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LOUISVILLE MUNICIPAL SCHOOL DISTRICT

**Audited Financial Statements
For the Year Ended June 30, 2025**

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Louisville Municipal School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville Municipal School District, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Louisville Municipal School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisville Municipal School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Louisville Municipal School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost

Principles, and Audit Requirements for Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2026, on our consideration of the Louisville Municipal School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Louisville Municipal School District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisville Municipal School District's internal control over financial reporting and compliance.



Stephen D. Myrick, C.P.A., L.L.C.
Quitman, Mississippi
January 16, 2026

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Management's Discussion and Analysis

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LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2025

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

FINANCIAL HIGHLIGHTS

- Total net position for 2025 decreased \$2,184,306, including an error corrections and accounting changes of \$622,799, which represents a 12% decrease from fiscal year 2024. Total net position for 2024 decreased \$1,043,591, which represents a 6% decrease from fiscal year 2023.
- General revenues amounted to \$26,810,700 and \$23,769,406, or 74% and 64% 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 \$9,455,156, or 26% of total revenues for 2025, and \$13,159,031, or 36% of total revenues for 2024.
- The District had \$37,827,363 and \$37,972,028 in expenses for fiscal years 2025 and 2024; only \$9,455,156 for 2025 and \$13,159,031 for 2024 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$26,810,700 for 2025 and \$23,769,406 for 2024 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$27,507,293 in revenues and \$25,247,752 in expenditures for 2025, and \$25,770,273 in revenues and \$24,621,557 in expenditures in 2024. The General Fund's fund balance increased by \$2,411,638, including an error correction of (\$1,904), from 2024 to 2025, and increased by \$665,159 from 2023 to 2024.
- Capital assets, net of accumulated depreciation, increased by \$1,189,756, which includes an error correction of \$23,722, for 2025 and increased by \$3,222,518 for 2024. The increase for 2025 was due to the addition of construction in progress, building improvements, improvements other than buildings, mobile equipment, furniture and equipment and subscription IT assets coupled with the increase in accumulated depreciation.
- Long-term debt increased by \$189,853 for 2025 and decreased by \$257,350 for 2024. This increase for 2025 was due primarily to the implementation of GASB 101 as more fully explained in Note 1(E)(15) of this report and principal payments on outstanding long-term debt. The liability for compensated absences increased by \$643,989 for 2025 and increased by \$36,512 for 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Management's Discussion and Analysis
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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. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$19,891,597 as of June 30, 2025.

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

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2025

Table 1
Condensed Statement of Net Position

	June 30, 2025	June 30, 2024	Percentage
			Change
Current assets	\$ 19,250,747	\$ 17,355,158	10.92%
Lease receivables	809,711	850,312	-4.77%
Restricted assets	289,124	277,877	4.05%
Capital assets, net	19,865,061	18,675,305	6.37%
Total assets	40,214,643	37,158,652	8.22%
Deferred outflows of resources	11,469,619	16,666,606	-31.18%
Current liabilities	1,543,599	1,756,196	-12.11%
Long-term debt outstanding	3,527,826	3,313,837	6.46%
Lease liability	354,081	401,435	-11.80%
SBITA liability	33,386	10,168	228.34%
Net pension liability	60,598,364	62,633,075	-3.25%
Net OPEB liability	1,890,737	1,903,074	-0.65%
Total liabilities	67,947,993	70,017,785	-2.96%
Deferred inflows of resources	3,627,866	1,514,764	139.50%
Net position:			
Net investment in capital assets	18,152,594	16,668,702	8.90%
Restricted	3,453,922	3,739,960	-7.65%
Unrestricted	(41,498,113)	(38,115,953)	-8.87%
Total net position	\$(19,891,597)	\$(17,707,291)	12.34%

The 2024 amounts presented here have not been restated to correct errors in previously issued financial statements. Refer to Note 10 Adjustments and Restatements of Beginning Balances for details.

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions and OPEB, management presents the following additional information:

Total unrestricted net position (deficit)	\$(41,498,113)
Less: Unrestricted deficit in net position resulting from the recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	53,874,713
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	\$ 12,376,600

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

- Increase in net capital assets in the amount of \$1,189,756.
- The principal retirement of \$497,602 of long-term debt.
- The issuance of \$43,466 of Subscription IT liabilities.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Management's Discussion and Analysis
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- The increase in the compensated absences liability in the amount of \$644,617 due to the implementation of GASB 101.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2025 and June 30, 2024 were \$36,265,856 and \$36,928,437, respectively. The total cost of all programs and services was \$37,827,363 for 2025 and \$37,972,028 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	\$ 973,167	\$ 1,051,579	-7.46%
Operating grants and contributions	6,031,962	9,296,640	-35.12%
Capital Grants and Contributions	2,450,027	2,810,812	-12.84%
General revenues:			
Property taxes	8,296,490	7,819,247	6.10%
Grants and contributions not restricted	17,657,980	15,091,903	17.00%
Investment earnings	510,705	614,369	-16.87%
Sixteenth section sources	271,765	128,899	110.84%
Other	73,760	114,988	-35.85%
Total revenues	<u>36,265,856</u>	<u>36,928,437</u>	-1.79%
Expenses:			
Instruction	17,096,599	16,831,853	1.57%
Support services	9,770,248	10,211,620	-4.32%
Non-instructional	2,197,090	2,090,788	5.08%
Sixteenth section	91,673	74,750	22.64%
Pension expense	8,637,138	8,776,773	-1.59%
OPEB expense	(67,559)	(125,111)	46.00%
Interest on long-term liabilities	102,174	111,355	-8.24%
Total expenses	<u>37,827,363</u>	<u>37,972,028</u>	-0.38%
Increase (Decrease) in net position	<u>(1,561,507)</u>	<u>(1,043,591)</u>	-49.63%
Net Position, July 1, as previously reported	<u>(17,707,291)</u>	<u>(16,663,700)</u>	6.26%
Accounting changes or error corrections	(622,799)	-	N/A
Net Position, July 1, as restated	<u>(18,330,090)</u>	<u>(16,663,700)</u>	10.00%
Net Position, June 30	<u>\$(19,891,597)</u>	<u>\$(17,707,291)</u>	12.34%

Error corrections that impacted the prior fiscal year were made during 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 results upon the affected funds, restatement to the individual line items of the prior periods were not made to this schedule.

Governmental activities

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2025

the State and District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2025	2024	Change
Instruction	17,096,599	16,831,853	1.57%
Support services	9,770,248	10,211,620	-4.32%
Non-instructional	2,197,090	2,090,788	5.08%
Sixteenth section	91,673	74,750	22.64%
Pension Expense	8,637,138	8,776,773	-1.59%
OPEB Expense	(67,559)	(125,111)	46.00%
Interest on long-term liabilities	102,174	111,355	-8.24%
Total expenses	37,827,363	37,972,028	-0.38%

	Net (Expense) Revenue		Percentage
	2025	2024	Change
Instruction	(11,137,074)	(8,928,809)	-24.73%
Support services	(8,201,896)	(7,236,927)	-13.33%
Non-instructional	(270,122)	189,287	-242.70%
Sixteenth section	(91,362)	(73,531)	-24.25%
Pension Expense	(8,637,138)	(8,776,773)	1.59%
OPEB Expense	67,559	125,111	-46.00%
Interest on long-term liabilities	(102,174)	(111,355)	8.24%
Total net (expense) revenue	(28,372,207)	(24,812,997)	-14.34%

- Net cost of governmental activities (\$28,372,207 for 2025 and \$24,812,997 for 2024) was financed by general revenue, which is primarily made up of property taxes (\$8,296,490 for 2025 and \$7,819,247 for 2024) and state and federal revenues (\$17,657,980 for 2025 and \$15,091,903 for 2024). In addition, there was \$271,765 and \$128,899 in Sixteenth Section sources for 2025 and 2024, respectively.
- Investment earnings amounted to \$510,705 for 2025 and \$614,369 for 2024.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$18,078,400, an increase of \$2,117,227, which includes an error correction of (\$1,904) and an increase in inventory of \$7,597. \$8,867,682 or 49% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$9,210,718 or 51% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

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June 30, 2025

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$2,411,638, which includes an error correction of (\$1,904). The fund balance of Other Governmental Funds showed an increase in the amount of \$1,801,490, which includes an adjustment to beginning fund balance of \$2,095,901. The adjustment was made to aggregate the beginning fund balance of the Other Governmental Funds with the beginning fund balances of the School Food Service Fund and the ARP ESSER Fund; because the two funds were previously major funds and became nonmajor funds during the current year. The increase in fund balance of Other Governmental Funds also includes an increase in reserve for inventory of \$7,597.

BUDGETARY HIGHLIGHTS

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

A schedule showing the original and final budget amounts compared to the District’s actual financial activity for the General Fund 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 \$36,667,003, including land, construction in progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, lease assets, and subscription IT assets. This amount represents an increase of \$2,377,552 from 2024. Total accumulated depreciation and amortization as of June 30, 2025, was \$16,801,942, and total depreciation and amortization expense for the year was \$1,280,998, resulting in total net capital assets of \$19,865,061.

Table 4
Capital Assets, Net of Accumulated Depreciation/Amortization

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Percentage Change</u>
Land	\$ 343,951	\$ 351,451	-2.13%
Construction in Progress	780,019	5,005,437	-84.42%
Buildings	4,129,925	4,273,093	-3.35%
Building improvements	9,362,781	4,429,775	111.36%
Improvements other than buildings	2,736,791	2,163,196	26.52%
Mobile equipment	1,617,467	1,577,243	2.55%
Furniture and equipment	539,460	491,674	9.72%
Lease assets	319,894	373,246	-14.29%
Subscription IT assets	34,773	10,190	241.25%
Total	<u>\$ 19,865,061</u>	<u>\$ 18,675,305</u>	6.37%

The 2024 amounts presented here have not been restated to correct errors in previously issued financial statements. Refer to Note 10 Adjustments and Restatements of Beginning Balances for details.

Additional information on the District’s capital assets can be found in Notes 5 & 7 included in this report.

Debt Administration. At June 30, 2025, the District had \$3,915,293 in outstanding long-term debt, of which \$498,418 is due within one year. The liability for compensated absences increased \$643,989 from the prior year.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2025

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Percentage</u> <u>Change</u>
Certificates of participation payable	\$ 1,305,000	\$ 1,465,000	-10.92%
Three mill notes payable	1,325,000	1,595,000	-16.93%
Lease liabilities	354,081	401,435	-11.80%
Subscriptions IT liabilities	33,386	10,168	228.34%
Compensated absences payable	897,826	253,837	253.70%
Total	<u>\$ 3,915,293</u>	<u>\$ 3,725,440</u>	5.10%

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

CURRENT ISSUES

The Louisville Municipal School District is financially stable. The district is proud of its community support of the public schools. The district has committed itself to financial excellence for many years. The district plans to continue its sound financial management to meet the challenges and to embrace the opportunities of the future.

The district is made up of the following schools: Fair Elementary, Eiland Middle School, Louisville High School, Louisville Elementary, Nanih Wayia Attendance Center, Winston-Louisville Career and Technology Center, and Noxapater Attendance Center.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Louisville Municipal School District, S. Columbus Avenue (P.O. Box 909), Louisville, MS 39339.

Financial Statements

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LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

Exhibit A

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 17,902,604
Due from other governments	1,269,503
Lease receivable	809,711
Other receivables, net	4,885
Inventories	73,755
Restricted assets	289,124
Capital assets, non-depreciable:	
Land	343,951
Construction in progress	780,019
Capital assets, net of accumulated depreciation:	
Buildings	4,129,925
Building improvements	9,362,781
Improvements other than buildings	2,736,791
Mobile equipment	1,617,467
Furniture and equipment	539,460
Leased assets	319,894
Subscription IT assets	34,773
Total Assets	40,214,643
Deferred Outflows of Resources:	
Deferred outflows - pensions	10,853,994
Deferred outflows - OPEB	615,625
Total Deferred Outflows of Resources	11,469,619
Liabilities:	
Accounts payable and accrued liabilities	1,498,547
Interest payable on long-term liabilities	45,052
Long-term liabilities, due within one year:	
Capital related liabilities	275,000
Non-capital related liabilities	165,000
Lease liabilities	51,009
SBITA liabilities	7,409
Net OPEB liability	85,361
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,050,000
Non-capital related liabilities	2,037,826
Lease liabilities	303,072
SBITA liabilities	25,977
Net pension liability	60,598,364
Net OPEB liability	1,805,376
Total Liabilities	67,947,993
Deferred Inflows of Resources:	
Deferred inflows - pensions	2,341,457
Deferred inflows - OPEB	513,774
Deferred inflows - leases	772,635
Total Deferred Inflows of Resources	3,627,866
Net Position:	
Net investment in capital assets	18,152,594
Restricted for:	
Expendable:	
School-based activities	2,111,304
Debt service	150,785
Forestry improvements	838,564
Unemployment benefits	64,145
Non-expendable:	
Sixteenth section	289,124
Unrestricted (deficit)	(41,498,113)
Total Net Position	\$ (19,891,597)

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental Activities:					
Instruction	\$ 17,096,599	\$ 852,795	\$ 2,688,303	\$ 2,418,427	\$ (11,137,074)
Support services	9,770,248	6,810	1,529,942	31,600	(8,201,896)
Non-instructional	2,197,090	113,404	1,813,564		(270,122)
Sixteenth section	91,673	158	153		(91,362)
Pension expense	8,637,138				(8,637,138)
OPEB expense	(67,559)				67,559
Interest on long-term liabilities	102,174				(102,174)
Total Governmental Activities	<u>\$ 37,827,363</u>	<u>\$ 973,167</u>	<u>\$ 6,031,962</u>	<u>\$ 2,450,027</u>	<u>(28,372,207)</u>
General Revenues:					
Taxes:					
General purpose levies					7,973,662
Debt purpose levies					322,828
Unrestricted grants and contributions:					
State					17,492,002
Federal					165,978
Unrestricted investment earnings					510,705
Sixteenth section sources					271,765
Other					73,760
Total General Revenues					<u>26,810,700</u>
Change in Net Position					<u>(1,561,507)</u>
Net Position - Beginning, as previously reported					(17,707,291)
Adjustment or restatement					(622,799)
Net Position - Beginning, as restated					<u>(18,330,090)</u>
Net Position - Ending					<u>\$ (19,891,597)</u>

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2025

	<u>Major Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>		
Assets:			
Cash and cash equivalents	\$ 14,721,262	\$ 3,470,466	\$ 18,191,728
Due from other governments	655,875	613,628	1,269,503
Other receivables, net	4,885		4,885
Lease receivable	809,711		809,711
Due from other funds	440,747	35,306	476,053
Inventories		73,755	73,755
Total Assets	<u>16,632,480</u>	<u>4,193,155</u>	<u>20,825,635</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,245,113	\$ 253,434	\$ 1,498,547
Due to other funds	35,306	440,747	476,053
Total Liabilities	<u>1,280,419</u>	<u>694,181</u>	<u>1,974,600</u>
Deferred Inflows of Resources:			
Deferred Inflows - Leases	<u>772,635</u>		<u>772,635</u>
Total Deferred Inflows of Resources	<u>772,635</u>	<u>-</u>	<u>772,635</u>
Fund Balances:			
Nonspendable:			
Inventory		73,755	73,755
Permanent fund principal		289,124	289,124
Restricted:			
Debt service		195,837	195,837
Forestry improvement purposes		838,564	838,564
Grant activities		2,037,549	2,037,549
Unemployment benefits		64,145	64,145
Assigned:			
Activity funds	5,711,744		5,711,744
Unassigned			
	8,867,682		8,867,682
Total Fund Balances	<u>14,579,426</u>	<u>3,498,974</u>	<u>18,078,400</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,632,480</u>	<u>\$ 4,193,155</u>	<u>\$ 20,825,635</u>

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds		\$ 18,078,400
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	343,951	
Construction in progress	780,019	
Buildings	10,612,755	
Building improvements	12,409,006	
Improvements other than buildings	3,943,964	
Mobile equipment	5,512,332	
Furniture and equipment	2,539,263	
Leased assets	451,678	
Subscription IT assets	74,035	
Accumulated amortization	(171,046)	
Accumulated depreciation	<u>(16,630,896)</u>	19,865,061
2. Some liabilities, including net pension and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability	(60,598,364)	
Net OPEB liability	<u>(1,890,737)</u>	(62,489,101)
3. Deferred outflows and inflows related to the net pension and OPEB liabilities are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pension and OPEB	11,469,619	
Deferred inflows of resources related to pension and OPEB	<u>(2,855,231)</u>	8,614,388
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:		
Three mill notes payable	(1,325,000)	
Certificates of participation	(1,305,000)	
Compensated absences	(897,826)	
Lease obligations	(354,081)	
Subscription IT liabilities	(33,386)	
Accrued interest payable	<u>(45,052)</u>	<u>(3,960,345)</u>
Net position of governmental activities		<u><u>\$(19,891,597)</u></u>

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For The Year Ended June 30, 2025

	Major Fund	<i>Previously Major</i>		Other Governmental Funds	Total Governmental Funds
	General Fund	School Food Service Fund	ARP ESSER Fund		
Revenues:					
Local sources	\$ 9,278,668	\$	\$	\$ 533,523	\$ 9,812,191
State sources	17,759,359			762,294	18,521,653
Federal sources	198,236			7,420,081	7,618,317
Sixteenth section sources	271,030			42,667	313,697
Total Revenues	27,507,293			8,758,565	36,265,858
Expenditures:					
Instruction	14,859,380			3,742,254	18,601,634
Support services	8,978,694			1,692,249	10,670,943
Noninstructional services				2,312,946	2,312,946
Sixteenth section	95,700				95,700
Facilities acquisition and construction	1,228,547			704,971	1,933,518
Debt service:					
Principal	66,080			431,522	497,602
Interest	19,351			91,196	110,547
Total Expenditures	25,247,752			8,975,138	34,222,890
Excess (Deficiency) of Revenues over (under) Expenditures	2,259,541			(216,573)	2,042,968
Other Financing Sources (Uses):					
SBITA issued	43,466				43,466
Sale of other property	25,100				25,100
Operating transfers in	1,500,000			1,415,045	2,915,045
Operating transfers out	(1,414,565)			(1,500,480)	(2,915,045)
Total Other Financing Sources (Uses)	154,001			(85,435)	68,566
Net Change in Fund Balances	2,413,542			(302,008)	2,111,534
Fund Balances:					
July 1, 2024, as previously reported	12,167,788	2,095,901		1,697,484	15,961,173
Change within financial reporting entity (major to Error Correction	(1,904)	(2,095,901)		2,095,901	-
July 1, 2024, as restated	12,165,884			3,793,385	15,959,269
Increase (Decrease) in reserve for inventory				7,597	7,597
June 30, 2025	\$ 14,579,426	\$	\$	\$ 3,498,974	\$ 18,078,400

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

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

Net change in fund balances - total governmental funds **\$ 2,111,534**

Amounts reported for governmental activities in the statement of activities are different because:

1. Governmental funds report capital outlay, Subscription IT asset acquisitions and Right-of-use asset acquisitions as expenditures. However, in the statement of activities, the cost of capital, subscription IT and Right-of-use assets is allocated over their estimated useful lives as depreciation or amortization expense. In the current period, these amounts are:				
Capital outlay		\$ 2,419,155		
Depreciation expense		(1,208,763)		
Subscription IT asset acquisition		43,466		
Amortization expense		<u>(72,235)</u>		1,181,623
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.				(15,589)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:				
Payments of debt principal		\$ 497,602		
Subscription IT liability issued		(43,466)		
Accrued interest payable		8,373		
Rounding		<u>(1)</u>		462,508
4. The implementation of GASB 68 and 75 creates a change in the amount of pension and OPEB expense that is reported on the statement of activities. A breakdown of these changes are listed below:				
Recording of pension contributions made subsequent to the measurement date		3,174,410		
Recording of pension expense for the current period		(8,637,138)		
Recording of OPEB contributions made subsequent to the measurement date		85,361		
Recording of OPEB expense for the current period		<u>67,559</u>		(5,309,808)
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		628		
Change in inventory reserve		<u>7,597</u>		<u>8,225</u>
Change in net position of governmental activities				<u>\$ (1,561,507)</u>

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

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

Blended component unit

The Louisville Municipal Leasing Authority ("the Authority") as explained in the following paragraph is considered to be a blended component unit as determined by Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the district's reporting entity.

The Authority is governed by a five-member board which is appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, fund balances, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 13).

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. 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/amortization, 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

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

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

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

The school district reports the following major governmental fund:

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.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

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

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

Ad valorem property taxes are levied by the governing authorities of the county and 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 maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

(**) 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.

Deferred outflows of resources related to pensions

Deferred outflows of resources related to OPEB (other post-employment benefits)

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.

Deferred inflows of resources related to pensions

Deferred inflows of resources related to OPEB (other post-employment benefits)

Deferred inflows of resources related to leases

See Notes 6, 8, 9, and 14 for further details.

8. Compensated Absences

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

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

9. Leases

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

The school district uses the federal prime rate to calculate the present value of lease payments when the rate implicit in the lease is not known. The federal prime rate is the rate the district would expect to obtain for a similar financed purchase at the date of lease inception.

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

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. See Note 6 for further details.

11. Long-term Liabilities and Bond Discounts/Premiums

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

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

12. Pensions

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

13. Postemployment Benefits Other than Pensions (OPEB)

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

14. Fund Balances

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

Governmental fund balance is classified as 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 approved by the type and amount of the commitment through a formal order of the school board. Currently there is no committed fund balance for this school district.

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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 pursuant to authorization established by the school board'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

15. Accounting Standards Update

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

Note 2 – Cash and Cash Equivalents

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

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

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$18,191,728.

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
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A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 440,747
Other governmental funds	General Fund	35,306
Total		\$ 476,053

The primary purpose of the inter-fund balances is to eliminate deficit cash balances in pooled bank accounts caused by negative federal program fund cash flows and to recognize the effects of inter-fund loans between funds.

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Funds	Other governmental funds	\$ 1,500,000
Other governmental funds	General Fund	1,414,565
	Other governmental funds	480
Total		\$ 2,915,045

The transfers constitute operating transfers between governmental funds.

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$ 289,124, 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.

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	\$ 351,451		\$ 7,500			\$ 343,951
Construction-in-progress	5,005,437	1,933,518		(6,158,936)		780,019
Total non-depreciable capital assets	5,356,888	1,933,518	7,500	(6,158,936)	-	1,123,970
<u>Depreciable capital assets:</u>						
Buildings	10,612,755					10,612,755
Building improvements	6,979,201			5,429,805		12,409,006
Improvements other than buildings	3,214,833			729,131		3,943,964
Mobile equipment	5,287,352	300,900	75,920			5,512,332
Furniture and equipment	2,356,175	184,737	49,736		48,087	2,539,263
Total depreciable capital assets	28,450,316	485,637	125,656	6,158,936	48,087	35,017,320
<u>Less accumulated depreciation for:</u>						
Buildings	6,339,662	143,168				6,482,830
Building improvements	2,549,426	496,799				3,046,225
Improvements other than buildings	1,051,637	155,536				1,207,173
Mobile equipment	3,710,109	253,084	68,328			3,894,865
Furniture and equipment	1,864,501	160,176	49,239		24,365	1,999,803
Total accumulated depreciation	15,515,335	1,208,763	117,567		24,365	16,630,896
Total depreciable capital assets, net	12,934,981	(723,126)	8,089		23,722	18,386,424
Governmental activities capital assets, net	\$ 18,291,869	\$ 1,210,392	\$ 15,589	\$	\$ 23,722	19,510,394
Lease assets, net (Note 6)						319,894
Subscription IT assets, net (Note 6)						34,773
Total capital assets, net, as reported in the statement of net position						\$ 19,865,061

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
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*Adjustments represents error corrections made to prior year furniture and equipment as outlined in Note 10 of this report.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 767,423
Support	377,424
Non-instructional	63,916
Total depreciation expense - Governmental Activities	\$ 1,208,763

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

	Spent to June 30, 2025	Remaining Commitment
Nanah Waiya Concession Stand	\$ 950	\$ 50,000
Noxapater Cafeteria	3,920	Unknown
Reroof - Eiland Middle School	757,396	-
FEMA Storm Shelter - Noxapater	17,753	642,000
	\$ 780,019	\$ 692,000

Construction projects included in governmental activities are funded with Education Stabilization grant funds and local district funds.

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

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

	Balance 7/1/2024	Additions	Remeasurements	Deductions	Balance 6/30/2025
<u>Lease assets:</u>					
Buildings	\$ 288,436	\$	\$	\$	\$ 288,436
Furniture and equipment	163,242				163,242
Total leased assets	451,678				451,678
Less accumulated amortization:					
Lease assets:					
Buildings	37,622	12,542			50,164
Furniture and equipment	40,810	40,810			81,620
Total accumulated amortization	78,432	53,352			131,784
Total lease assets, net	373,246	(53,352)			319,894
Subscription IT assets	30,569	43,466			74,035
Less accumulated amortization	20,379	18,883			39,262
Subscription IT assets, net	10,190	24,583			34,773
Total lease and subscription IT assets, net	\$ 383,436	\$ (28,769)	\$	\$	\$ 354,667

Amortization expense was charged to the following governmental functions:

	Amount
Instruction	\$ 26,207
Support services	46,028
Total amortization expense - governmental activities	\$ 72,235

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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A summary of lease and subscription IT liabilities during the year ended June 30, 2025 is as follows:

	Balance 7/1/2024	Additions	Deduction	Balance 6/30/2025	Amounts due within one year
Lease liabilities	\$ 401,435	\$ -	\$ 47,354	\$ 354,081	\$ 51,009
Subscriptions IT liabilities	10,168	43,466	20,248	33,386	7,409
Total	\$ 411,603	\$ 43,466	\$ 67,602	\$ 387,467	\$ 58,418

Leases

As Lessee

The District is a lessee for various noncancellable leases of buildings and furniture & 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 and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The District generally uses the rate stated in the lease agreement as the discount rate for leases unless the rate that the lessor charges is not known. In this case the District utilizes the current federal prime rate as the discount rate.

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

1. The district entered into a 25-year lease agreement for a section of a saferoom with the City of Louisville. The district is to make payments of \$18,000 on an annual basis. This lease was issued on July 1, 2019 and will mature on July 1, 2043.

Year Ending June 30	Principal Payments	Interest Payments	Total
2026	9,804	\$ 8,196	\$ 18,000
2027	10,122	7,878	18,000
2028	10,451	7,549	18,000
2029	10,790	7,210	18,000
2030	11,141	6,859	18,000
2031-2035	61,377	28,623	90,000
2036-2040	72,021	17,979	90,000
2041-2044	66,508	5,492	72,000
Total	\$ 252,214	\$ 89,786	\$ 342,000

2. The district entered into a four-year lease agreement for 38 copiers with Toshiba Financial Services. The district is to make payments of \$4,024 on a monthly basis. This lease was issued on October 1, 2023 and will mature on October 1, 2027.

Year Ending June 30	Principal Payments	Interest Payments	Total
2026	41,205	\$ 7,079	\$ 48,284
2027	44,848	3,436	48,284
2028	15,814	281	16,095
Total	\$ 101,867	\$ 10,796	\$ 112,663

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
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As Lessor

Sixteenth Section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. The school district uses the federal prime rate to calculate the present value of Sixteenth Section lease rental payments since a rate implicit in the sixteenth section leases are not a part of the contracts. In fiscal year 2025, the District recognized \$100,967 in lease revenue and \$31,121 in interest revenue related to Sixteenth Section land leases.

These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Principal Payments	Interest Payments	Total
2026	88,571	\$ 31,844	\$ 120,415
2027	71,090	28,371	99,461
2028	60,130	25,417	85,547
2029	60,754	23,071	83,825
2030	55,844	20,700	76,544
2031-2035	219,204	77,332	296,536
2036-2040	125,122	45,216	170,338
2041-2045	91,453	23,313	114,766
2046-2050	31,353	6,275	37,628
2051-2055	4,497	1,122	5,619
2056-2060	925	575	1,500
2061-2063	768	134	902
Total	\$ 809,711	\$ 283,370	\$ 1,093,081

SBITA:

The district has entered into a subscription-based technology agreement (SBITA) with Endeavor IT. The district entered into a five-year agreement for this service beginning September 20, 2024 and ending September 20, 2028. The district is to make payments of \$10,080 on an annual basis. The school district used the federal prime rate at date of inception to calculate the present value of the subscription payments since a rate implicit in the subscription agreement is not a part of the subscription contract.

Year Ending June 30	Principal Payments	Interest Payments	Total
2026	7,409	\$ 2,671	\$ 10,080
2027	8,002	2,078	10,080
2028	8,642	1,438	10,080
2029	9,333	747	10,080
Total	\$ 33,386	\$ 6,934	\$ 40,320

Note 7 – Long-term Liabilities

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

	Balance				Amounts	
	7/1/2024	Additions	Reductions	Adjustments	Balance 6/30/2025	due within one year
A. Certificates of Participation payable	\$ 1,465,000		\$ 160,000		\$ 1,305,000	\$ 165,000
B. Three mill notes payable	1,595,000		270,000		1,325,000	275,000
C. Compensated absences payable	253,837		628	644,617	897,826	
Total	\$ 3,313,837	\$	\$ 430,628	\$ 644,617	\$ 3,527,826	\$ 440,000

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

A. Certificates of participation payable

As more fully explained in Note 13, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2017 Trust Certificates	3.10%	7/31/2017	4/1/2032	\$ 2,285,000	\$ 1,305,000
Total				<u>\$ 2,285,000</u>	<u>\$ 1,305,000</u>

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

Year Ending June 30	Principal	Interest	Total
2026	\$ 165,000	\$ 39,803	\$ 204,803
2027	175,000	34,770	209,770
2028	185,000	29,433	214,433
2029	195,000	23,790	218,790
2030	205,000	17,843	222,843
2031-2032	380,000	16,623	396,623
Total	<u>\$ 1,305,000</u>	<u>\$ 162,262</u>	<u>\$ 1,467,262</u>

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

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2017 Tax Note	2.90%	11/14/2017	8/1/2029	\$ 3,100,000	\$ 1,325,000
Total				<u>\$ 3,100,000</u>	<u>\$ 1,325,000</u>

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

Year Ending June 30	Principal	Interest	Total
2026	\$ 275,000	\$ 38,293	\$ 313,293
2027	260,000	30,345	290,345
2028	260,000	22,831	282,831
2029	265,000	15,317	280,317
2030	265,000	7,659	272,659
Total	<u>\$ 1,325,000</u>	<u>\$ 114,445</u>	<u>\$ 1,439,445</u>

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

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

C. Compensated absences payable

As more fully explained in Note 1(E)(8), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid. The change in the compensated absences liability is presented as a net change. The adjustments to compensated absences were a result of implementing GASB 101 as of the beginning of fiscal year 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 \$3,174,410, \$3,111,661 and \$3,211,975, 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 \$60,598,364 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 0.233363 percent, which was based on a measurement date of June 30, 2024. This was an decrease of 0.0156620 percent from its proportionate share used to calculate the June 30, 2024 net pension liability, which was based on a measurement date of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$8,637,138. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,311,196	\$
Net difference between projected and actual earnings on pension plan investments	363,025	
Changes of assumptions	4,005,363	
Changes in proportion and differences between District contributions and proportionate share of contributions		2,341,457
District contributions subsequent to the measurement date	3,174,410	
Total	\$ 10,853,994	\$ 2,341,457

\$3,174,410 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	\$ 2,461,304
2027	3,968,266
2028	(599,170)
2029	(492,273)

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

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

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

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

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

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

<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	100.00	%	

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	\$ <u>78,544,299</u>	\$ <u>60,598,364</u>	\$ <u>45,910,976</u>

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

Note 9 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided. The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees’ premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

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 \$85,361 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 \$1,890,737 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 0.33836641 percent. This was an decrease of 0.00553681 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 (\$67,559). 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	\$	390,590	\$	335,027
Changes of assumptions		74,542		144,334
Net difference between projected and actual earnings on OPEB plan investments		74		
Changes in proportion and differences between District contributions and proportionate share of contributions		65,058		34,413
District contributions subsequent to the measurement date		85,361		
Total	\$	615,625	\$	513,774

\$85,361 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:	Amount
2026	\$ (58,372)
2027	(23,530)
2028	14,384
2029	45,141
2030	34,667
Thereafter	4,200

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

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

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

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy. The demographic actuarial assumptions used in the June 30, 2024 valuation were based on the results of the last actuarial experience study, dated April 21, 2023.

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

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

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

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

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

	1% Decrease (2.94%)	Current Discount Rate (3.94%)	1% Increase (4.94%)
Net OPEB liability	\$ 2,061,166	\$ 1,890,737	\$ 1,742,008

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

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	\$ <u>1,766,053</u>	\$ <u>1,890,737</u>	\$ <u>2,029,742</u>

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

General 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 absence arrangements, such as vacation, personal, and sick leave.

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

The district restated beginning net position to account for the new liability amounts as of the beginning of the 2025 fiscal year. The restatement reduced beginning net position by \$644,617.

Changes to or within the Financial Reporting Entity

The following funds were presented as major funds in the prior year, and will be presented as nonmajor funds at June 30, 2025:

1. The School Food Service Fund was a major fund in the prior year and changed to a nonmajor fund during fiscal year 2025. This change is due to the decrease in the fund's year end asset balance as a proportion of the asset balance for all governmental funds when compared to the prior year.
2. The ARP ESSER Relief Fund was a major fund in the prior year and changed to a nonmajor fund during fiscal year 2025. This change is due to the decrease in the fund's year end liability and revenue balances as a proportion of the liability and revenue balances for all governmental funds when compared to the prior year.

Correction of an Error in Previously Issued Financial Statements

During fiscal year 2025, the District identified and corrected errors in previously issued financial statements:

1. Claims Payable Understatement: An understatement of claims payable was identified in the prior year. Correction of this error resulted in a decrease in beginning net position and a decrease in the beginning fund balance of the General Fund in the amount of \$1,904. This correction affects both the fund financial statements and the government-wide financial statements.
2. Capital Assets Understatement: An understatement of furniture and equipment and related accumulated depreciation was identified in the prior year. Correction of this error resulted in an increase in beginning net position in the amount of \$23,722. This correction affects only the government-wide financial statements.

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, changes to or within the financial reporting entity, change in accounting principle and an error correction resulted in adjustments to and restatements of beginning net position and fund balance, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances			
	Funds			Government Wide
	General Fund	School Food Service Fund	Other	Governmental Activities
			Governmental Funds	
June 30, 2024, as previously reported	\$ 12,167,788	\$ 2,095,901	\$ 1,697,484	\$ (17,707,291)
Change in Accounting Principal				(644,617)
Error Correction - Capital Assets				23,722
Change from major to nonmajor fund		(2,095,901)	2,095,901	
Error Correction - Asset/Liability	(1,904)			(1,904)
July 1, 2024, as adjusted or restated	\$ 12,165,884	\$ -	\$ 3,793,385	\$ (18,330,090)

Note 11 – Contingencies

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

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

Note 12 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 58 school districts and covers risks of loss arising from injuries to the members’ employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers’ Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

The school district is a member of the Mississippi School Boards Association Property Trust (MSBAPT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 77 school districts and covers losses associated with property damage to the physical assets owned by the member districts. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes annually to a fund

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

held in trust by Bank of America in Danville, Illinois. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 77 school districts and covers liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes annually to a fund held in trust by Bank of America in Danville, Illinois. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

Note 13 – Trust Certificates

A trust agreement dated July 31, 2017 was executed by and between the school district and Trustmark Bank as trustees. The trust agreement authorized the issuance of trust certificates in the principal amount of \$2,285,000. Approximately \$2,242,585 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately \$42,415 was used to pay the cost of issuance.

The project is loaned to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, *et seq.*, Miss. Code Ann. (1972). The agreement transfers ownership of the project to the school district upon complete retirement of the trust certificates. The school district is obligated to make payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 7 for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* dealing with defining the reporting entity, the trust accounts created by this trust agreement were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, fund balances, revenues, expenditures and other financing sources/uses of the trust accounts created by this trust agreement are part of the school district's financial statements, thereby eliminating the effects of the agreement for financial reporting purposes.

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$41,498,113) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$3,174,410 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. The \$7,679,584 balance of deferred outflow of resources related to pensions, at June 30, 2025 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$41,498,113) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$2,341,457 balance of deferred inflow of resources related to pensions, at June 30, 2025 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$41,498,113) 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 \$85,361 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. The \$530,264 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.

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2025**

The unrestricted net position amount of (\$41,498,113) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$513,774 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.

The unrestricted net position amount of (\$41,498,113) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$772,635 balance of deferred inflow of resources related to leases at June 30, 2025 will be recognized as revenue and will increase the unrestricted net position over the next 38 years.

Note 15 - 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 Louisville Municipal School District evaluated the activity of the district through January 16, 2026, and determined that there were no subsequent events requiring disclosure in the notes to financial statements.

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Required Supplementary Information

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LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$8,897,227	\$ 9,287,475	\$ 9,278,668	\$ 390,248	\$ (8,807)
State sources	17,700,747	17,759,359	17,759,359	58,612	-
Federal sources	230,700	198,236	198,236	(32,464)	-
Sixteenth section sources	395,500	272,342	271,030	(123,158)	(1,312)
Total Revenues	27,224,174	27,517,412	27,507,293	293,238	(10,119)
Expenditures:					
Instruction	15,288,322	14,867,701	14,859,380	420,621	8,321
Support services	10,169,849	9,055,563	8,978,694	1,114,286	76,869
Sixteenth section	62,554	95,700	95,700	(33,146)	-
Facilities acquisition and construction	1,889,000	1,396,634	1,228,547	492,366	168,087
Debt service:					
Principal	160,000	205,683	66,080	(45,683)	139,603
Interest	44,683	84,431	19,351	(39,748)	65,080
Total Expenditures	27,614,408	25,705,712	25,247,752	1,908,696	457,960
Excess (Deficiency) of Revenues over (under) Expenditures	(390,234)	1,811,700	2,259,541	2,201,934	447,841
Other Financing Sources (Uses):					
SBITA issued	-	43,466	43,466	43,466	-
Sale of other property	-	25,100	25,100	25,100	-
Indirect costs	5,762	-	-	(5,762)	-
Operating transfers in	5,954,280	5,220,431	1,500,000	(733,849)	(3,720,431)
Operating transfers out	(5,671,829)	(4,930,314)	(1,414,565)	741,515	3,515,749
Total Other Financing Sources (Uses)	288,213	358,683	154,001	70,470	(204,682)
Net Change in Fund Balances	(102,021)	2,170,383	2,413,542	2,272,404	243,159
Fund Balances:					
July 1, 2024, as previously reported	-	12,195,404	12,167,788	12,195,404	(27,616)
Adjustment or restatement	-	(1,904)	(1,904)	(1,904)	-
July 1, 2024, as restated	-	12,193,500	12,165,884	12,193,500	(27,616)
June 30, 2025	<u>\$ (102,021)</u>	<u>\$14,363,883</u>	<u>\$ 14,579,426</u>	<u>\$14,465,904</u>	<u>\$ 215,543</u>

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Required Supplementary Information
Schedule Of The District's Proportionate Share Of The Net Pension Liability
Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	0.233363%	0.249025%	0.242783%	0.237263%	0.230752%	0.246472%	0.215371%	0.231155%	0.230813%	0.229699%
District's proportionate share of the net pension liability	\$60,598,364	\$62,633,075	\$49,973,576	\$35,068,508	\$44,670,906	\$43,359,288	\$35,760,888	\$38,400,040	\$41,262,368	\$35,553,464
District's covered payroll	\$17,883,106	\$18,459,626	\$16,713,931	\$15,775,557	\$15,365,190	\$16,052,083	\$13,753,492	\$14,828,740	\$14,765,635	\$14,350,287
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%	260.01%	258.96%	279.45%	247.75%
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 amounts presented for each fiscal year were determined as of the measurement date of June 30th of the year prior to the fiscal year presented.

The schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement No. 68 was implemented in FYE 6/30/2015 and the District has complied a full 10-year trend.

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Contributions (PERS)
Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 3,174,410	\$ 3,111,661	\$ 3,211,975	\$ 2,908,224	\$ 2,744,947	\$ 2,673,543	\$ 2,528,203	\$ 2,166,175	\$ 2,335,528	\$ 2,325,588
Contribution in relation to the contractually required contribution	\$ 3,174,410	\$ 3,111,661	\$ 3,211,975	\$ 2,908,224	\$ 2,744,947	\$ 2,673,543	\$ 2,528,203	\$ 2,166,175	\$ 2,335,528	\$ 2,325,588
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	17,734,126	17,883,106	18,459,626	16,713,931	15,775,557	15,365,190	16,052,083	13,753,492	14,828,740	14,765,635
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 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 complied a full 10-year trend.

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Required Supplementary Information
Schedule Of The District's Proportionate Share Of The Net OPEB Liability
Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.33836641%	0.34390322%	0.34191390%	0.33577157%	0.32432132%	0.32857127%	0.32746598%	0.33329529%
District's proportionate share of the net OPEB liability	\$ 1,890,737	\$ 1,903,074	\$ 1,684,555	\$ 2,161,301	\$ 2,523,894	\$ 2,788,062	\$ 2,533,113	\$ 2,615,065
District's covered-employee payroll	\$18,345,929	\$18,302,701	\$16,801,499	\$15,963,245	\$ 15,630,199	\$15,046,678	\$14,811,064	\$14,974,041
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 amounts presented for each fiscal year were determined as of the measurement date of June 30th of the year prior to the fiscal year presented.

The 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.

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Contributions (OPEB)
Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 85,361	\$ 82,650	\$ 83,447	\$ 68,649	\$ 86,869	\$ 100,653	\$ 111,754	\$ 111,484
Contribution in relation to the actuarially determined contribution	\$ 85,361	\$ 82,650	\$ 83,447	\$ 68,649	\$ 86,869	\$ 100,653	\$ 111,754	\$ 111,484
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 17,734,126	\$ 17,883,106	\$ 18,459,626	\$ 16,713,931	\$ 15,775,557	\$ 15,365,190	\$ 16,052,083	\$ 13,753,492
Contributions as a percentage of covered-employee payroll	0.48%	0.46%	0.45%	0.41%	0.55%	0.66%	0.70%	0.81%

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

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

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

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

2019:

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

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

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

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

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

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

2021:

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

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

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

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

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

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

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

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

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

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

2023:

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

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

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

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

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

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

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

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

2023: The discount rate was changed from 3.37% for the prior Measurement Date to 3.66% for the current Measurement Date.

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

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

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

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

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

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

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.40%
Salary increases, including wage inflation	2.65% to 17.90%
Initial health care cost trend rates	
Medicare Supplement Claims	6.50%
Pre-Medicare	

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

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

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LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	255MS326N1099	\$ 469,317
National school lunch program	10.555	255MS326N1099	1,342,628
Summer food service program for children	10.559	255MS326N1099	32,230
Total child nutrition cluster			<u>1,844,175</u>
State administrative expenses for child nutrition	10.560	255MS907N2533	5,775
Total passed-through Mississippi Department of Education			<u>1,849,950</u>
Total U.S. Department of Agriculture			<u>1,849,950</u>
<u>U.S. Department of Justice</u>			
Direct Program:			
STOP School Violence Grant (B)	16.839	N/A	567
Total U.S. Department of Justice			<u>567</u>
<u>U.S. Department of Education</u>			
Direct Program:			
Impact aid - facilities maintenance	84.040	N/A	50,915
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A250024 ES010A240024 ES010A230024	1,429,032
Career and technical education - basic grants to states	84.048	V048A240024	118,160
Twenty-first century community learning centers	84.287	ES287C190024 ES287C190024	365,091
Rural education	84.358	ES358B250024 ES358B240024	70,454
Supporting Effective Instruction State Grants	84.367	ES367A250023 ES367A240023 ES367A230023	161,701
Student support and academic enrichment grants	84.424	ES424A250025	99,760
Subtotal			<u>2,244,198</u>
Special education cluster:			
Special education - grants to states	84.027	H027A250108 H027A240108 H027A230108	881,500
Special education - preschool grants	84.173	H173A250113 H173A240113 H173A230113	25,441
Total special education cluster			<u>906,941</u>
COVID-19 - Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	2,418,427
Total COVID-19 - education stabilization fund (ESSER)			<u>2,418,427</u>
Total passed-through Mississippi Department of Education			<u>5,569,566</u>
Passed-through Mississippi Department of Rehabilitation Services:			
Vocational rehabilitation grants to states	84.126	H126A250034	658
Total passed-through Mississippi Department of Rehabilitation Services			<u>658</u>
Total U. S. Department of Education			<u>5,621,139</u>
Total for All Federal Awards			<u>\$ 7,471,656</u>

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

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

Note 1 – Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Noncash Awards – Commodities

The amount of donated commodities reported on the schedule is the value of donated commodities received by the district and reported under the National School Lunch Program Assistance listing #10.555. The value of the commodities received during the fiscal year was \$74,727.

Note 4 – Indirect Cost Rate

The district has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Supplementary Information
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2025

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 24,655,097	\$ 18,197,576	\$ 934,741	\$ 1,953,935	\$ 3,568,845
Other	<u>9,567,793</u>	<u>3,009,906</u>	<u>216,974</u>	<u>91,276</u>	<u>6,249,637</u>
Total	<u>\$ 34,222,890</u>	<u>\$ 21,207,482</u>	<u>\$ 1,151,715</u>	<u>\$ 2,045,211</u>	<u>\$ 9,818,482</u>
Total number of students *	<u>2,396</u>				
Cost per student	<u>\$ 14,283</u>	<u>\$ 8,851</u>	<u>\$ 481</u>	<u>\$ 853</u>	<u>\$ 4,098</u>

For purposes of this schedule, the following columnar descriptions are applicable:

Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type.

General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following function: Support Services - School Administration.

Other - includes all expenditure functions not included in Instruction or Administration Categories.

* includes the number of students reported on the ADA report submission for month 9, which is the final submission for the fiscal year.

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Other Information

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LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Other Information
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
UNAUDITED

	<u>2025</u>	<u>2024*</u>	<u>2023*</u>	<u>2022*</u>
Revenues:				
Local sources	\$ 9,278,668	\$ 8,812,426	\$ 8,541,744	\$ 8,190,465
State sources	17,759,359	16,434,716	15,539,818	13,847,762
Federal sources	198,236	241,402	190,802	230,005
Sixteenth section sources	271,030	281,729	493,283	834,625
Total Revenues	<u>27,507,293</u>	<u>25,770,273</u>	<u>24,765,647</u>	<u>23,102,857</u>
Expenditures:				
Instruction	14,859,380	14,795,828	14,662,889	12,817,719
Support services	8,978,694	8,691,821	8,406,087	7,964,252
Sixteenth section	95,700	78,665	59,715	74,672
Facilities acquisition and construction	1,228,547	995,340	458,071	503,462
Debt service:				
Principal	66,080	41,159	19,914	11,921
Interest	19,351	18,744	9,094	295
Total Expenditures	<u>25,247,752</u>	<u>24,621,557</u>	<u>23,615,770</u>	<u>21,372,321</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,259,541</u>	<u>1,148,716</u>	<u>1,149,877</u>	<u>1,730,536</u>
Other Financing Sources (Uses):				
Leases issued	-	156,684	-	-
SBITA issued	43,466	-	30,569	-
Insurance recovery	-	30,741	37,670	27,941
Sale of transportation equipment	-	18,885	-	512
Sale of other property	25,100	2,733	-	-
Operating transfers in	1,500,000	636,639	-	-
Operating transfers out	(1,414,565)	(1,329,239)	(736,705)	(994,617)
Other financing uses	-	-	-	(78,110)
Total Other Financing Sources (Uses)	<u>154,001</u>	<u>(483,557)</u>	<u>(668,466)</u>	<u>(1,044,274)</u>
Net Change in Fund Balances	<u>2,413,542</u>	<u>665,159</u>	<u>481,411</u>	<u>686,262</u>
Fund Balances:				
Beginning of period, as previously reported	12,167,788	11,502,629	11,021,218	10,285,701
Adjustment or restatement	(1,904)	-	-	-
Beginning of period, as restated	<u>12,165,884</u>	<u>11,502,629</u>	<u>11,021,218</u>	<u>10,285,701</u>
Residual Equity Transfer In	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,255</u>
End of Period	<u>\$ 14,579,426</u>	<u>\$ 12,167,788</u>	<u>\$ 11,502,629</u>	<u>\$ 11,021,218</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

LOUISVILLE MUNICIPAL SCHOOL DISTRICT
Other Information
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
UNAUDITED

	<u>2025</u>	<u>2024*</u>	<u>2023*</u>	<u>2022*</u>
Revenues:				
Local sources	\$ 9,812,191	\$ 9,362,821	\$ 9,069,394	\$ 8,707,265
State sources	18,521,653	17,031,234	16,188,605	14,416,437
Federal sources	7,618,317	10,168,122	10,611,880	8,989,138
Sixteenth section sources	313,697	331,736	563,003	966,824
Total Revenues	<u>36,265,858</u>	<u>36,893,913</u>	<u>36,432,882</u>	<u>33,079,664</u>
Expenditures:				
Instruction	18,601,634	18,537,131	18,894,956	16,522,642
Support services	10,670,943	11,047,170	11,402,987	11,334,344
Noninstructional services	2,312,946	2,107,051	2,300,813	2,222,984
Sixteenth section	95,700	78,665	59,715	74,672
Facilities acquisition and construction	1,933,518	3,806,152	2,415,117	1,051,873
Debt service:				
Principal	497,602	457,104	439,914	416,921
Interest	110,547	119,084	124,476	127,595
Total Expenditures	<u>34,222,890</u>	<u>36,152,357</u>	<u>35,637,978</u>	<u>31,751,031</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,042,968</u>	<u>741,556</u>	<u>794,904</u>	<u>1,328,633</u>
Other Financing Sources (Uses):				
Leases issued	-	163,242	-	-
SBITA issued	43,466	-	30,569	-
Insurance recovery	-	30,741	37,670	27,941
Sale of transportation equipment	-	18,885	-	512
Sale of other property	25,100	2,733	-	-
Operating transfers in	2,915,045	1,971,313	1,078,553	994,617
Operating transfers out	(2,915,045)	(1,971,313)	(1,078,553)	(994,617)
Other financing uses	-	-	-	(78,110)
Total Other Financing Sources (Uses)	<u>68,566</u>	<u>215,601</u>	<u>68,239</u>	<u>(49,657)</u>
Net Change in Fund Balances	<u>2,111,534</u>	<u>957,157</u>	<u>863,143</u>	<u>1,278,976</u>
Fund Balances:				
Beginning of period, as previously reported	15,961,173	15,035,010	14,157,457	12,855,311
Adjustment or restatement	(1,904)	-	-	-
Beginning of period, as restated	<u>15,959,269</u>	<u>15,035,010</u>	<u>14,157,457</u>	<u>12,855,311</u>
Residual equity transfers in	-	-	-	49,255
Increase (Decrease) in reserve for inventory	<u>7,597</u>	<u>(30,994)</u>	<u>14,410</u>	<u>(26,085)</u>
End of Period	<u>\$ 18,078,400</u>	<u>\$ 15,961,173</u>	<u>\$ 15,035,010</u>	<u>\$ 14,157,457</u>

*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
Louisville Municipal School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Louisville Municipal School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Louisville Municipal School District's basic financial statements, and have issued our report thereon dated January 16, 2026

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Louisville Municipal School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

A handwritten signature in black ink that reads "Stephen D. Myrick CPA LLC". The signature is written in a cursive, flowing style.

Stephen D. Myrick, C.P.A., L.L.C.
Quitman, Mississippi
January 16, 2026

Stephen D. Myrick C.P.A., L.L.C.

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

Superintendent and School Board
Louisville Municipal School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Louisville Municipal School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing*

Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 Louisville Municipal School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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



Stephen D. Myrick, C.P.A., L.L.C.
Quitman, Mississippi
January 16, 2026

Independent Auditor's Report On Compliance With State Laws And Regulations

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

Superintendent and School Board
Louisville Municipal School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville Municipal School District as of and for the year ended June 30, 2025, which collectively comprise Louisville Municipal School District's basic financial statements and have issued our report thereon dated January 16, 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 insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

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

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

The results of procedures performed to test compliance with certain other state laws and regulations, and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

1. **The District did not properly comply with Section 29-3-57, Miss. Code Ann. (1972) regarding sixteenth section leases that were in default for more than sixty days.**

Repeat Finding: No

Criteria: *Section 29-3-57, Miss. Code Ann. (1972)*, states in part that "The superintendent of education shall keep a current docket as to the expiration date of all leases on sixteenth section lands; likewise, the superintendent shall keep a correct current docket upon the existing leases or any extensions thereof as to the amounts and time of payment of rentals provided for by such lease. It shall be the duty of the superintendent of education to collect promptly all rentals due and all principal and interest due upon loans and investments of sixteenth section funds. Upon a sixty (60) day default in payment of any rentals according to the terms of such lease, the lease shall be declared

terminated unless the board of education finds extenuating circumstances were present, and the board shall inaugurate the proper legal proceedings to terminate such lease.”

- Condition:** As a result of our audit procedures, we identified three (3) instances in our sample of twenty-five leases in which payments were not received within the required sixty (60) day limit and the leases were neither properly cancelled nor presented to the board for approval of the extenuating circumstances.
- Cause:** The District did not have the necessary internal controls in place to ensure that all payments due on sixteenth section lease lands are received timely or that the lease is either cancelled or taken to the board because of extenuating circumstances in accordance with state statutes.
- Effect:** Failure by District personnel responsible for managing the District’s sixteenth section school lands could result in the board of education not fulfilling its duty to properly manage school trust lands and the funds derived from their use, thereby increasing the risk of misuse or misappropriation of public funds or lands.
- Recommendation:** We recommend that the District establish procedures requiring the sixteenth section land manager to present any lease not paid within the required sixty (60) days to the board of education for either cancellation or approval of documented extenuating circumstances.
- Response:** The Business Manager met with the 16th Section Manager to make him aware of this noncompliance issue. The District will follow the auditor’s recommendation by implementing a procedure to ensure that all 16th section lease payments are either received within the sixty day time limit or taken to the school board for further action.

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

The Louisville Municipal School District’s response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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.



Stephen D. Myrick, C.P.A., L.L.C.
Quitman, Mississippi
January 16, 2026

Schedule of Findings and Questioned Costs

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

Section I: Summary of Auditor’s Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material 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>
84.010	Title I Grants to Local Education Agencies
84.425U	COVID-19 – Elementary & Secondary School Emergency Relief Fund (ESSER) ARP III

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

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.