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LAUREL SCHOOL DISTRICT
Audited Financial Statements
For the Year Ended June 30, 2025

LAUREL SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	14
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	15
Exhibit B – Statement of Activities	16
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	17
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	19
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Notes to the Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION	49
Budgetary Comparison Schedule – General Fund	50
Schedule of the District's Proportionate Share of the Net Pension Liability	51
Schedule of the District Contributions (PERS)	52
Schedule of the District's Proportionate Share of the Net OPEB Liability	53
Schedule of the District Contributions (OPEB)	54
Notes to the Required Supplementary Information	55
SUPPLEMENTARY INFORMATION	60
Schedule of Expenditures of Federal Awards	61
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	63
OTHER INFORMATION	64
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	65
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	66
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	67
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	70
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	72
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	76
SUMMARY OF PRIOR YEAR AUDIT FINDINGS	79

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Laurel School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Laurel 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 Laurel 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 Laurel School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds

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

Other Information

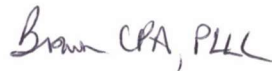
Management is responsible for the other information included in the annual report. The other information comprises the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2026, on our consideration of the Laurel 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 Laurel 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 Laurel School District’s internal control over financial reporting and compliance.

Brown CPA, PLLC
Madison, Mississippi
February 20, 2026



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Laurel 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 increased \$7,602,292, including an error correction of (\$166,876) and change in accounting principle of (\$752,739), which represents a 22% increase from fiscal year 2024. Total net position for 2024 increased \$12,043,914, including an error correction of (\$1,664,507), which represents an 54% increase from fiscal year 2023.
- General revenues amounted to \$36,804,584 and \$31,107,334, or 79% and 58% 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 \$9,611,056, or 21% of total revenues for 2025, and \$22,431,752, or 42% of total revenues for 2024.
- The District had \$37,893,733 and \$39,830,665 in expenses for fiscal years 2025 and 2024; only 9,611,056 for 2025 and \$22,431,752 for 2024 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$36,804,584 for 2025 and \$31,107,334 for 2024 were adequate to provide for these programs.
- Among major funds, the General Fund had \$33,124,020 in revenues and \$22,993,272 in expenditures for 2025, and \$29,034,879 in revenues and \$24,340,645 in expenditures for 2024. The General Fund's fund balance increased \$7,043,389 from 2024 to 2025, which includes an error correction of (\$425,298) and, increased by \$5,228,328 from 2023 to 2024, which includes an error correction of (\$113,274).
- Capital assets, including lease and SBITA assets, net of accumulated depreciation and amortization, decreased by \$1,292,365, including an error correction of \$4,487, for 2025. The decrease for 2025 was due primarily to the completion of construction in progress and the addition of current depreciation.
- Long-term debt, including compensated absences, bond premium, lease obligations and SBITA obligations, decreased by \$647,695 for 2025. The decrease for 2025 was due primarily due to principal and lease payments on outstanding long-term debt. The liability for compensated absences increased by \$923,266, including a change in accounting principle of \$752,739 for 2025 and increased by \$23,260 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

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

financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

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 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 \$41,767,975 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.

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

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

Table 1
Condensed Statement of Net Position

	June 30, 2025	June 30, 2024	Percentage Change
Current assets	\$ 37,839,885	\$ 26,069,160	45.15 %
Restricted assets	18,373,084	17,864,105	2.85 %
Capital assets, net	58,036,705	59,329,070	(2.18) %
Total assets	<u>114,249,674</u>	<u>103,262,335</u>	10.64 %
Deferred outflows of resources	<u>14,022,448</u>	<u>16,571,389</u>	(15.38) %
Current liabilities	1,828,306	1,976,697	(7.51) %
Long-term debt outstanding	14,654,595	15,289,266	(4.15) %
Lease liability	109,578	155,052	(29.33) %
SBITA liability	96,428	63,978	50.72 %
Net OPEB liability	1,936,981	1,934,033	0.15 %
Net pension liability	62,943,742	61,782,205	1.88 %
Total liabilities	<u>81,569,630</u>	<u>81,201,231</u>	0.45 %
Deferred inflows of resources	<u>4,934,517</u>	<u>4,466,810</u>	10.47 %
Net position:			
Net investment in capital assets	44,546,126	44,342,610	0.46 %
Restricted	27,377,471	21,992,765	24.48 %
Unrestricted	(30,155,622)	(32,169,692)	6.26 %
Total net position	<u>\$ 41,767,975</u>	<u>\$ 34,165,683</u>	22.25 %

Error corrections that impacted prior fiscal years were made during the fiscal year ending June 30, 2025. Additional information and further explanation can be found in Note 10 of this report. Due to the immateriality of the result upon the affected funds, restatement to the individual impacted line items of the prior periods were not made to this schedule.

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)	\$ (30,155,622)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>56,018,033</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 25,862,411</u>

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

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

- Decrease in net capital assets in the amount of \$1,292,365.
- The principal retirement of \$2,000,000 of long-term debt.
- The principal retirement of \$208,951 of leased and subscription-based IT liabilities.
- Issuance of a Three Mill Note Payable of \$500,000.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2025 and June 30, 2024 were \$46,415,640 and \$53,539,086, respectively. The total cost of all programs and services was \$37,893,733 for 2025 and \$39,830,665 for 2024.

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

**Table 2
Changes in Net Position**

	<u>Year Ended June 30, 2025</u>	<u>Year Ended June 30, 2024</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 675,503	\$ 541,685	24.70 %
Operating grants and contributions	8,935,553	21,890,067	(59.18) %
General revenues:			
Property taxes	16,630,054	15,071,762	10.34 %
Grants and contributions not restricted	18,157,898	13,897,712	30.65 %
Investment earnings	1,567,106	1,865,407	(15.99) %
Sixteenth section sources	88,356	14,148	524.51 %
Other	361,170	258,305	39.82 %
Total revenues	<u>46,415,640</u>	<u>53,539,086</u>	(13.31) %
Expenses:			
Instruction	15,278,530	16,359,912	(6.61) %
Support services	12,313,711	13,559,044	(9.18) %
Non-instructional	2,312,106	2,533,669	(8.74) %
Pension expense	7,335,413	6,632,722	10.59 %
OPEB expense	(169,475)	(227,910)	25.64 %
Interest on long-term liabilities	823,448	973,228	(15.39) %
Total expenses	<u>37,893,733</u>	<u>39,830,665</u>	(4.86) %
Increase (Decrease) in net position	<u>8,521,907</u>	<u>13,708,421</u>	(37.83) %
Net Position, July 1, as previously reported	34,165,683	22,121,769	54.44 %
Adjustment or restatement	<u>(919,615)</u>	<u>(1,664,507)</u>	44.75 %
Net Position, July 1, as restated	33,246,068	20,457,262	62.51 %
Net Position, June 30	<u>\$ 41,767,975</u>	<u>\$ 34,165,683</u>	22.25 %

Error corrections that impacted prior fiscal years were made during the fiscal year ending June 30, 2025. Additional information and further explanation can be found in Note 10 of this report. Due to the immateriality of the result upon the affected funds, restatement to the individual impacted line items of the prior periods were not made to this schedule.

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

Governmental activities

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

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2025	2024	
Instruction	\$ 15,278,530	\$ 16,359,912	(6.61) %
Support services	12,313,711	13,559,044	(9.18) %
Non-instructional	2,312,106	2,533,669	(8.74) %
Pension Expense	7,335,413	6,632,722	10.59 %
OPEB Expense	(169,475)	(227,910)	25.64 %
Interest on long-term liabilities	823,448	973,228	(15.39) %
Total expenses	\$ 37,893,733	\$ 39,830,665	(4.86) %

	Net (Expense) Revenue		Percentage Change
	2025	2024	
Instruction	\$ (11,821,430)	\$ (7,967,700)	(48.37) %
Support services	(9,029,997)	(3,261,484)	(176.87) %
Non-instructional	558,136	1,208,311	(53.81) %
Pension Expense	(7,335,413)	(6,632,722)	(10.59) %
OPEB Expense	169,475	227,910	(25.64) %
Interest on long-term liabilities	(823,448)	(973,228)	15.39 %
Total net (expense) revenue	\$ (28,282,677)	\$ (17,398,913)	(62.55) %

- Net cost of governmental activities (\$28,282,677 for 2025 and \$17,398,913 for 2024) was financed by general revenue, which is primarily made up of property taxes (\$16,630,054 for 2025 and \$15,071,762 for 2024) and state and federal revenues (\$18,157,898 for 2025 and \$13,897,712 for 2024). In addition, there was \$88,356 and \$14,148 in Sixteenth Section sources for 2025 and 2024, respectively.
- Investment earnings amounted to \$1,567,106 for 2025 and \$1,865,407 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

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

completed the year, its governmental funds reported a combined fund balance of \$54,793,792, an increase of \$12,428,130, which includes an error correction of (\$163,150), and a decrease in inventory of \$14,311. \$26,554,668, or 48% 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 or assigned to specific purposes within the general fund. The remaining fund balance of \$28,239,124, or 52% is either non-spendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$7,043,389, including an error correction of (\$425,298). The fund balance of Other Governmental Funds showed an increase in the amount of \$5,493,566, which includes an error correction of \$100,094 and a decrease in inventory of \$14,311. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
16th Section Principal Fund	\$ (108,825)

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. Budget revisions during the fiscal year were routine in nature and were insignificant when compared to total revenues and expenditures of the District.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund 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 \$82,876,854, including land, construction in progress, school buildings, building improvements and other improvements, buses, other school vehicles, furniture and equipment, lease assets, and subscription IT assets. This amount represents an increase of \$948,729, including an error correction of \$4,487, from 2024. Total accumulated depreciation and amortization as of June 30, 2025, was \$24,840,149, and total depreciation and amortization expense for the year was \$2,240,864, resulting in total net capital assets of \$58,036,705.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2025	June 30, 2024	Percentage Change	
Land	\$ 891,653	\$ 891,653	-	%
Construction in Progress	155,609	4,494,521	(96.54)	%
Buildings	37,849,191	38,803,966	(2.46)	%
Building improvements	14,322,318	10,362,267	38.22	%
Improvements other than buildings	3,283,305	3,472,195	(5.44)	%
Mobile equipment	821,932	683,378	20.27	%
Furniture and equipment	432,641	374,964	15.38	%
Leased Assets	108,494	153,743	(29.43)	%
Subscription IT assets	171,562	92,383	85.71	%
Total	\$ 58,036,705	\$ 59,329,070	(2.18)	%

Additional information on the District's capital assets can be found in Note 5 and the information for lease assets and subscription IT assets can be found in Note 6 included in this report. The prior year information is not restated. It was not practicable to restate the prior year information in this table.

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

Debt Administration. At June 30, 2025, the District had \$14,860,601 in outstanding long-term debt, of which \$5,687,864 is due within one year. During the fiscal year, the District made principal payments totaling \$2,208,951 on outstanding long-term debt. The liability for compensated absences increased \$923,266 including a change in accounting principle of \$752,739, from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 6,180,000	\$ 8,100,000	(23.70) %
Three mill notes payable	1,156,000	736,000	57.07 %
Qualified school construction bonds payable	6,000,000	6,000,000	- %
Lease obligations payable	109,578	155,052	(29.33) %
Subscription IT liabilities	96,428	63,978	50.72 %
Compensated absences payable	1,144,781	221,515	416.80 %
Total	<u>\$ 14,686,787</u>	<u>\$ 15,276,545</u>	(3.86) %
Premiums	173,814	231,751	(25.00) %
Total	<u>\$ 14,860,601</u>	<u>\$ 15,508,296</u>	(4.18) %

Additional information on the District's long-term debt can be found in Note 7 and the information for lease assets and subscription IT liabilities can be found in Note 6 included in this report.

CURRENT ISSUES

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

The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting, and internal financial controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Laurel School District, 303 West 8th Street (P.O. Box 288), Laurel, MS 39441.

FINANCIAL STATEMENTS

LAUREL SCHOOL DISTRICT

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 36,638,367
Cash with fiscal agents	500
Due from other governments	1,067,942
Accrued interest receivable	26,083
Other receivables, net	90,016
Inventories	16,977
Restricted assets	18,373,084
Capital assets, non-depreciable:	
Land	891,653
Construction in progress	155,609
Capital assets, net of accumulated depreciation:	
Buildings	37,849,191
Building improvements	14,322,318
Improvements other than buildings	3,283,305
Mobile equipment	821,932
Furniture and equipment	432,641
Leased Assets	108,494
Subscription IT assets	171,562
Total Assets	114,249,674
Deferred Outflows of Resources	
Deferred outflows - advance refunding of debt	225,241
Deferred outflows - pensions	13,176,523
Deferred outflows - OPEB	620,684
Total Deferred Outflows of Resources	14,022,448
Liabilities	
Accounts payable and accrued liabilities	1,419,177
Interest payable on long-term liabilities	409,129
Long-term liabilities, due within one year:	
Lease liabilities	61,767
Capital related liabilities	5,504,728
Non-capital related liabilities	57,239
SBITA liabilities	64,130
Net OPEB liability	82,696
Long-term liabilities, due beyond one year:	
Lease liabilities	47,811
Capital related liabilities	7,831,272
Capital related bond premiums	173,814
Non-capital related liabilities	1,087,542
SBITA liabilities	32,298
Net pension liability	62,943,742
Net OPEB liability	1,854,285
Total Liabilities	81,569,630
Deferred Inflows of Resources	
Deferred inflows - pensions	4,276,912
Deferred inflows - OPEB	657,605
Total Deferred Inflows of Resources	4,934,517
Net Position	
Net investment in capital assets	44,546,126
Restricted for:	
Expendable:	
School-based activities	1,597,312
Debt service	7,712,570
Capital improvements	4,360,833
Unemployment benefits	53,950
Non-expendable:	
Sixteenth section	13,652,806
Unrestricted	(30,155,622)
Total Net Position (deficit)	\$ 41,767,975

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

LAUREL SCHOOL DISTRICT

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

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 15,278,530	\$ 302,660	\$ 3,154,440	\$ -	\$ (11,821,430)
Support services	12,313,711	282,879	3,000,835	-	(9,029,997)
Non-instructional	2,312,106	89,964	2,780,278	-	558,136
Pension expense	7,335,413	-	-	-	(7,335,413)
OPEB expense	(169,475)	-	-	-	169,475
Interest on long-term liabilities	823,448	-	-	-	(823,448)
Total Governmental Activities	\$ 37,893,733	\$ 675,503	\$ 8,935,553	\$ -	\$ (28,282,677)

General Revenues:

Taxes:

General purpose levies	13,528,098
Debt purpose levies	3,101,956

Unrestricted grants and contributions:

State	18,003,038
Federal	154,860
Unrestricted investment earnings	1,567,106
Sixteenth section sources	88,356
Other	361,170
Total General Revenues	36,804,584

Change in Net Position	8,521,907
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Net Position - Beginning, as previously reported	34,165,683
Adjustment or restatement	(919,615)
	33,246,068

Net Position - Beginning, as restated	33,246,068
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Net Position - Ending	\$ 41,767,975
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The notes to the financial statements are an integral part of this statement.

**LAUREL SCHOOL DISTRICT
Governmental Funds**

**Balance Sheet
June 30, 2025**

Exhibit C

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	16 Section Principal Fund		
Assets				
Cash and cash equivalents	\$ 30,171,996	\$ 10,849,334	\$ 8,466,826	\$ 49,488,156
Cash with fiscal agents	500	-	445,357	445,857
Investments	-	-	5,077,938	5,077,938
Due from other governments	269,480	-	798,462	1,067,942
Accrued interest receivable	-	-	26,083	26,083
Other receivables, net	80,374	-	9,642	90,016
Due from other funds	706,065	-	73,670	779,735
Advance to other funds	-	2,838,728	-	2,838,728
Inventories	-	-	16,977	16,977
Total Assets	\$ 31,228,415	\$ 13,688,062	\$ 14,914,955	\$ 59,831,432
<u>Liabilities and Fund Balances:</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,381,995	\$ -	\$ 37,182	\$ 1,419,177.00
Due to other funds	500	35,256	743,979	779,735
Advances from other funds	2,838,728	-	-	2,838,728
Total Liabilities	4,221,223	35,256	781,161	5,037,640
Fund Balances:				
Nonspendable:				
Inventory	-	-	16,977	16,977
Permanent fund principal	-	10,814,078	-	10,814,078
Advances	-	2,838,728	-	2,838,728
Restricted:				
Debt service	-	-	8,121,699	8,121,699
Capital projects	-	-	4,360,833	4,360,833
Grant activities	-	-	187,814	187,814
Unemployment benefits	-	-	53,950	53,950
Food service	-	-	1,392,521	1,392,521
Assigned:				
Capital improvements	194,670	-	-	194,670
School activities	257,854	-	-	257,854
Unassigned	26,554,668	-	-	26,554,668
Total Fund Balances	27,007,192	13,652,806	14,133,794	54,793,792
Total Liabilities and Fund Balances	\$ 31,228,415	\$ 13,688,062	\$ 14,914,955	\$ 59,831,432

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

**LAUREL SCHOOL DISTRICT
Governmental Funds**

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

Exhibit C-1

Total fund balances for governmental funds \$ 54,793,792

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	\$	891,653	
Construction in progress		155,609	
Buildings		52,009,104	
Building improvements		19,951,118	
Improvements other than buildings		5,037,327	
Mobile equipment		2,089,005	
Furniture and equipment		2,011,784	
Accumulated depreciation		(24,388,951)	
Leased assets		337,734	
Accumulated amortization		(229,240)	
Subscription IT assets		393,520	
Accumulated amortization		(221,958)	
		58,036,705	58,036,705

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		(62,943,742)	
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		13,176,523	
Deferred inflows of resources related to pensions		(4,276,912)	
		(54,044,131)	(54,044,131)

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

Net OPEB liability		(1,936,981)	
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		620,684	
Deferred inflows of resources related to OPEB		(657,605)	
		(1,973,902)	(1,973,902)

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

General obligation bonds		(6,180,000)	
Other bonds payable		(6,000,000)	
Notes payable		(1,156,000)	
Lease liabilities		(109,578)	
SBITA liabilities		(96,428)	
Compensated absences		(1,144,781)	
Unamortized charges		225,241	
Unamortized premiums		(173,814)	
Accrued interest payable		(409,129)	
		(15,044,489)	(15,044,489)

Net Position of governmental activities **\$ 41,767,975**

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

LAUREL SCHOOL DISTRICT
Governmental Funds

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

Exhibit D

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	16 Section Principal Fund		
Revenues:				
Local sources	\$ 14,769,882	\$ -	\$ 3,444,615	\$ 18,214,497
State sources	18,183,912	-	757,466	18,941,378
Federal sources	34,961	-	8,330,892	8,365,853
Sixteenth section sources	135,265	475,768		611,033
Total Revenues	<u>33,124,020</u>	<u>475,768</u>	<u>12,532,973</u>	<u>46,132,761</u>
Expenditures:				
Instruction	12,563,933	-	2,975,657	15,539,590
Support services	10,116,362	-	3,049,408	13,165,770
Noninstructional services	475	-	2,410,432	2,410,907
Facilities acquisition and construction	-	-	342,409	342,409
Debt service:				
Principal	187,255	-	2,021,696	2,208,951
Interest	125,247	-	647,482	772,729
Other	-	-	33,541	33,541
Total Expenditures	<u>22,993,272</u>	<u>-</u>	<u>11,480,625</u>	<u>34,473,897</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>10,130,748</u>	<u>475,768</u>	<u>1,052,348</u>	<u>11,658,864</u>
Other Financing Sources (Uses):				
Bonds and notes issued	-	-	500,000	500,000
Leases issued	15,028	-	-	15,028
SBITA issued	156,158	-	-	156,158
Insurance recovery	282,879	-	-	282,879
Payments held by escrow agent	-	-	335,125	335,125
Payment to QSCB debt escrow agent	-	-	(335,125)	(335,125)
Operating transfers in	1,474,000	-	5,583,175	7,057,175
Operating transfers out	(4,582,788)	(746,647)	(1,727,740)	(7,057,175)
Other financing uses	(7,338)	-	-	(7,338)
Total Other Financing Sources (Uses)	<u>(2,662,061)</u>	<u>(746,647)</u>	<u>4,355,435</u>	<u>946,727</u>
Net Change in Fund Balances	<u>7,468,687</u>	<u>(270,879)</u>	<u>5,407,783</u>	<u>12,605,591</u>
Fund Balances:				
July 1, 2024, as previously reported	19,963,803	13,761,631	8,640,228	42,365,662
Adjustment or restatement	(425,298)	162,054	100,094	(163,150)
July 1, 2024, as restated	<u>19,538,505</u>	<u>13,923,685</u>	<u>8,740,322</u>	<u>42,202,512</u>
Increase (Decrease) in inventory	<u>-</u>		<u>(14,311)</u>	<u>(14,311)</u>
June 30, 2025	<u>\$ 27,007,192</u>	<u>\$ 13,652,806</u>	<u>\$ 14,133,794</u>	<u>\$ 54,793,792</u>

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

LAUREL 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 \$ 12,605,591

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	\$	755,048	
Depreciation expense		(2,085,830)	
Leases outlay		15,028	
Amortization expense		(60,277)	
SBITAs outlay		157,408	
Amortization expense		(94,757)	(1,313,380)

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

Bonds and notes issued		(500,000)	
Leases issued		(15,028)	
Subscription IT liability issued		(156,158)	
Payments of debt principal		2,000,000	
Payments of leases principal		60,502	
Payments of SBITAs principal		148,449	
Accrued interest payable		(35)	1,537,730

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

Pension expense		(7,335,413)	
Contributions subsequent to the measurement date		2,981,275	(4,354,138)

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

OPEB expense		169,475	
Contributions subsequent to the measurement date		78,610	248,085

5. 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		(170,527)	
Change in inventory		(14,311)	
Amortization of deferred charges, premiums and discounts		(17,143)	(201,981)

Change in Net Position of governmental activities **\$ 8,521,907**

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

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Laurel since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Laurel 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

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

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.

Sixteenth Section Principal Fund – This is a permanent fund that accounts for the non-expendable revenues associated with earnings on sixteenth section lands and the investment earnings of these non-expendable resources.

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.

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

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

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

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

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

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

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

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

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

D. Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

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

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

below.

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

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

The following schedule details the capitalization thresholds:

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

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

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

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 school district has incurred deferred outflows which are presented as a deferred outflow related to advance refunding of debt, deferred outflow related to pensions and a deferred outflow related to OPEB.

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

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).

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

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 settle 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 Laurel 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, reliability, 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

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

determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

14. Fund Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is a resolution approved by the School Board. Currently there is no committed fund balance for this school district.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and the Business Manager pursuant to authorization established by the District's approved fund balance policy.

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 7% of District Maintenance fund revenues. If the unassigned fund balance at fiscal year-end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

15. Accounting Standards Update

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

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

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

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$49,488,156. The carrying amount of deposits in the government-wide financial statements was reported as cash and cash equivalents in the amount of \$36,638,367 and a portion of restricted assets in the amount of \$12,849,789 (see Note 4).

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2025, none of the district's bank balance of \$50,411,739 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$445,857.

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

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Treasury SLGS Deposit	N/A	5 to 10 years	\$ 2,399,902
Qualified School Construction Bond	N/A	Less than 1 year	2,678,036
Total			<u>\$ 5,077,938</u>

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

The district has the following recurring fair value measurements as of June 30, 2025:

- U.S. Treasury SLGS Deposit of \$2,399,902 are valued using quoted market prices (Level 1 inputs)
- Qualified School Construction Bonds of \$2,678,036 are valued using quoted market prices (Level 1 inputs)

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

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

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

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

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	16th Section Principal Fund	35,256
General Fund	Other Governmental Funds	670,809
Other Governmental Funds	General Fund	500
Other Governmental Funds	Other Governmental Funds	73,170
Total		<u>\$ 779,735</u>

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

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
16th Section Principal Fund	General Fund	\$ 2,838,728
Total		<u>\$ 2,838,728</u>

Sixteenth section principal loans payable

The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances. The interest rate on the sixteenth section principal loans payable as of June 30, 2025 is four percent.

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

Year Ending June 30	Principal	Interest	Total
2026	\$ 367,343	113,436	\$ 480,779
2027	382,102	98,731	480,833
2028	397,364	83,438	480,802
2029	413,420	67,533	480,953
2030	187,211	50,992	238,203
2031 - 2035	557,598	174,724	732,322
2036 - 2039	533,690	54,134	587,824
Total	<u>\$ 2,838,728</u>	<u>\$ 642,988</u>	<u>\$ 3,481,716</u>

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

C. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	727,353
General Fund	16th Section Principal Fund	746,647
Other Governmental Funds	General Fund	4,582,788
Other Governmental Funds	Other Governmental Funds	1,000,387
Total		<u>\$ 7,057,175</u>

Operating transfers were primarily for vocational and special education expenditure transfers, the transfer of expendable sixteenth section resources, unemployment compensation transfers, and other routine operating transfers.

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$10,849,334, 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. In addition, the restricted assets represent the cash with fiscal agent and investment balance, totaling \$445,357 and \$5,077,938, respectively, of the QSCB Debt Fund. A cash balance of \$2,000,455 was also restricted related to other debt service funds.

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

Note 5 – Capital Assets

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

	Balance 7/1/2024	Increases	Decreases	Completed Construction	Adjustments	Balance 6/30/2025
Governmental Activities:						
<u>Non-depreciable capital assets:</u>						
Land	\$ 891,653	\$ -	\$ -	-	\$ -	891,653
Construction in progress	4,494,521	342,409	-	(4,681,321)	-	155,609
Total non-depreciable capital assets	<u>5,386,174</u>	<u>342,409</u>	<u>-</u>	<u>(4,681,321)</u>	<u>-</u>	<u>1,047,262</u>
<u>Depreciable capital assets:</u>						
Buildings	52,009,104	-	-	-	-	52,009,104
Building improvements	15,269,797	-	-	4,681,321	-	19,951,118
Improvements other than buildings	5,037,327	-	-	-	-	5,037,327
Mobile equipment	1,826,381	262,624	-	-	-	2,089,005
Furniture and equipment	1,846,446	150,015	-	-	15,323	2,011,784
Total depreciable capital assets	<u>75,989,055</u>	<u>412,639</u>	<u>-</u>	<u>4,681,321</u>	<u>15,323</u>	<u>81,098,338</u>
<u>Less accumulated depreciation for:</u>						
Buildings	13,205,138	954,775	-	-	-	14,159,913
Building improvements	4,907,530	721,270	-	-	-	5,628,800
Improvements other than buildings	1,565,132	188,890	-	-	-	1,754,022
Mobile equipment	1,143,003	124,070	-	-	-	1,267,073
Furniture and equipment	1,471,482	96,825	-	-	10,836	1,579,143
Total accumulated depreciation	<u>22,292,285</u>	<u>2,085,830</u>	<u>-</u>	<u>-</u>	<u>10,836</u>	<u>24,388,951</u>
Total depreciable capital assets, net	<u>53,696,770</u>	<u>(1,673,191)</u>	<u>-</u>	<u>4,681,321</u>	<u>4,487</u>	<u>56,709,387</u>
Governmental activities capital assets, net	<u>\$ 59,082,944</u>	<u>\$ (1,330,782)</u>	<u>\$ -</u>	<u>-</u>	<u>4,487</u>	<u>\$ 57,756,649</u>
Lease assets, net (Note 6)	\$ 153,743					108,494
Subscription IT assets, net (Note 6)	<u>92,383</u>					<u>171,562</u>
Total capital assets, net, as reported in the statement of net position	<u>\$ 59,329,070</u>					<u>58,036,705</u>

Adjustments were corrections to prior year Furniture & Equipment acquisition and accumulated depreciation balances..

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 1,477,458
Support services	559,952
Non-instructional	48,420
Total depreciation expense - Governmental activities	<u>\$ 2,085,830</u>

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

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

Governmental Activities:	Spent to June 30, 2025	Remaining Commitment
Oak Park and Mason Elementary Project	\$ 155,609	3,421,702
Total Governmental Activities	\$ 155,609	3,421,702

Construction project included in governmental activities will be paid from the capital project fund.

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

A summary of leases and subscription IT asset activity during the year ended June 30, 2025 is as follows:

	Balance 7/1/2024	Additions	Adjustments	Deductions	Balance 6/30/2025
Lease Assets:					
Furniture and Equipment	\$ 322,706	15,028	-	-	337,734
Total Lease Assets	322,706	15,028	-	-	337,734
Less Accumulated Amortization:					
Lease assets:					
Furniture and Equipment	168,963	60,277	-	-	229,240
Total Accumulated Amortization	168,963	60,277	-	-	229,240
Total Lease Assets, Net	153,743	(45,249)	-	-	108,494
Subscription IT Assets	230,190	157,408	49,492	43,570	393,520
Less Accumulated Amortization	137,807	94,757	32,964	43,570	221,958
Total Subscription IT Assets, Net	92,383	62,651	16,528	-	171,562
Total Lease and Subscription IT Assets, Net	\$ 246,126	17,402	16,528	-	280,056

Amortization expense was charged to the following governmental functions:

Governmental Activities:	Amount
Instructional	\$ 51,580
Support services	\$ 103,454
Total amortization expense	\$ 155,034

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

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

		Balance 7/1/2024	Additions	Retirements	Adjustments	Balance 6/30/2025	Due in One Year
Lease Liabilities	\$	155,052	15,028	60,502	-	109,578	61,767
Subscription IT Liabilities		63,978	156,158	148,449	24,741	96,428	64,130
Total Liabilities	\$	219,030	171,186	208,951	24,741	206,006	125,897

Leases

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

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

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

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

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

As Lessee:

Copier Leases

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copiers	0.0000% - 3.0850%	7/2/2021	2/28/2030	\$ 337,737	\$ 109,578
Total				<u>\$ 337,737</u>	<u>\$ 109,578</u>

Copier Leases

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

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

Year Ending June 30	Principal	Interest	Total
2026	\$ 61,767	\$ 842	62,609
2027	34,780	409	35,189
2028	7,780	215	7,995
2029	3,121	118	3,239
2030	2,130	25	2,155
Total	\$ 109,578	\$ 1,609	\$ 111,187

SBITAs

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

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

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

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

For the purposes of this note disclosure, subscription-based IT assets and liabilities are grouped into one category.

Details of the subscription obligations are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Subscription-based IT liabilities	2.19-2.45%	7/1/2022	6/30/2026	\$ 374,034	\$ 96,428
Total				\$ 374,034	\$ 96,428

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

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

Year Ending June 30	Principal	Interest	Total
2026	\$ 64,130	\$ 2,655	\$ 66,785
2027	32,298	966	33,264
Total	\$ 96,428	\$ 3,621	\$ 100,049

Note 7 – Long-term Liabilities

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

	Balance 7/1/2024	Additions	Reductions	Adjustments	Balance 6/30/2025	Amounts due within one year
A. General obligation bonds payable	\$ 8,100,000	-	1,920,000	\$ -	\$ 6,180,000	\$ 1,985,000
B. Three mill notes payable	736,000	500,000	80,000	-	1,156,000	519,728
C. Qualified school construction bonds payable	6,000,000	-	-	-	6,000,000	3,000,000
D. Compensated absences payable	221,515	170,527	-	752,739	1,144,781	57,239
Total	\$ 15,057,515	\$ 670,527	\$ 2,000,000	\$ 752,739	\$ 14,480,781	\$ 5,561,967
Bond Premium	231,751		57,937		173,814	
Leases and SBITAs	219,030	171,186	208,951	24,741	206,006	
Total	\$ 15,508,296	\$ 841,713	\$ 2,266,888	\$ 777,480	\$ 14,860,601	

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation refunding bonds, Series 2014	3.5 -4.00%	11/19/2014	4/1/2028	\$ 8,100,000	\$ 6,180,000
Total				\$ 8,100,000	\$ 6,180,000

General obligation bond issue of 2014:

Year Ending June 30	Principal	Interest	Total
2026	\$ 1,985,000	\$ 237,275	2,222,275
2027	2,055,000	167,800	2,222,800
2028	2,140,000	85,600	2,225,600
Total	\$ 6,180,000	\$ 490,675	\$ 6,670,675

This debt will be retired from the \$26.5M Debt Service Fund.

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such

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

district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2025, the amount of outstanding bonded indebtedness was equal to 2.35% of property assessments as of October 1, 2024.

B. Three mill notes payable

Debt currently outstanding as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited Tax Note, Series 2017	2.13%	3/1/2017	4/4/2027	\$ 1,225,000	\$ 656,000
2. Limited Tax Note, Series 2024	4.68%	8/19/2024	8/19/2026	250,000	250,000
3. Limited Tax Note, Series 2025	4.09%	5/20/2025	5/20/2027	250,000	250,000
Total				<u>\$ 1,725,000</u>	<u>\$ 1,156,000</u>

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

1. Limited Tax Note, Series 2017

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2026	276,000	13,973	289,973
2027	380,000	8,094	388,094
Total	<u>\$ 656,000</u>	<u>\$ 22,067</u>	<u>\$ 678,067</u>

This debt will be retired from the 3-Mill Debt Service Fund.

2. Limited Tax Note, Series 2024

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2026	122,142	11,700	133,842
2027	127,858	5,984	133,842
Total	<u>\$ 250,000</u>	<u>\$ 17,684</u>	<u>\$ 267,684</u>

This debt will be retired from the 3-Mill Debt Service Fund.

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

3. Limited Tax Note, Series 2025

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2026	121,586	14,125	135,711
2027	128,414	7,257	135,671
Total	\$ 250,000	\$ 21,382	\$ 271,382

This debt will be retired from the 3-Mill Debt Service Fund.

Total Limited Tax Notes payable payments for all issues are as follows:

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2026	519,728	39,798	559,526
2027	636,272	21,335	657,607
Total	\$ 1,156,000	\$ 61,133	\$ 1,217,133

C. Qualified school construction bonds payable

As more fully explained in Note 13, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited Tax Note, Series 2010-A	5.50%	8/1/2010	8/1/2025	\$ 1,500,000	\$ 1,500,000
2. Limited Tax Note, Series 2010-B	5.50%	8/1/2010	8/1/2025	1,500,000	1,500,000
3. Limited Tax Note, Series 2011	4.55%	8/1/2011	8/1/2026	1,600,000	1,600,000
4. Limited Tax Note, Series 2012	0.00%	9/15/2012	9/15/2027	1,400,000	1,400,000
Total				\$ 6,000,000	\$ 6,000,000

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

1. Limited Tax Note, Series 2010-A

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2026	1,500,000	82,500	1,582,500
Total	\$ 1,500,000	\$ 82,500	\$ 1,582,500

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

2. Limited Tax Note, Series 2010-B

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2026	1,500,000	82,500	1,582,500
Total	<u>\$ 1,500,000</u>	<u>\$ 82,500</u>	<u>\$ 1,582,500</u>

3. Limited Tax Note, Series 2011

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2026	-	72,800	72,800
2027	1,600,000	72,800	1,672,800
Total	<u>\$ 1,600,000</u>	<u>\$ 145,600</u>	<u>\$ 1,745,600</u>

4. Limited Tax Note, Series 2012

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2026	-	-	-
2027	-	-	-
2028	1,400,000	-	1,400,000
Total	<u>\$ 1,400,000</u>	<u>\$ -</u>	<u>\$ 1,400,000</u>

Total qualified school construction bonds payable payments for all issues are as follows:

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2026	3,000,000	237,800	3,237,800
2027	1,600,000	72,800	1,672,800
2028	1,400,000	-	1,400,000
Total	<u>\$ 6,000,000</u>	<u>\$ 310,600</u>	<u>\$ 6,310,600</u>

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.

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

Note 8 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2025 was 17.90% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2025, 2024 and 2023 were \$2,981,275, \$3,232,092, \$3,168,345, 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 \$62,943,742 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2025 net pension liability was 0.242395 percent, which was based on a measurement date of June 30, 2024. This was a decrease of 0.003247 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.

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

For the year ended June 30, 2025, the District recognized pension expense of \$7,335,413. 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	\$ 3,404,491	\$
Net difference between projected and actual earnings on pension plan investments		2,045,301
Changes of assumptions	3,950,951	
Changes in proportion and differences between District contributions and proportionate share of contributions	2,839,806	2,231,611
District contributions subsequent to the measurement date	2,981,275	
Total	<u>\$ 13,176,523</u>	<u>\$ 4,276,912</u>

\$2,981,275 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	\$ 2,225,233
2027	4,323,231
2028	(118,800)
2029	<u>(511,328)</u>
Total	<u>\$ 5,918,336</u>

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

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

weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ 81,584,250	\$ 62,943,742	\$ 47,687,898

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

Note 9 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

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

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 \$78,610 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$1,936,981 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2024, the District's proportion was 0.34664210 percent. This was an decrease of 0.00285557 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 (\$169,475). 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	\$ 400,143	\$ 343,221
Changes of assumptions	76,365	147,864
Net difference between projected and actual earnings on OPEB plan investments	76	

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

Changes in proportion and differences between District contributions and proportionate share of contributions	65,490	166,520
District contributions subsequent to the measurement date	78,610	
 Total	 \$ <u>620,684</u>	 \$ <u>657,605</u>

\$78,610 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	\$ (151,060)
2027	(87,632)
2028	26,083
2029	53,195
2030	38,757
Thereafter	<u>5,126</u>
Total	\$ <u>(115,531)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following key actuarial assumptions and other inputs:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.94%
Prior Measurement Date	3.66%
Year FNP is projected to be depleted	
Measurement Date	2024
Prior Measurement Date	2023
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.94%
Prior Measurement Date	3.66%
Health Care Cost Trends	
Medicare Supplement Claims	6.00% for 2025 decreasing to an ultimate rate of 4.50% by 2029 FYE
Pre-Medicare	

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

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

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	\$ 2,111,577	\$ 1,936,981	\$ 1,784,614

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 1,809,246	\$ 1,936,981	\$ 2,079,385

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

Note 10 –Adjustments and Restatements of Beginning Balances

Change in Accounting Principle or Estimate

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

A liability for compensated absences must be recognized if: 1) The leave is attributable to services rendered; 2) The leave accumulates and carries forward to future periods; and 3) It is more likely than not

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

(greater than 50% likelihood) that the leave will be used or paid.

The district restated the beginning net position to account for the new liability amounts as of the beginning of the 2025 fiscal year. The restatement reduced the beginning net position by \$752,739.

Correction of an Error in Previously Issued Financial Statements

On Exhibit B Adjustments were made to capital assets and accumulated depreciation balances in the amount of \$4,487 to correct errors. Adjustments were also made to SBITAs in the amount of \$8,213 to correct balances. On Exhibit D adjustments were made to correct the beginning fund balances in the amount of \$154,669. An adjustment was made to correct the loan balance (advances) owed to the 16th Section Principal Fund for \$270,234. Finally, an adjustment was made in the amount of \$8481 to correct a revenue and expenditure.

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, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances			
	Funds			Government-Wide
	General Fund	16th Section Principal Fund	Other	Governmental Activities
			Governmental Funds	
July 1, 2024, as previously reported	\$ 19,963,803	13,761,631	8,640,228	\$ 34,165,683
Change in accounting principle	-	-	-	(752,739)
Error correction	(425,298)	162,054	100,094	(166,876)
July 1, 2024, as adjusted or restated	\$ 19,538,505	13,923,685	8,740,322	\$ 33,246,068

Note 11 – Contingencies

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

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

Note 12 – Risk Management

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

Note 13 – Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest,

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

which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2025, the subsidy payments amounted to \$213,785.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2025 was \$5,523,295. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2026	301,000
2027	301,000
2028	96,000
Total	<u>\$ 698,000</u>

Note 14 – Effect of Deferred Amounts on Net Position

The net investment in capital asset amount of \$44,546,126 includes the effect of deferring the recognition of expenses resulting from a deferred outflow on advance refunding of capital debt. The deferred outflow of resources related to refunded debt in the amount of \$225,241 will be recognized as an expense and will decrease the net investment in capital assets over the next 3 years.

The unrestricted net position amount of (\$30,155,622) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$2,981,275 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. The \$10,195,248 balance of deferred outflow of resources related to pensions at June 30, 2025, will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$30,155,622) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$4,276,912 balance of deferred inflow of resources related to pensions at June 30, 2025, will be recognized as revenue and will increase the 5unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$30,155,622) 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 \$78,610 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. The \$542,074 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 (\$30,155,622) includes the effect of deferring the recognition of

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

revenue resulting from a deferred inflow from OPEB. The \$657,605 balance of deferred inflow of resources related to OPEB at June 30, 2025, will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

Note 15 - Insurance Recovery

The Laurel School District received \$282,879 in insurance recoveries related to fire and property damages during the 2024-2025 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated to the expense function support services.

Note 16 - Juvenile Detention Center

The school district was required to participate in the Jones County Juvenile Detention Center. This consortium was created pursuant to the provisions of Section 43-21-321, Mississippi Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Columbia School District, East Jasper County School District, George County School District, Greene County School District, Jones County School District, Lamar County School District, Laurel School District, Marion County School District, Wayne County School District and West Jasper County School District.

Note 17 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Laurel School District evaluated the activity of the district through February 20, 2026, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**Laurel School District
Required Supplementary Information**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 13,844,684	\$ 14,769,882	\$ 14,769,882	\$ 925,198	\$ -
State sources	17,969,742	18,183,912	18,183,912	214,170	-
Federal sources	30,000	34,961	34,961	4,961	-
Sixteenth section sources	-	135,265	135,265	135,265	-
Total Revenues	31,844,426	33,124,020	33,124,020	1,279,594	-
Expenditures:					
Instruction	11,244,715	12,563,933	12,563,933	(1,319,218)	-
Support services	12,458,014	10,129,905	10,116,362	2,328,109	13,543
Noninstructional services	-	475	475	(475)	-
Facilities acquisition and construction	55,619	2,898	-	52,721	2,898
Debt service:					
Principal	125,000	122,884	187,255	2,116	(64,371)
Interest	-	-	125,247	-	(125,247)
Total Expenditures	23,883,348	22,820,095	22,993,272	1,063,253	(173,177)
Excess (Deficiency) of Revenues over (under) Expenditures	7,961,078	10,303,925	10,130,748	2,342,847	(173,177)
Other Financing Sources (Uses):					
Leases issued	-	-	15,028	-	15,028
SBITA issued	-	-	156,158	-	156,158
Insurance recovery	-	282,879	282,879	282,879	-
Operating transfers in	1,109,116	3,609,115	1,474,000	2,499,999	(2,135,115)
Operating transfers out	(3,419,585)	(6,717,903)	(4,582,788)	(3,298,318)	2,135,115
Other financing uses	-	(7,338)	(7,338)	(7,338)	-
Total Other Financing Sources (Uses)	(2,310,469)	(2,833,247)	(2,662,061)	(522,778)	171,186
Net Change in Fund Balances	5,650,609	7,470,678	7,468,687	1,820,069	(1,991)
Fund Balances:					
July 1, 2024, as previously reported	17,364,840	20,072,484	19,963,803	2,707,644	(108,681)
Accounting changes or error corrections		(263,745)	(425,298)	(263,745)	(161,553)
July 1, 2024, as restated	17,364,840	19,808,739	19,538,505	2,443,899	(270,234)
June 30, 2025	\$ 23,015,449	\$ 27,279,417	\$ 27,007,192	\$ 4,263,968	\$ (272,225)

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

Laurel 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	0.242395%	0.245642%	0.261194%	0.251208%	0.278070%	0.280555%	0.289545%	0.295435%	0.296431%	0.298934%
District's proportionate share of the net pension liability	\$ 62,943,742	61,782,205	53,763,230	37,129,640	53,831,121	49,355,160	48,159,936	49,111,324	52,949,978	46,209,301
District's covered payroll	18,575,241	18,208,879	17,981,414	16,702,770	18,515,983	18,271,841	18,490,248	18,952,311	18,963,429	18,675,695
District's proportionate share of the net pension liability as a percentage of its covered payroll	338.86%	339.30%	298.99%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	56.30%	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

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

**Laurel School District
Required Supplementary Information**

Schedule of District Contributions
PERS
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,981,275	3,232,092	3,168,345	3,128,766	2,906,282	3,221,781	2,877,815	2,912,214	2,984,989	2,986,740
Contributions in relation to the contractually required contribution	2,981,275	3,232,092	3,168,345	3,128,766	2,906,282	3,221,781	2,877,815	2,912,214	2,984,989	2,986,740
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 16,655,168	18,575,241	18,208,879	17,981,414	16,702,770	18,515,983	18,271,841	18,490,248	18,952,311	18,963,429
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.

**Laurel 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	0.34664210%	0.34949767%	0.34624388%	0.33378926%	0.38157657%	0.39434566%	0.40798550%	0.40920151%
District's proportionate share of the net OPEB liability	\$ 1,936,981	1,934,033	1,705,888	2,148,541	2,969,459	3,346,185	3,155,972	3,210,632
District's covered - employee payroll	18,794,630	18,600,441	17,014,272	15,869,002	18,389,533	18,058,768	18,452,907	18,384,299
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	10.31% 	10.40%	10.03%	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.20%	0.19%	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

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

**Laurel School District
Required Supplementary Information**

Schedule of District Contributions
OPEB
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 78,610	84,672	84,805	69,519	86,357	118,422	134,125	136,874
Contributions in relation to the actuarially determined contribution	78,610	84,672	84,805	69,519	86,357	118,422	134,125	136,874
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
District's covered - employee payroll	\$ 16,655,168	18,575,241	18,208,879	17,981,414	14,776,242	15,888,897	16,883,881	18,490,248
Contributions as a percentage of covered - employee payroll	0.47%	0.46%	0.47%	0.39%	0.58%	0.75%	0.79%	0.74%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit reports.

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

Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the General Fund 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%.

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

2019:

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

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

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

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

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

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

2021:

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

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

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

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

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

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

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

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

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

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

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

2023:

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

The assumed load for administrative expenses was increased 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 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.

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

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 :

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

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

SUPPLEMENTARY INFORMATION

**LAUREL SCHOOL DISTRICT
Supplementary Information**

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

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	255MS326N1099	\$ 783,165
National school lunch program	10.555	255MS326N1099	1,894,580
Summer food service program for children	10.559	255MS326N1099	32,596
Fresh Fruit and Vegetable Program	10.582	255MS326L1603	93,805
Total child nutrition cluster			<u>2,804,146</u>
Total passed-through Mississippi Department of Education			<u>2,804,146</u>
Total U.S. Department of Agriculture			<u>2,804,146</u>
U.S. Department of Defense			
Direct Program:			
Reserve Officers' Training Corps	12.006	N/A	68,024
Total U.S. Department of Defense			<u>68,024</u>
U.S. Department of Education			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A240024	2,722,403
Career and technical education - basic grants to states	84.048	V048A240024	50,652
Rural education	84.358	S358B240024	83,616
English Language Acquisition State Grants	84.365A	S365A240024	29,022
Supporting Effective Instruction State Grants	84.367	S367A240025	293,605
Student Support and Academic Enrichment Program	84.424	S424A240025	312,694
Subtotal			<u>3,491,992</u>
Special education cluster:			
Special education - grants to states	84.027A	H027A240108	698,712
Special education - preschool grants	84.173A	H173A240113	23,045
Total special education cluster			<u>721,757</u>
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	123,739
Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	850,074
Education Stabilization Fund ARP III – Homeless Children & Youth	84.425W	S425W210025	2,209
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			<u>976,022</u>
Total passed-through Mississippi Department of Education			<u>5,189,771</u>
Total U.S. Department of Education			<u>5,189,771</u>
U.S. Department of Health and Human Services			
Passed-through University of Mississippi Medical Center:			
AWARE in Mississippi (AIM) grant	93.243	X59NJBFL8BJ3	51,295
Total passed-through University of Mississippi Medical Center			<u>51,295</u>
Passed-through Mississippi Department of Education:			
Medical cluster:			
Medical assistance program	93.778	N/A	34,402
Total Medicaid cluster			<u>34,402</u>
Total passed-through Mississippi Department of Education			<u>34,402</u>
Total U.S. Department of Health and Human Services			<u>85,697</u>
U.S. Department of Social Security Administration			
Passed-through Mississippi Department of Rehabilitation Services:			
Disability Insurance/SSI Cluster			
Social Security Disability Insurance	96.001	N/A	560
Total Disability Insurance/SSI Cluster			<u>560</u>
Total passed-through Mississippi Department of Rehabilitation Services			<u>560</u>
Total U.S. Department of Social Security Administration			<u>560</u>
Total for All Federal Awards			<u>\$ 8,148,198</u>

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

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

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Laurel 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 Laurel School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Laurel School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

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

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

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

**Laurel 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	\$ 23,057,529	16,359,609	1,307,714	1,793,158	3,597,048
Other	11,416,368	2,050,761	533,175	18,623	8,813,809
Total	\$ 34,473,897	18,410,370	1,840,889	1,811,781	12,410,857
Total number of students *	2,327				
Cost per student	\$ 14,815	7,912	791	779	5,333

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

LAUREL 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	\$ 14,769,882	\$ 13,164,383	\$ 12,176,167	\$ 11,844,232
State sources	18,183,912	15,663,115	16,768,759	14,347,723
Federal sources	34,961	161,617	53,985	110,835
Sixteenth section sources	135,265	45,764	37,265	13,953
Total Revenues	33,124,020	29,034,879	29,036,176	26,316,743
Expenditures:				
Instruction	12,563,933	12,267,541	12,466,613	12,086,561
Support services	10,116,362	10,561,813	9,008,543	9,112,276
Noninstructional services	475	-	4,000	-
Facilities acquisition and construction	-	1,275,475	15,675	220,345
Debt service:				
Principal	187,255	95,663	95,823	-
Interest	125,247	140,153	158,814	155,351
Total Expenditures	22,993,272	24,340,645	21,749,468	21,574,533
Excess (Deficiency) of Revenues over (under) Expenditures	10,130,748	4,694,234	7,286,708	4,742,210
Other Financing Sources (Uses):				
Leases issued	15,028	12,300	-	-
SBITA issued	156,158	-	21,828	-
Insurance recovery	282,879	152,198	98,265	506,340
Sale of transportation equipment	-	-	-	16,729
Operating transfers in	1,474,000	1,990,301	381,801	1,352,999
Operating transfers out	(4,582,788)	(1,507,431)	(4,810,549)	(689,976)
Other financing uses	(7,338)	-	-	-
Total Other Financing Sources (Uses)	(2,662,061)	647,368	(4,308,655)	1,186,092
Net Change in Fund Balances	7,468,687	5,341,602	2,978,053	5,928,302
Fund Balances:				
Beginning of period, as previously reported	19,963,803	14,735,475	11,743,517	5,724,535
Accounting changes or error corrections	(425,298)	(113,274)	13,905	90,680
Beginning of period, as restated	19,538,505	14,622,201	11,757,422	5,815,215
End of Period	\$ 27,007,192	\$ 19,963,803	\$ 14,735,475	\$ 11,743,517

*SOURCE - PRIOR YEAR AUDIT REPORTS

**Laurel 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	\$ 18,214,497	\$ 16,867,051	\$ 15,682,812	\$ 14,635,850
State sources	18,941,378	16,114,687	17,393,080	14,900,970
Federal sources	8,365,853	19,884,322	14,835,695	8,772,060
Sixteenth section sources	611,033	520,828	1,128,087	363,495
Total Revenues	46,132,761	53,386,888	49,039,674	38,672,375
Expenditures:				
Instruction	15,539,590	16,808,655	16,585,723	15,850,861
Support services	13,165,770	14,653,994	13,449,763	12,520,969
Noninstructional services	2,410,907	2,728,759	2,240,794	2,210,239
Facilities acquisition and construction	342,409	10,057,208	14,956,158	5,921,517
Debt service:				
Principal	2,208,951	2,026,222	1,951,468	1,738,000
Interest	772,729	811,991	973,109	854,588
Other	33,541	10,250	8,500	8,500
Total Expenditures	34,473,897	47,097,079	50,165,515	39,104,674
Excess (Deficiency) of Revenues over (under) Expenditures	11,658,864	6,289,809	(1,125,841)	(432,299)
Other Financing Sources (Uses):				
Bonds and notes issued	500,000	-	-	-
Leases issued	15,028	12,300	-	-
SBITA issued	156,158	-	21,828	-
Insurance recovery	282,879	152,198	289,243	6,895,038
Payment held by QSCB debt escrow agent	335,125	307,000	336,726	360,468
Payment to QSCB debt escrow agent	(335,125)	(307,000)	(336,726)	(360,468)
Sale of transportation equipment	-	-	-	16,729
Operating transfers in	7,057,175	5,158,408	7,444,316	11,622,313
Operating transfers out	(7,057,175)	(5,158,408)	(7,444,316)	(11,622,313)
Other financing uses	(7,338)	-	-	(134,897)
Total Other Financing Sources (Uses)	946,727	164,498	311,071	6,776,870
Net Change in Fund Balances	12,605,591	6,454,307	(814,770)	6,344,571
Fund Balances:				
Beginning of period, as previously reported	42,365,662	36,568,610	37,220,193	30,780,995
Accounting changes or error corrections	(163,150)	(582,126)	228,841	95,430
Beginning of period, as restated	42,202,512	35,986,484	37,449,034	30,876,425
Increase (Decrease) in inventory	(14,311)	(75,129)	(65,654)	(803)
End of Period	\$ 54,793,792	\$ 42,365,662	\$ 36,568,610	\$ 37,220,193

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent and School Board
Laurel School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laurel School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Laurel School District's basic financial statements, and have issued our report thereon dated February 20, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Brown CPA, PLLC
Madison, Mississippi
February 20, 2026

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

Superintendent and School Board
Laurel School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Laurel 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 Laurel School District's major federal programs for the year ended June 30, 2025. The Laurel School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Laurel School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Laurel School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Laurel School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Laurel 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 the Laurel School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

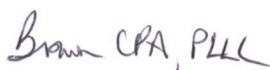
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Brown CPA, PLLC
Madison, Mississippi
February 20, 2026



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

BROWN CPA, PLLC

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

Superintendent and School Board
Laurel School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Laurel School District as of and for the year ended June 30, 2025, which collectively comprise Laurel School District's basic financial statements and have issued our report thereon dated February 20, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

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

State Legal Finding 01 – The School District Should Ensure Compliance with State Laws over Budgeted Expenditures and Filing of the Original Budget.

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

Applicable State Law: Section 37-61-19, Mississippi Code Annotated (1972), states, "It shall be the duty of the superintendents of school and the school board of all school districts to limit the expenditure of school funds during the fiscal year to the resources available. It shall be unlawful for any school district to budget expenditures from a fund in excess of the resources available within that fund."

Finding Detail: During our review of the Original budgets for Laurel School District, we noted the following exceptions:

• The District had a negative fund balance in the following accounts:

1130 – Special Education Fund – (\$288,835.71)
1140 – Alternative Education – (\$30,985.83)
2290 – Cost Pool – Fed – (\$312,315.27)
2560 – Title III – LEP/ESL – (\$4,107.74)
2598 – ESSER III ARP – (\$5,888,160.60)
2610 – EHA IDEA Part B – (\$319,448.06)
2620 – Preschool – (\$2,486.03)
2711 – Vocational Ed – State/Local – (\$71,001.84)
2712 – Vocational Ed – Federal – (\$34,880.50)
2813 – Title IV – Bipartisan Safer Communities Act – (\$28,610.96)
2921 – Educator in Residence – (\$13,605.76)
2923 – LMSA Whole Schools Grant – (\$1,674.00)
2933 – Summer Reading Grant – (\$4,834.94)
2951 – ROTC – (\$9,905.26)

Failure for the District to ensure there are resources for all expenditures could result in deficit fund balances.

Recommendation: The School District should ensure compliance with *Sections 37-61-19* by ensuring all funds have available resources before expenditures are approved.

District's Response: The District acknowledges this finding and will implement procedures to ensure that compliance is met on a timely basis. The information will be thoroughly reviewed and the personnel involved with each of noted findings will receive professional development to ensure compliance with the district's policies and procedures.

Repeat Finding: Yes

State Legal Finding 02: The School District Should Ensure Compliance with State Law over Purchasing, Invoice Payments, and Professional Service Contracts.

Internal Control Deficiency: *The Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission* specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Management is responsible for properly safeguarding the assets of the School District and ensuring the terms of service contracts are met and adhered to at all times.

Applicable State Law: *Section 31-7-13(b), Mississippi Code Annotated (1972)*, requires the School District to obtain at least two competitive written bids for purchases over \$5,000 but not over \$50,000 exclusive of freight and shipping charges. The School District is required to accept the lowest and best competitive written bid.

Section 31-7-13(m)(viii), Mississippi Code Annotated (1972), states, "Noncompetitive items available from one (1) source only. In connection with the purchase of noncompetitive items only available from one (1) source, a certification of the conditions and circumstances requiring the purchase shall be filed by the agency with the Department of Finance and Administration and by the governing authority with the board of the governing authority. Upon receipt of that certification the Department of Finance and Administration or the board of the governing authority, as the case may be, may, in writing, authorize the purchase, which authority shall be noted on the minutes of the body at the next regular meeting thereafter. In those situations, a governing authority is not required to obtain the approval of the Department of Finance and Administration. Following the purchase, the executive head of the state agency, or his designees, shall file with the Department of Finance and Administration, documentation of the purchase, including a description of the commodity purchased, the purchase price thereof and the source from whom it was purchased."

Section 31-7-113, Mississippi Code Annotated (1972), states, "The State Department of Audit shall design and prescribe the form of the inventory to be made, the form of the purchase order, the form of the receiving report; prescribe system of filing and prescribe the system of records necessary for the maintenance of a central purchasing system."

Section 31-7-305(2), Mississippi Code Annotated (1972), states, "All public bodies that are authorized to issue checks in payment of goods and services and are not required to issue requisitions for payment to the State Fiscal Management Board shall mail or otherwise deliver such checks no later than forty-five (45) days after receipt of the invoice and receipt, inspection and approval of the goods or services."

Finding Detail: During the review of the School District's purchasing expenditures, the auditor noted the following exceptions:

- One invoice was paid more than 45 days after being received within the School District;

Failure to follow proper purchasing procedures could result in fraud or misappropriation of public monies, and resulted in noncompliance with state law.

Recommendation: We recommend the Laurel School District ensure compliance by assuring all purchase procedures are being followed and monitored, as required by state law.

District's Response: The Laurel School District will strengthen its internal controls surrounding purchasing to ensure compliance with all purchasing guidelines.

Repeat Finding: Yes.

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 Laurel 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.

Brown CPA, PLLC
Madison, Mississippi
February 20, 2026

Brown CPA, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LAUREL 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 auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| 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? | No |
| 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)? | No |
| 7. Identification of major federal programs: | |

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553; 10.555; 10.582; 10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

- | | |
|---|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |
| 10. Prior fiscal year audit finding(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | Yes |

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

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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

SUMMARY OF PRIOR YEAR AUDIT FINDINGS



SUMMARY OF PRIOR YEAR 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 Laurel School District has prepared and hereby submits the following summary of prior year audit findings follow up as of June 30, 2025:

Finding Status

2024-001 Corrected

2024-002 Corrected