Net Position, July 1, as restated	**5,057,859**	**2,372,790**	**113.16 %**
Net Position, June 30	**$ 6,058,352**	**$ 6,217,021**	**(2.55) %**

Management has determined that restating the prior year information for the error correction noted above is not practical due to the nature of the adjustments, which span multiple fiscal years and determining the individual years the change pertains to would not be practical. Refer to Note 11 for details.

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
	2025	2024	Change
Instruction	$ 8,165,772	$ 8,679,751	(5.92) %
Support services	9,051,996	9,056,740	(0.05) %
Non-instructional	1,550,669	1,532,647	1.18 %
Sixteenth section	6,185	7,169	(13.73) %
Pension Expense	3,391,761	3,467,194	(2.18) %
OPEB Expense	(73,947)	(100,722)	26.58 %
Interest on long-term liabilities	9,240	21,553	(57.13) %
Total expenses	**$ 22,101,676**	**$ 22,664,332**	**(2.48) %**

	Net (Expense) Revenue		Percentage
	2025	2024	Change
Instruction	$ (2,204,821)	$ (3,569,714)	38.24 %
Support services	(6,295,138)	(867,673)	(625.52) %
Non-instructional	(138,699)	(161,613)	14.18 %
Sixteenth section	(6,185)	(7,169)	13.73 %
Pension Expense	(3,391,761)	(3,467,194)	2.18 %
OPEB Expense	73,947	100,722	(26.58) %
Interest on long-term liabilities	(9,240)	(21,553)	57.13 %
Total net (expense) revenue	**$ (11,971,897)**	**$ (7,994,194)**	**(49.76) %**

- Net cost of governmental activities ($11,971,897 for 2025 and $7,994,194 for 2024) was financed by general revenue, which is primarily made up of property taxes ($3,009,547 for 2025 and $2,957,864 for 2024) and state and federal revenues ($8,427,922 for 2025 and $7,563,201 for 2024). In addition, there was $636,987 and $706,598 in Sixteenth Section sources for 2025 and 2024, respectively.

- Investment earnings amounted to $522,068 for 2025 and $44,561 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 completed the year, its governmental funds reported a combined fund balance of $16,861,085, a decrease of $2,285,063, including an error correction of ($240,225), and a decrease in inventory of $9,476. $16,098,182 or 95% 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 $762,903 or 5% is either nonspendable, 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 $605,951, including an error correction of ($240,225). The fund balance of Other Governmental Funds showed a decrease in the amount of $1,679,112, which includes a decrease in reserve for inventory of $9,476, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
ARP ESSER Fund	No increase or decrease

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2025, the District's total capital assets were $31,502,620, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of $2,220,112 from 2024. Total accumulated depreciation and amortization as of June 30, 2025, was $13,225,045, and total depreciation and amortization expense for the year was $545,656, resulting in total net capital assets of $18,277,575.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2025	June 30, 2024	Percentage Change
Land	$ 68,107	$ 68,107	0.00 %
Construction in Progress	8,708,526	5,682,868	53.24 %
Buildings	7,153,897	7,395,300	(3.26) %
Building improvements	1,189,320	731,391	62.61 %
Improvements other than buildings	323,798	243,465	33.00 %
Mobile equipment	713,974	869,071	(17.85) %
Furniture and equipment	113,614	196,354	(42.14) %
Lease assets	6,339	31,691	(80.00) %
Total	**$ 18,277,575**	**$ 15,218,247**	**20.10 %**

The 2024 amounts presented here have not been restated to correct errors in previously issued financial statements. Refer to Note 11 for details.

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

Debt Administration. At June 30, 2025, the District had $1,425,749 in outstanding long-term debt, of which $182,153 is due within one year. The liability for compensated absences increased $850,272, including a change in accounting principle of $1,018,466, from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2025	June 30, 2024	Percentage Change
Qualified school construction bonds payable	$ -	$ 1,500,000	(100.00) %
Installment purchase loans payable	184,606	273,655	(32.54) %
Other loans payable	300,000	337,500	(11.11) %
Compensated absences payable	934,411	84,139	1,010.56 %
Lease liabilities	6,732	33,116	(79.67) %
Total	**$ 1,425,749**	**$ 2,228,410**	**(36.02) %**

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

CURRENT ISSUES

The Humphreys County School District is financially stable. The District is proud of its community support of the public schools.

The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting and internal financial controls are 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 is currently under conservatorship by the Mississippi Department of Education. Refer to Note 1A for details.

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 Humphreys County School District, 404 Fourth Street, Belzoni, MS 39038.

FINANCIAL STATEMENTS

HUMPHREYS COUNTY SCHOOL DISTRICT

Statement of Net Position **Exhibit A**

June 30, 2025

	Governmental Activities
Assets	
Cash and cash equivalents	$ 15,393,033
Due from other governments	1,865,003
Lease receivable	1,534,832
Inventories	12,960
Restricted assets	370,786
Capital assets, non-depreciable:	
Land	68,107
Construction in progress	8,708,526
Capital assets, net of accumulated depreciation and amortization:	
Buildings	7,153,897
Building improvements	1,189,320
Improvements other than buildings	323,798
Mobile equipment	713,974
Furniture and equipment	113,614
Lease assets	6,339
Total Assets	37,454,189
Deferred Outflows of Resources	
Deferred outflows - pensions	5,224,902
Deferred outflows - OPEB	305,156
Total deferred outflows of resources	5,530,058
Liabilities	
Accounts payable and accrued liabilities	809,344
Interest payable on long-term liabilities	3,863
Long-term liabilities, due within one year:	
Capital related liabilities	128,700
Lease liabilities	6,732
Noncapital liabilities	46,721
Net OPEB liability	41,277
Long-term liabilities, due beyond one year:	
Capital related liabilities	355,906
Noncapital liabilities	887,690
Net pension liability	29,827,744
Net OPEB liability	911,508
Total Liabilities	33,019,485
Deferred Inflows of Resources	
Deferred inflows - pensions	1,993,229
Deferred inflows - OPEB	406,996
Deferred inflows - Leases	1,506,185
Total deferred inflows of resources	3,906,410
Net Position	
Net investment in capital assets	17,786,237
Restricted for:	
Expendable:	
School-based activities	83,261
Debt service	76,964
Forestry improvements	103,401
Capital improvements	152,237
Unemployment benefits	32,000
Nonexpendable:	
Sixteenth section principal	289,959
Unrestricted	(12,465,707)
Total Net Position	$ 6,058,352

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

HUMPHREYS COUNTY SCHOOL DISTRICT

Statement of Activities **Exhibit B**

For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 8,165,772	$ 149,657	$ 2,921,233	$ 2,890,061	$ (2,204,821)
Support services	9,051,996	-	2,756,858	-	(6,295,138)
Non-instructional	1,550,669	96,819	1,315,151	-	(138,699)
Sixteenth section	6,185	-	-	-	(6,185)
Pension expense	3,391,761	-	-	-	(3,391,761)
OPEB expense	(73,947)	-	-	-	73,947
Interest on long-term liabilities	9,240	-	-	-	(9,240)
Total Governmental Activities	$ 22,101,676	$ 246,476	$ 6,993,242	$ 2,890,061	$ (11,971,897)

General Revenues:	
Taxes:	
General purpose levies	3,009,547
Unrestricted grants and contributions:	
State	8,427,922
Unrestricted investment earnings	522,068
Sixteenth section	636,987
Other	375,866
Total General Revenues	12,972,390
Change in Net Position	1,000,493
Net Position - Beginning, as previously reported	6,217,021
Adjustments or restatements	(1,159,162)
Net Position - Beginning, as restated	5,057,859
Net Position - Ending	$ 6,058,352

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

HUMPHREYS COUNTY SCHOOL DISTRICT

Governmental Funds

Balance Sheet **Exhibit C**
June 30, 2025

	Major Funds			
	General Fund	ARP ESSER Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	$ 15,100,560	$ -	$ 663,259	$ 15,763,819
Due from other governments	96,462	816,582	951,959	1,865,003
Lease receivable	1,534,832	-	-	1,534,832
Due from other funds	1,653,610	-	-	1,653,610
Inventories	-	-	12,960	12,960
Total assets	18,385,464	816,582	1,628,178	20,830,224
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 612,510	$ -	$ 196,834	$ 809,344
Due to other funds	-	816,582	837,028	1,653,610
Total Liabilities	612,510	816,582	1,033,862	2,462,954
Deferred inflows of resources:				
Leases	$ 1,506,185	$ -	$ -	$ 1,506,185
Total Deferred Inflows of Resources	1,506,185	-	-	1,506,185
Fund Balances:				
Nonspendable:				
Inventory	-	-	12,960	12,960
Permanent fund principal	-	-	289,959	289,959
Restricted:				
Debt service	-	-	80,827	80,827
Grant activities	-	-	70,301	70,301
Forestry improvements	-	-	103,401	103,401
Capital improvements	147,369	-	4,868	152,237
Unemployment benefits	-	-	32,000	32,000
Assigned:				
Student activities	21,218	-	-	21,218
Unassigned	16,098,182	-	-	16,098,182
Total Fund Balances	16,266,769	-	594,316	16,861,085
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 18,385,464	$ 816,582	$ 1,628,178	$ 20,830,224

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

HUMPHREYS COUNTY SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position **Exhibit C-1**

June 30, 2025

Total fund balances for governmental funds		$ 16,861,085
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	68,107	
Construction in progress	8,708,526	
Buildings	16,045,832	
Building improvements	2,054,688	
Improvements other than buildings	628,964	
Mobile equipment	2,925,324	
Furniture and equipment	969,770	
Lease assets, net	6,339	
Accumulated depreciation	(13,129,975)	18,277,575
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	(29,827,744)	
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	5,224,902	
Deferred inflows of resources related to pensions	(1,993,229)	(26,596,071)
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	(952,785)	
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	305,156	
Deferred inflows of resources related to OPEB	(406,996)	(1,054,625)
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:		
Installment purchase loans payable	(184,606)	
Other loans payable	(300,000)	
Compensated absences	(934,411)	
Lease liabilities	(6,732)	
Accrued interest payable	(3,863)	(1,429,612)
Net position of governmental activities		$ 6,058,352

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

HUMPHREYS COUNTY SCHOOL DISTRICT

Governmental Funds

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

For the Year Ended June 30, 2025

	Major Funds			
	General Fund	ARP ESSER Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	$ 3,566,592	$ -	$ 236,254	$ 3,802,846
State sources	8,028,395	-	1,152,755	9,181,150
Federal sources	-	4,412,169	4,717,906	9,130,075
Sixteenth section sources	940,113	-	-	940,113
Total Revenues	12,535,100	4,412,169	6,106,915	23,054,184
Expenditures:				
Instruction	5,961,319	706,236	2,198,599	8,866,154
Support services	6,318,728	798,641	2,307,346	9,424,715
Noninstructional services	133	-	1,623,304	1,623,437
Sixteenth section	4,484	-	1,701	6,185
Facilities acquisition and construction	283,766	2,890,061	370,132	3,543,959
Debt service:				
Principal	26,384	-	1,626,549	1,652,933
Interest	686	-	16,962	17,648
Other	-	-	2,500	2,500
Total Expenditures	12,595,500	4,394,938	8,147,093	25,137,531
Excess (Deficiency) of Revenues over (under) Expenditures	(60,400)	17,231	(2,040,178)	(2,083,347)
Other Financing Sources (Uses):				
Operating transfers in	69,457	-	426,459	495,916
Other financing sources	51,675	5,000	-	56,675
Operating transfers out	(426,458)	(22,231)	(47,227)	(495,916)
Other financing uses	-	-	(8,690)	(8,690)
Total Other Financing Sources (Uses)	(305,326)	(17,231)	370,542	47,985
Net Change in Fund Balances	(365,726)	-	(1,669,636)	(2,035,362)
Fund Balances:				
July 1, 2024, as previously reported	16,872,720	-	2,273,428	19,146,148
Adjustment or restatement	(240,225)	-	-	(240,225)
July 1, 2024, as restated	16,632,495	-	2,273,428	18,905,923
Increase (Decrease) in reserve for inventory	-	-	(9,476)	(9,476)
June 30, 2025	$ 16,266,769	$ -	$ 594,316	$ 16,861,085

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

HUMPHREYS COUNTY SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2025

Exhibit D-1

Net change in fund balances - total governmental funds			$ (2,035,362)
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	$ 3,543,959		
Depreciation and amortization expense	(545,656)		2,998,303
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.			(38,504)
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:			
Payments of debt principal	1,652,933		
Accrued interest payable	10,908		1,663,841
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. These activities include:			
Pension expense	(3,391,761)		
Contributions subsequent to the measurement date	1,530,034		(1,861,727)
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. These activities include:			
OPEB expense	73,947		
Contributions subsequent to the measurement date	41,277		115,224
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	168,194		
Change in inventory reserve	(9,476)		158,718
Change in net position of governmental activities			$ 1,000,493

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government". A state law enacted in 2016 requires the Mississippi State Board of Education (SBE) to intervene in persistently failing school districts by placing the districts in a state-run Achievement School District (ASD). Districts that are rated "F" for two consecutive years or two out of three consecutive years, encompass 50% or more F-rated schools and/or have 50% or more of their students attending F-rated schools are subject to inclusion in the ASD.

The SBE selected Humphreys County School District and Yazoo City School District to form the first Achievement School District. Beginning July 1, 2019, and through June 30, 2025, the Humphreys County School District was operating under this Achievement School District. Beginning with fiscal year 2026, the Achievement School District was disbanded. However, the school district is still under conservatorship by the Mississippi Department of Education (MDE) due to accreditation issues. The MDE appointed a conservator(Superintendent) to govern the district. As a consequence, there's still no acting school board.

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

B. Government-wide and Fund Financial Statements

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

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

ARP ESSER Fund – This fund is used to account for the American Rescue Plan Elementary and Secondary School Emergency Relief Fund federal grant in response to the COVID-19 pandemic.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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 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.

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

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

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 $5,224,902 of deferred outflows related to its pension plan and $305,156 deferred outflows related to its OPEB plan.

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 $1,993,229 of deferred inflows related to its pension plan, $406,996 of deferred inflows related to its OPEB plan, $1,506,185 of deferred inflows related to lease receivables.

See Note 14 for further details.

8. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some 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. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

9. Leases

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

The school district uses its estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

10. Subscription-Based Information Technology Arrangements

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

11. Long-term Liabilities and Bond Discounts/Premiums

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

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

12. Pensions

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

13. Postemployment Benefits Other than Pensions (OPEB)

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

14. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy 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 nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Nonspendable 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 board approval of commitments. 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.

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was $15,763,819.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

Note 3 – Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

A. Due From/To Other Funds

Receivable Fund	Payable Fund		Amount
General Fund	ARP ESSER Fund	$	816,582
	Other governmental funds		837,028
Total		$	1,653,610

The 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
General Fund	Other governmental funds	$	426,458
ARP ESSER Fund	General Fund		22,231
Other governmental funds	General Fund		47,226
	Other governmental funds		1
Total		$	495,916

The primary reason for the interfund transfers was for debt service requirements, federal grant allocations and the funding of various programs within the district.

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling $289,959, 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.

The restricted assets represent the cash balance, totaling $80,827 of the debt service funds that is restricted for future debt service requirements.

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:						
Non-depreciable capital assets:						
Land	$ 68,107	$ -	$ -	$ -	$ -	$ 68,107
Construction-in-progress	5,682,868	3,543,959	-	(518,301)	-	8,708,526
Total non-depreciable capital assets	5,750,975	3,543,959	-	(518,301)	-	8,776,633
Depreciable capital assets:						
Buildings	16,045,832	-	-	-	-	16,045,832
Building improvements	1,536,388	-	-	518,301	(1)	2,054,688
Improvements other than buildings	463,064	-	-	-	165,900	628,964
Mobile equipment	2,950,922	-	(25,598)	-	-	2,925,324
Furniture and equipment	2,433,918	-	(1,464,135)	-	(13)	969,770
Total depreciable capital assets	23,430,124	-	(1,489,733)	518,301	165,886	22,624,578
Less accumulated depreciation for:						
Buildings	8,650,532	241,404	-	-	(1)	8,891,935
Building improvements	804,997	60,371	-	-	-	865,368
Improvements other than buildings	219,599	19,207	-	-	66,360	305,166
Mobile equipment	2,081,851	153,594	(24,095)	-	-	2,211,350
Furniture and equipment	2,237,564	45,728	(1,427,134)	-	(2)	856,156
Total accumulated depreciation	13,994,543	520,304	(1,451,229)	-	66,357	13,129,975
Total depreciable capital assets, net	9,435,581	(520,304)	(38,504)	518,301	99,529	9,494,603
Governmental activities capital assets, net	$ 15,186,556	$ 3,023,655	$ (38,504)	$ -	$ 99,529	$ 18,271,236
Lease assets, net (Note 6)						6,339
Total capital assets, net, as reported in the statement of net position						$ 18,277,575

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 335,465
Support services	172,102
Non-instructional	12,737
Total depreciation expense - Governmental activities	$ 520,304

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

	Spent to June 30, 2025	Remaining Commitment
Governmental Activities:		
Indoor Air Quality Project	$ 1,188,343	$ -
Athletic Complex	74,970	-
O.M. McNair Restroom Project	1,085,490	-
CTE Center	349,846	-
Cafeteria Renovations	475,631	-
HVAC Project	5,425,815	152,237
Camera System Project	108,431	-
Total governmental activities	$ 8,708,526	$ 152,237

Construction projects included in governmental activities are funded by the General Fund and Capital Projects Fund.

Note 6 – Intangible Right-to-Use Lease Assets

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

	Balance 7/1/2024	Additions	Deductions	Balance 6/30/2025
Lease assets:				
Furniture and equipment	$ 101,409	$ -	$ -	$ 101,409
Total lease assets	101,409	-	-	101,409
Less accumulated amortization:				
Lease assets:				
Furniture and equipment	69,718	25,352	-	95,070
Total accumulated amortization	69,718	25,352	-	95,070
Total lease assets, net	$ **31,691**	$ **(25,352)**	$ **-**	$ **6,339**

Amortization expense was charged to the instruction expense governmental function in the government-wide financial statements.

A summary of lease 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	$ 33,116	$ -	$ 26,384	$ 6,732	6,732
Total	$ 33,116	$ -	$ 26,384	$ 6,732	$ 6,732

Leases

The school district is a lessee for various noncancellable 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 amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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

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

As Lessee:

2022 Copier and Printer Lease:

The district has entered into a 48 month lease of copier. The lease agreement can only be cancelled if both parties agree. There are no options to extend the lease agreement and no variable payment options.

Description	Discount Rate	Term	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copiers	3.25%	48 Months	10/1/2021	9/30/2025	$ 101,409	$ 6,732

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

Year Ending June 30	Principal	Interest	Total
2026	$ 6,732	$ 36	$ 6,768
Total	$ 6,732	$ 36	$ 6,768

As Lessor:

Lease Receivable

The school district is a lessor for multiple sixteenth section leases for residential, forestry, commercial and agriculture purposes. The lease maturities range from 1-29 years. Future lease payments have been discounted to present value using the 4% statutory minimum rate the district would pay on sixteenth section permanent fund loans. At lease inception, the district records a lease receivable and a deferred inflow of resources for future lease payments. Lease revenue is recognized systematically over the term of the lease. The lease receivable is reduced by the principal portion of the payments received over the term of lease.

For the year ending June 30, 2025, the district recognized $598,188 in revenue from sixteenth section land leases. The district also recognized $1,506,185 in deferred inflows related to leases.

Sixteenth Section Lands

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 ensure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Principal Portion	Interest Portion	Total Payments
2026	$ 404,922	43,458	$ 448,380
2027	353,492	29,862	383,354
2028	340,522	16,765	357,287
2029	165,835	10,387	176,222
2030	172,468	3,754	176,222
2031-2035	17,600	16,790	34,390
2036-2040	21,413	12,977	34,390
2041-2045	26,052	8,338	34,390
2046-2050	23,639	3,155	26,794
Thereafter	8,889	351	9,240
Total	$ 1,534,832	$ 145,837	$ 1,680,669

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. Qualified school construction bonds payable	$ 1,500,000	$ -	$ (1,500,000)	$ -	$ -	$ -
B. Installment purchases loans payable	273,655	-	(89,049)	-	184,606	91,200
C. Other loans payable	337,500	-	(37,500)	-	300,000	37,500
D Compensated absences payable	84,139	-	(168,194)	1,018,466	934,411	46,721
Total	$ 2,195,294	$ -	$ (1,794,743)	$ 1,018,466	$ 1,419,017	$ 175,421

The change in the compensated absences liability is presented as a net change.

The adjustments above to compensated absences were a result of retroactively implementing GASB 101.

A. Qualified school construction bonds payable

This debt was retired during the year.

B. Installment purchase loans payable

The Humphreys County School District has entered into an installment purchase agreement for financing the acquisition of school buses at a cost of $445,500. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
School Buses	2.390%	8/25/2021	8/25/2026	$ 445,500	$ 184,606
Total				$ 445,500	$ 184,606

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

Year Ending June 30	Principal	Interest	Total
2026	$ 91,200	$ 4,462	$ 95,662
2027	93,406	2,256	95,662
Total	$ 184,606	$ 6,718	$ 191,324

This debt will be retired from the Building and Buses Fund.

C. Other loans payable

In accordance with MS Code 37-47-24, the district has received an Educational Facilities Revolving Loan. The Educational Facilities Revolving Loan Fund (EFRLF) is a new initiative passed by the Mississippi Legislature designed to support public education infrastructure. Specifically, the program makes funds available for school districts to pay down district debt, repair or renovate buildings, or build new Pre-Kindergarten or Career and Technical Education Centers across the state.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. EFRLF	0%	4/30/2024	5/1/2033	$ 375,000	$ 300,000
Total				$ 375,000	$ 300,000

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

Year Ending June 30	Principal	Interest	Total
2026	$ 37,500	$ -	$ 37,500
2027	37,500	-	37,500
2028	37,500	-	37,500
2029	37,500	-	37,500
2030	37,500	-	37,500
2031-2033	112,500	-	112,500
Total	$ 300,000	$ -	$ 300,000

This debt will be retired from the District Maintenance Fund.

D. Compensated absences payable

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

Note 8 – 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 $1,530,034, $1,531,620 and $1,549,214, 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 $29,827,744 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 .114866 percent, which was based on a measurement date of June 30, 2024. This was a decrease of .00525 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.

For the year ended June 30, 2025, the District recognized pension expense of $3,391,761. 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	$ 1,199,893	$ -
Net difference between projected and actual earnings on pension plan investments	563,085	-
Changes of assumptions	1,931,890	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,993,229
District contributions subsequent to the measurement date	1,530,034	-
Total	$ 5,224,902	$ 1,993,229

$1,530,034 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:	
2026	$ 308,101
2027	1,834,059
2028	(198,216)
2029	(242,305)
Total	$ 1,701,639

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.

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:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
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	$ 38,661,096	$ 29,827,744	$ 22,598,313

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Note 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were $41,277 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 $952,785 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 .17051044 percent. This was an increase of .00345 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 ($73,947). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 196,827	$ 168,828
Net difference between projected and actual earnings on OPEB plan investments	38	-
Changes of assumptions	37,563	72,733
Changes in proportion and differences between District contributions and proportionate share of contributions	29,451	165,435
District contributions subsequent to the measurement date	41,277	-
Total	$ 305,156	$ 406,996

$41,277 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	$ (71,740)
2027	(66,010)
2028	(30,999)
2029	3,336
2030	18,363
2031	3,933
Total	$ (143,117)

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 price inflation	
Measurement Date	3.94%
Prior Measurement Date	3.66%
Health Care Cost Trends	
Medicare Supplement Claims Pre-Medicare	6.00% for 2025 decreasing to an ultimate rate of 4.50% by 2029 FYE

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

The demographic actuarial assumptions used in the June 30, 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.

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

	1% Decrease (2.94%)	Current Discount Rate (3.94%)	1% Increase (4.94%)
Net OPEB liability	$ 1,038,668	$ 952,785	$ 877,837

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	$ 889,954	$ 952,785	$ 1,022,832

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 – Adjustments and Restatements of Beginning Balances

Change in Accounting Principle

During fiscal year 2025, the district implemented GASB 101, Compensated Absences, which resulted in an adjustment to beginning net position in the Government-Wide financial statements.

Correction of an Error in Previously Issued Financial Statements

Error corrections of ($240,225) were recorded in order to properly state beginning accounts receivable and accounts payable balances in the governmental funds. In addition, an error correction of $99,529 was recorded in the Government-Wide financial statements in order to properly state beginning capital assets.

Adjustments to and Restatements of Beginning Balances

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

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	Funds	Government-Wide
	General Fund	Governmental Activities
6/30/2024, as previously reported	$ 16,872,720	$ 6,217,021
Error corrections	(240,225)	(140,696)
Change in accounting principle	-	(1,018,466)
6/30/2024, as adjusted or restated	$ 16,632,495	$ 5,057,859

Note 12 – Contingencies

Federal Grants – The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

Litigation – The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

Note 13 – Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except as described below, district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 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. The district has not had an additional assessment for excess losses incurred by the pool.

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of ($12,465,707) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of $1,530,034 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. The $3,694,868 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 4 years.

The unrestricted net position amount of ($12,465,707) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The $1,993,229 balance of deferred inflow of resources related to pensions, at June 30, 2025 will be recognized as revenue/reduction in expense and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of ($12,465,707) 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 $41,277 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. The $263,879 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 amount of ($12,465,707) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The $406,996 balance of deferred inflow of resources related to OPEB, at June 30, 2025 will be recognized as revenue/reduction in expense and will increase the unrestricted net position over the next 6 years.

The unrestricted net position amount of ($12,465,707) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The $1,506,185 balance of deferred inflow of resources related to leases, at June 30, 2025 will be recognized as revenue and will increase the unrestricted net position over the next 29 years.

Note 15 – Juvenile Detention Center Education Program

Juvenile Detention Center Education Program

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

Note 16 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Humphreys County School District evaluated the activity of the district through August 21, 2026, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

- In July, 2023, the district suspected potential fraud surrounding the use of gasoline credit cards and contacted the Office of the State Auditor to investigate the matter. The District has turned over all requested documentation to investigators and the investigation is still ongoing at this time.

- As disclosed in Note 1A, the district has been operating under the Achievement School District. Beginning with fiscal year 2026, the Achievement School District has been disbanded. However, the school district is still under conservatorship by the Mississippi Department of Education (MDE) due to accreditation issues. The MDE appointed a conservator(Superintendent) to govern the district. As a consequence, there's still no acting school board.

REQUIRED SUPPLEMENTARY INFORMATION

HUMPHREYS COUNTY SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 4,169,077	3,533,599	3,566,592	$ (635,478)	$ 32,993
State sources	7,967,566	8,028,397	8,028,395	60,831	(2)
Federal sources	1,000	-	-	(1,000)	-
Sixteenth section sources	922,850	922,850	940,113	-	17,263
Total Revenues	13,060,493	12,484,846	12,535,100	(575,647)	50,254
Expenditures:					
Instruction	6,275,921	5,963,326	5,961,319	312,595	2,007
Support services	6,403,436	7,007,955	6,318,728	(604,519)	689,227
Noninstructional services	-	133	133	(133)	-
Sixteenth section	232,850	232,850	4,484	-	228,366
Facilities acquisition and construction	365,000	115,000	283,766	250,000	(168,766)
Debt service:					
Principal	115,000	-	26,384	115,000	(26,384)
Interest	-	-	686	-	(686)
Total Expenditures	13,392,207	13,319,264	12,595,500	72,943	723,764
Excess (Deficiency) of Revenues over (under) Expenditures	(331,714)	(834,418)	(60,400)	(502,704)	774,018
Other Financing Sources (Uses):					
Operating transfers in	1,041,714	759,457	69,457	(282,257)	(690,000)
Other financing sources	-	-	51,675	-	51,675
Operating transfers out	(710,000)	(867,471)	(426,458)	(157,471)	441,013
Total Other Financing Sources (Uses)	331,714	(108,014)	(305,326)	(439,728)	(197,312)
Net Change in Fund Balances	-	(942,432)	(365,726)	(942,432)	576,706
Fund Balances:					
July 1, 2024, as previously reported	16,872,720	16,872,720	16,872,720	-	-
Error corrections		(257,262)	(240,225)	(257,262)	17,037
July 1, 2024, as restated	16,872,720	16,615,458	16,632,495	(257,262)	17,037
June 30, 2025	$ 16,872,720	$ 15,673,026	$ 16,266,769	$ (1,199,694)	$ 593,743

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

HUMPHREYS COUNTY SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 5,168,971	$ 4,601,630	$ 4,412,169	$ (567,341)	$ (189,461)
Total Revenues	5,168,971	4,601,630	4,412,169	(567,341)	(189,461)
Expenditures:					
Instruction	960,621	589,599	706,236	371,022	(116,637)
Support services	542,754	799,117	798,641	(256,363)	476
Facilities acquisition and construction	3,627,170	3,190,683	2,890,061	436,487	300,622
Total Expenditures	5,130,545	4,579,399	4,394,938	551,146	184,461
Excess (Deficiency) of Revenues over (under) Expenditures	38,426	22,231	17,231	(16,195)	(5,000)
Other Financing Sources (Uses):					
Other financing sources	-	-	5,000	-	5,000
Operating transfers out	(38,426)	(22,231)	(22,231)	16,195	-
Total Other Financing Sources (Uses)	(38,426)	(22,231)	(17,231)	16,195	5,000
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.

HUMPHREYS COUNTY 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	%	0.114866	0.120111	0.128324	0.134770	0.130998	0.132740	0.125628	0.130000	0.130000	0.130000
District's proportionate share of the net pension liability	$	29,827,744	30,209,502	26,413,749	19,919,595	25,359,691	23,351,585	20,895,669	21,610,415	23,221,246	20,095,436
District's covered payroll	$	8,802,414	8,903,529	8,834,259	8,960,851	8,722,839	8,644,990	8,022,533	8,316,501	8,635,492	8,149,213
District's proportionate share of the net pension liability as a percentage of its covered payroll		338.86%	339.30%	298.99%	222.30%	290.73%	270.12%	260.46%	259.85%	268.90%	246.59%
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.

HUMPHREYS COUNTY 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	$	1,530,034	1,531,620	1,549,214	1,537,161	1,559,188	1,517,774	1,361,586	1,263,549	1,309,848	1,360,090
Contributions in relation to the contractually required contribution	$	1,530,034	1,531,620	1,549,214	1,537,161	1,559,188	1,517,774	1,361,586	1,263,549	1,309,848	1,360,090
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-	-	-
District's covered payroll	$	8,547,676	8,802,414	8,903,529	8,834,259	8,960,851	8,722,839	8,644,990	8,022,533	8,316,495	8,635,492
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.

HUMPHREYS COUNTY 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	%	0.17051044	0.16705647	0.17830246	0.20158493	0.20846012	0.20010449	0.20167295	0.19672300
District's proportionate share of the net OPEB liability	$	952,785	924,449	878,468	1,297,566	1,622,254	1,697,969	1,560,041	1,543,505
District's covered-employee payroll	$	8,802,414	8,903,529	8,834,259	9,583,747	8,722,839	8,644,990	8,022,515	8,316,473
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		10.82%	10.38%	9.94%	13.54%	18.60%	19.64%	19.45%	18.56%
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 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

HUMPHREYS COUNTY SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

OPEB

Last 10 Fiscal Years*

		2025	2024	2023	2022	2021	2020	2019	2018*
Actuarially determined contribution	$	41,277	41,649	40,356	35,800	52,138	64,695	68,060	65,802
Contributions in relation to the actuarially determined contribution	$	41,277	41,649	40,356	35,800	52,138	64,695	68,060	65,802
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-
District's covered-employee payroll	$	8,547,676	8,802,414	8,903,529	8,834,259	8,960,851	8,722,839	8,644,990	8,022,533
Contributions as a percentage of covered-employee payroll		0.48%	0.47%	0.45%	0.41%	0.58%	0.74%	0.79%	0.82%

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

*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

Notes to Required Supplementary Information

Budgetary Comparison Schedule

(1) Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the General Fund and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

Pension Schedules

(1) *Changes of assumptions*

2015:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

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

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016:

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2019:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: for males, 137% of male rates at all ages; for females, 115% of female rates at all ages; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2021:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77; for females, 84% of female rates up to age 72, 100% for ages above 76; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments: for males, 134% of male rates at all ages; for females, 121% of female rates at all ages; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments: for males, 97% of male rates at all ages; for females, 110% of female rates at all ages; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

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

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.

(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 Pre-Medicare	6.50%

Ultimate health care cost trend rates	
Medicare Supplement Claims Pre-Medicare	4.50%
Year of ultimate trend rates	
Medicare Supplement Claims Pre-Medicare	2029
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.66%

SUPPLEMENTARY INFORMATION

HUMPHREYS COUNTY SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.555	255MS326N1099	$ 1,240,588
Summer food service program for children	10.559	255MS326N1099	71,422
Total child nutrition cluster			1,312,010
Total passed-through Mississippi Department of Education			1,312,010
Total U.S. Department of Agriculture			1,312,010
U.S. Department of Education			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A210024 S010A220024 S010A230024 S010A240024	1,942,951
Career and technical education - basic grants to states	84.048	V048A240024	35,644
Gaining early awareness and readiness of undergraduate programs	84.334	N/A	147,287
Rural Education	84.358	S358A230024 S358A240024 S358A250024	32,438
Supporting Effective Instruction State Grants	84.367	S367A210023 S367A220023 S367A230023 S367A240023	168,270
Student Support and Academic Enrichment	84.424	S424A210025 S424A220025 S424A230025 S424A240025	181,745
Subtotal			2,508,335
COVID-19 - Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	4,524,783
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			4,524,783

Continued on the next page

HUMPHREYS COUNTY SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
Special education cluster:			
Special education - grants to states	84.027	H027A220108 H027A230108 H027A240108	502,159
Special education - preschool grants	84.173	H173A220113 H173A230113 H173A240113	19,853
Total special education cluster			522,012
Total passed-through Mississippi Department of Education			7,555,130
Total U.S. Department of Education			7,555,130
U.S. Department of Health and Human Services			
Passed-through the Mississippi Department of Education:			
Project AWARE (Advancing Wellness and Resiliency in Education)	93.243	N/A	262,934
Total passed-through Mississippi Department of Education			262,934
Total U.S. Department of Health and Human Services			262,934
Total for All Federal Awards			$ 9,130,074

The notes to the Supplementary Information are an integral part of this schedule.

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

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of $86,719 are included in the National School Lunch Program.

HUMPHREYS COUNTY 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	$	11,839,285	8,013,842	968,175	817,974	2,039,294
Other		13,298,246	4,370,662	318,436	16,090	8,593,058
Total	$	25,137,531	12,384,504	1,286,611	834,064	10,632,352
Total number of students *		1,041				
Cost per student	$	24,147	11,896	1,236	801	10,214

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

HUMPHREYS COUNTY 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	$ 3,566,592	$ 3,534,076	$ 3,337,063	$ 3,187,343
State sources	8,028,395	7,910,304	7,538,196	7,631,287
Sixteenth section sources	940,113	681,162	775,311	433,881
Total Revenues	12,535,100	12,125,542	11,650,570	11,252,511
Expenditures:				
Instruction	5,961,319	5,745,073	6,053,675	5,464,015
Support services	6,318,728	5,072,566	5,247,507	5,634,933
Noninstructional services	133	-	-	432
Sixteenth section	4,484	5,646	46,812	36,803
Facilities acquisition and construction	283,766	-	406,880	-
Debt service:				
Principal	26,384	63,042	24,726	6,558
Interest	686	1,528	2,344	829
Total Expenditures	12,595,500	10,887,855	11,781,944	11,143,570
Excess (Deficiency) of Revenues over (under) Expenditures	(60,400)	1,237,687	(131,374)	108,941
Other Financing Sources (Uses):				
Bonds and notes issued	-	-	-	445,500
Leases issued	-	-	-	36,893
Insurance recovery	-	-	-	432
Operating transfers in	69,457	461,806	596,831	377,539
Other financing sources	51,675	26,589	1,650	(511,717)
Operating transfers out	(426,458)	(113,953)	(5,040)	(4)
Total Other Financing Sources (Uses)	(305,326)	374,442	593,441	348,643
Net Change in Fund Balances	(365,726)	1,612,129	462,067	457,584
Fund Balances:				
Beginning of period, as previously reported	16,872,720	15,101,478	14,231,426	13,517,968
Error corrections	(240,225)	159,113	407,985	255,874
Beginning of period, as restated	16,632,495	15,260,591	14,639,411	13,773,842
End of Period	$ 16,266,769	$ 16,872,720	$ 15,101,478	$ 14,231,426

*SOURCE - PRIOR YEAR AUDIT REPORTS

HUMPHREYS COUNTY 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	$ 3,802,846	$ 3,696,535	$ 3,457,450	$ 3,355,832
State sources	9,181,150	8,989,951	8,479,572	8,066,910
Federal sources	9,130,075	13,045,183	6,575,512	4,763,691
Sixteenth section sources	940,113	711,161	803,761	437,501
Total Revenues	23,054,184	26,442,830	19,316,295	16,623,934
Expenditures:				
Instruction	8,866,154	9,354,015	8,436,522	7,739,142
Support services	9,424,715	9,102,882	8,006,111	7,420,138
Noninstructional services	1,623,437	1,609,474	1,573,757	1,476,199
Sixteenth section	6,185	7,169	46,907	41,269
Facilities acquisition and construction	3,543,959	4,593,148	1,089,720	-
Debt service:				
Principal	1,652,933	149,990	109,623	18,025
Interest	17,648	20,591	23,459	12,628
Other	2,500	2,500	2,500	2,500
Total Expenditures	25,137,531	24,839,769	19,288,599	16,709,901
Excess (Deficiency) of Revenues over (under) Expenditures	(2,083,347)	1,603,061	27,696	(85,967)
Other Financing Sources (Uses):				
Bonds and notes issued	-	375,000	-	445,500
Leases issued	-	-	-	101,409
Insurance recovery	-	-	-	432
Payment held by QSCB escrow agent	-	70,905	76,772	66,026
Payment to QSCB debt escrow agent	-	(70,905)	(76,772)	(66,026)
Operating transfers in	495,916	575,759	858,901	1,180,294
Other financing sources	56,675	65,733	1,650	-
Operating transfers out	(495,916)	(575,759)	(858,901)	(1,180,294)
Other financing uses	(8,690)	-	-	(4)
Total Other Financing Sources (Uses)	47,985	440,733	1,650	547,337
Net Change in Fund Balances	(2,035,362)	2,043,794	29,346	461,370
Fund Balances:				
Beginning of period, as previously reported	19,146,148	17,267,810	16,913,859	16,220,711
Error corrections	(240,225)	(167,743)	319,299	238,876
Beginning of period, as restated	18,905,923	17,100,067	17,233,158	16,459,587
Increase (Decrease) in reserve for inventory	(9,476)	2,287	5,306	(7,098)
End of Period	$ 16,861,085	$ 19,146,148	$ 17,267,810	$ 16,913,859

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent
Humphreys County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Governmental Auditing Standards), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Humphreys County School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Humphreys County School District's basic financial statements, and have issued our report thereon dated August 21, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

We also noted certain matters that we reported to the management of Humphreys County School District in the Independent Auditor's Report on Compliance with State Laws and Regulations dated August 21, 2026, included within this document.

Humphreys County School District's Response to Finding

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

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.

Cunningham CPAs, PLLC

Belzoni, MS

August 21, 2026

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

Superintendent
Humphreys County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Humphreys County School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Humphreys County School District's major federal programs for the year ended June 30, 2025. Humphreys County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Humphreys County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (Governmental Auditing Standards); 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 Humphreys County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Humphreys County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Humphreys County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting

material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Humphreys County School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-002. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Humphreys County School District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Humphreys County School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Cunningham CPAs, PLLC
Belzoni, MS
August 21, 2026

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

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

Superintendent
Humphreys County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Humphreys County School District as of and for the year ended June 30, 2025, which collectively comprise Humphreys County School District's basic financial statements and have issued our report thereon dated August 21, 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 (Governmental Auditing Standards).

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

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

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

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

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

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

Finding 1 Travel Reimbursements

During our testing of travel reimbursements, we noted multiple instances of reimbursement for conference travel that did not contain the required evidence to support the purpose of travel, such as a conference agenda.

Recommendation

We recommend the district put procedures in place to ensure compliance with all relevant laws and regulations related to travel reimbursements.

School District's Response

We will put procedures in place to ensure compliance with all relevant travel reimbursement laws and regulations.

Finding 2 Public Depository (Repeat Finding)

During our testing of depositories, the district was unable to provide the public depository letter for fiscal year 2025 to verify that all deposits are properly collateralized with the State Treasurer, as required.

Recommendation

We recommend the district put procedures in place to ensure compliance with all relevant laws and regulations related to depositories.

School District's Response

We will put procedures in place to ensure compliance with all relevant public depository laws and regulations.

Finding 3 Sixteenth Section (Repeat Finding)

During our testing of sixteenth section revenue, the district was unable to provide evidence that the required child count letters were sent to district's that share a section. In addition, it does not appear that fiscal year 2025 sixteenth section revenues were shared with other districts, as required.

Recommendation

We recommend the district put procedures in place to ensure compliance with all relevant laws and regulations related to sixteenth section revenues.

School District's Response

We will put procedures in place to ensure compliance with all relevant sixteenth section laws and regulations.

Finding 4 Procurement Cards (Repeat Finding)

During our testing of procurement cards, we noted instances where the district was unable to provide receipts and or invoices that support the charges noted on the statements.

Recommendation

We recommend the district put procedures in place to ensure compliance with all relevant laws and regulations related to procurement card usage.

School District's Response

We will put procedures in place to ensure compliance with all relevant procurement card laws and regulations.

Finding 5 Purchasing

During our testing of 65 invoices for compliance with state and federal purchasing laws, the district failed to provide evidence that a required second quote was obtained on 2 of the 65 items tested. In addition, we noted several instances where the payment packet was missing some of the invoices that would support the total amount paid.

Recommendation

We recommend the district put procedures in place to ensure compliance with all relevant laws and regulations related to purchasing laws and regulations.

School District's Response

We will put procedures in place to ensure compliance with all relevant purchasing laws and regulations.

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

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

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

Cunningham CPAs, PLLC

Belzoni, Mississippi

August 21, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

HUMPHREYS COUNTY 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 weakness(es) identified? Yes
   b. Significant deficiency(ies) identified? None Reported

3. Noncompliance material to financial statements noted? No

Federal Awards:

4. Internal control over major programs:
   a. Material weakness(es) identified? Yes
   b. Significant deficiency(ies) identified? None Reported

5. Type of auditor's report issued on compliance for major federal programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

7. Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
Child Nutrition Cluster:	
10.555	National school lunch program
10.559	Summer food service program for children
84.425U	COVID-19 – Elementary and Secondary School Emergency Relief ARP III (ESSER)

8. Dollar threshold used to distinguish between type A and type B programs: $750,000

9. Auditee qualified as low-risk auditee? No

10. Prior fiscal year audit findings(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). Yes

Section II: Financial Statement Findings

The results of our tests disclosed the following findings related to the financial statements that are required to be reported under *Government Auditing Standards*:

Material Weakness:

Finding 2025-001:

CRITERIA: Management is responsible for establishing an internal control system that ensures strong financial accountability and safeguarding of assets. A critical aspect of financial management is the maintenance of accurate accounting records. This includes maintenance of accurate accounting records.

CONDITION:

(1) During our testing of accounts receivable, we noted errors in prior period receivables in the federal grant funds that required audit adjustment of approximately $176,000.

(2) During our testing of capital assets, the District was unable to provide evidence that physical inventory counts are being performed on an annual basis and being reconciled to the underlying subsidiary records. In addition, during our testing of expenditures, we noted the purchase of items that should have been capitalized but were not. We also noted the district is not properly monitoring the status of completed and ongoing construction projects.

(3) During our testing of cash and the bank reconciliation process, we noted the bank reconciliations were not being performed timely or accurately throughout the year.

(4) During our testing of controls surrounding the payroll process, we noted instances where the district was unable to provide evidence that proper approval was obtained to support changes in job duties, supplements and related increases in payroll amounts over and above the original signed contract for employment.

CAUSE OF CONDITION: The cause is a result of not properly implementing a designed system of accounting and internal controls.

EFFECT OF CONDITION: The effect of this condition could result in the financial statements being materially misstated and misappropriation of assets.

RECOMMENDATION: It is recommended that the district implement policies or procedures to establish an internal control system that will ensure strong financial accountability and accurate accounting records.

VIEWS OF RESPONSIBLE OFFICIALS: Management will implement policies or procedures to establish an internal control system that will ensure strong financial accountability and accurate accounting records.

Section III: Federal Award Findings and Questioned Costs

The results of our tests disclosed the following findings and questioned costs related to the federal awards:

Finding 2025-002 Material Weakness & Non-Compliance:

U.S. Department of Education
Passed-through Mississippi Department of Education
Program Name: Elementary and Secondary School Emergency Relief ARP (ESSER)
Program ALN: 84.425U
Compliance Requirement: Allowable Costs/Cost Principles

CRITERIA: 2 CFR 200.302(b)(3) requires non-Federal entities to maintain records that adequately identify the source and application of funds provided for federally-assisted activities. Additionally, 2 CFR 200.403(g) requires costs to be adequately documented in order to be allowable under Federal awards. The district's internal control procedures require that disbursements be supported by an approved invoice, receiving documentation, and evidence of authorization prior to payment.

CONDITION: During our test of 30 disbursements selected from the vendor payment population for the ARP ESSER grant, we noted 3 instances for which the district could not provide all the vendor invoices supporting the amount disbursed. In these instances, we were unable to substantiate that the goods or services were received or that the amount paid agreed to an amount owed.

CONTEXT: The 3 instances involved different vendors indicating the issue was not isolated to a single vendor or purchase.

CAUSE: The cause is a result of not properly implementing a designed system of accounting and internal controls.

EFFECT: Noncompliance with federal recordkeeping and cost documentation requirements, and an increased risk that unallowable or unsupported costs could be charged to the federal award without detection.

IDENTIFICATION OF REPEAT FINDING: No

QUESTIONED COSTS: None. Although the district could not provide all the invoices for the 3 disbursements noted, the vendors and purchase descriptions were consistent with allowable ESSER program costs based on other documentation available (e.g., purchase orders, check detail, or contracts), and no indication of unallowable or unauthorized purchases was identified.

RECOMMENDATION: The school district should implement policies and procedures to ensure all applicable compliance requirements are being met.

VIEWS OF RESPONSIBLE OFFICIALS: We will implement policies or procedures to establish an internal control system that will ensure strong financial accountability, including compliance with federal purchasing requirements.

HUMPHREYS COUNTY SCHOOL DISTRICT
Stanley K. Ellis, Ph.D., Interim Superintendent
401 Fourth Street - P. O Box 678 - Belzoni, MS 39038
Phone: 662-247-6000

AUDITEE'S CORRECTIVE ACTION PLAN

As required by 2 CFR 200.511, the Humphreys County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2025:

Finding	Correction Action Plan Details
2025-001	a. Name of Contact Person Responsible for Corrective Action: LaKenya Thomas– Executive Director of Finance & Business Affairs b. Corrective Action Planned: We will implement policies or procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records. c. Anticipated Completion Date: Immediately.
2025-002	a. Name of Contact Person Responsible for Corrective Action: LaKenya Thomas– Executive Director of Finance & Business Affairs b. Corrective Action Planned: We will implement policies or procedures to establish an internal control system that will ensure strong financial accountability and to ensure compliance with all state and federal grant requirements. c. Anticipated Completion Date: Immediately.

HUMPHREYS COUNTY SCHOOL DISTRICT
Stanley K. Ellis, Ph.D., Interim Superintendent
401 Fourth Street - P. O Box 678 - Belzoni, MS 39038
Phone: 662-247-6000

SUMMARY OF PRIOR AUDIT FINDINGS

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Humphreys County School District has prepared and hereby submits the following summary of prior audit findings for the year ended June 30, 2025:

Finding	Status
2024-001	Repeated as 2025-001
2024-002	Corrected