MADISON COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2025

MADISON COUNTY SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Madison County School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Madison County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying

accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026, on our consideration of the Madison County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Madison County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madison County School District's internal control over financial reporting and compliance.

Stephen D. Myrick CPA LLC

Stephen D. Myrick, C.P.A., L.L.C.
Quitman, Mississippi
January 23, 2026

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Management's Discussion and Analysis

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Madison County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025

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

FINANCIAL HIGHLIGHTS

- Total net position for 2025 decreased $23,509,999, including an error correction of ($4,593,496), which represents a 27% decrease from fiscal year 2024. Total net position for 2024 decreased $17,798,009, including an error correction of ($973,792), which represents a 17% decrease from fiscal year 2023.

- General revenues amounted to $181,311,579 and $165,792,814 or 89% and 81% 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 $22,469,891, or 11% of total revenues for 2025, and $38,920,834, or 19% of total revenues for 2024.

- The District had $222,724,973 and $221,537,865 in expenses for fiscal years 2025 and 2024; only $22,469,891 for 2025 and $38,920,834 for 2024 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $181,311,579 for 2025 and $165,792,814 for 2024 were not adequate to provide for these programs.

- Among major funds, the General Fund had $176,491,115 in revenues and $162,369,264 in expenditures for 2025, and $168,309,277 in revenues and $153,640,184 in expenditures in 2024. The General Fund's fund balance increased by $8,071,748 from 2024 to 2025, including an error correction of ($620) and increased by $3,455,180, including an error correction of ($8,495) from 2023 to 2024.

- Capital assets, including intangible right to use assets and net of accumulated depreciation/amortization, increased by $18,111,235, including an error correction of ($19,512), for 2025 and increased by $33,498,884, including an error correction of ($965,301), for 2024. The increase for 2025 was due primarily to construction-in-progress expenditures and purchases of furniture and equipment coupled with accumulated depreciation.

- Long-term debt, including compensated absences, and lease obligations, decreased by $1,318,006 for 2025 and decreased by $12,821,433 for 2024. The decrease for 2025 was due primarily to principal payments on outstanding long-term debt combined with an adjustment from the change in accounting principle. The liability for compensated absences increased by $4,591,814, including a change in accounting principle of $4,514,209, for 2025 and increased by $61,148 for 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $62,744,862 as of June 30, 2025.

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

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

Table 1
Condensed Statement of Net Position

	June 30, 2025	June 30, 2024	Percentage Change
Current assets	$ 88,754,159	$ 99,322,208	-10.64%
Lease receivables	12,945,499	13,071,266	-0.96%
Restricted assets	2,490,358	5,452,845	-54.33%
Capital assets, net	295,172,413	277,061,178	6.54%
Total assets	399,362,429	394,907,497	**1.13%**
Deferred outflows of resources	**65,111,976**	**86,804,318**	**-24.99%**
Current liabilities	7,929,556	11,859,628	-33.14%
Long-term debt outstanding	40,341,142	41,417,328	-2.60%
Lease liability	100,105	341,925	-70.72%
Net pension liability	330,264,371	317,898,097	3.89%
Net OPEB liability	8,323,781	8,020,775	3.78%
Total liabilities	**386,958,955**	**379,537,753**	**1.96%**
Deferred inflows of resources	**14,770,588**	**15,919,201**	**-7.22%**
Net position:			
Net investment in capital assets	260,557,308	236,536,253	10.16%
Restricted	10,107,050	18,019,776	-43.91%
Unrestricted	(207,919,496)	(168,301,168)	-23.54%
Total net position	**$ 62,744,862**	**$ 86,254,861**	**-27.26%**

The 2024 amounts presented here have not been restated to correct errors in previously issued financial statements. Refer to Note 12 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)	($207,919,496)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	275,586,512
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	$67,667,016

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 $18,111,235.
- The principal retirement of $5,909,820 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2025 and June 30, 2024 were $203,808,470 and $204,713,648 respectively. The total cost of all programs and services was $222,724,973 for 2025 and $221,537,865 for 2024.

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

Table 2
Changes in Net Position

	Year Ended June 30, 2025	Year Ended June 30, 2024	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 5,975,322	$ 5,763,573	3.67%
Operating grants and contributions	15,914,172	33,003,606	-51.78%
Capital Grants and Contributions	607,397	153,655	295.30%
General revenues:			
Property taxes	93,113,488	86,175,380	8.05%
Grants and contributions not restricted	80,900,501	69,919,152	15.71%
Investment earnings	4,590,489	6,310,880	-27.26%
Sixteenth section sources	926,983	920,091	0.75%
Other	1,780,118	2,467,311	-27.85%
Total revenues	**203,808,470**	**204,713,648**	**-0.44%**
Expenses:			
Instruction	98,325,349	106,682,239	-7.83%
Support services	65,221,302	59,254,613	10.07%
Non-instructional	5,676,968	5,884,024	-3.52%
Sixteenth section	300,835	244,081	23.25%
Pension expense	51,790,813	48,269,570	7.29%
OPEB expense	(58,369)	(236,594)	75.33%
Interest on long-term liabilities	1,468,075	1,439,932	1.95%
Total expenses	**222,724,973**	**221,537,865**	**0.54%**
Increase (Decrease) in net position	**(18,916,503)**	**(16,824,217)**	**-12.44%**
Net Position, July 1, as previously reported	**86,254,861**	**104,052,870**	**-17.10%**
Accounting changes or error corrections	(4,593,496)	(973,792)	-371.71%
Net Position, July 1, as restated	**81,661,365**	**103,079,078**	**-20.78%**
Net Position, June 30	**$ 62,744,862**	**$ 86,254,861**	**-27.26%**

The 2024 amounts presented here have not been restated to correct errors in previously issued financial statements. Refer to Note 12 Adjustments and Restatements of Beginning Balances for details.

Governmental Activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2025	2024	Change
Instruction	$ 98,325,349	$ 106,682,239	-7.83%
Support services	65,221,302	59,254,613	10.07%
Non-instructional	5,676,968	5,884,024	-3.52%
Sixteenth section	300,835	244,081	23.25%
Pension Expense	51,790,813	48,269,570	7.29%
OPEB Expense	(58,369)	(236,594)	75.33%
Interest on long-term liabilities	1,468,075	1,439,932	1.95%
Total expenses	**$ 222,724,973**	**$ 221,537,865**	**0.54%**

	Net (Expense) Revenue		Percentage
	2025	2024	Change
Instruction	$ (88,566,316)	$ (83,511,762)	-6.05%
Support services	(58,919,703)	(50,283,258)	-17.18%
Non-instructional	758,570	893,032	-15.06%
Sixteenth section	(300,114)	(242,135)	-23.94%
Pension Expense	(51,790,813)	(48,269,570)	-7.29%
OPEB Expense	58,369	236,594	-75.33%
Interest on long-term liabilities	(1,468,075)	(1,439,932)	-1.95%
Total net (expense) revenue	**$ (200,228,082)**	**$ (182,617,031)**	**-9.64%**

- Net cost of governmental activities [($200,228,082) for 2025 and ($182,617,031) for 2024)] was financed by general revenue, which is primarily made up of property taxes ($93,113,488 for 2025 and $86,175,380 for 2024) and state and federal revenues ($80,900,501 for 2025 and $69,919,152 for 2024). In addition, there was $926,983 and $920,091 in Sixteenth Section sources for 2025 and 2024, respectively.

- Investment earnings amounted to $4,590,489 for 2025 and $6,310,880 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 $83,928,748, a decrease of $9,361,624, which includes an error correction of $28,234 and a decrease in inventory of $10,348. $40,705,058 or 48% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The remaining fund balance of $43,223,690 or 52% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was $8,071,748, which includes an error correction of ($620). The fund balance of Other Governmental Funds showed a

decrease in the amount of $7,939,200, which includes a decrease in reserve for inventory of $10,348 due to primarily an increase in construction in progress expenditures during the current year.

The increase (decrease) in the fund balances for the other major fund was as follows:

Major Fund	Increase(Decrease)
District Construction Fund	$ (9,494,172)

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 $444,511,920, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of $28,268,316. Total accumulated depreciation and amortization as of June 30, 2025, was $149,339,507, and total depreciation and amortization expense for the year was $11,018,424, resulting in total net capital assets of $295,172,413.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2025	June 30, 2024	Percentage Change
Land	$ 7,100,311	$ 7,100,311	0.00%
Construction in Progress	50,072,071	44,764,701	11.86%
Buildings	169,932,343	175,359,240	-3.09%
Building improvements	35,209,083	28,037,220	25.58%
Improvements other than buildings	20,121,189	14,101,616	42.69%
Mobile equipment	10,797,611	5,492,803	96.58%
Furniture and equipment	1,845,449	1,805,665	2.20%
Lease assets	94,356	399,622	-76.39%
Total	**$ 295,172,413**	**$ 277,061,178**	**6.54%**

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

The 2024 amounts presented here have not been restated to correct errors in previously issued financial statements. Refer to Note 12 Adjustments and Restatements of Beginning Balances for details.

Debt Administration. At June 30, 2025, the District had $40,441,247 in outstanding long-term debt, including lease liabilities and compensated absences payable, of which $3,038,317 is due within one year. The liability for compensated absences increased $4,591,814, including the effects of the implementation of GASB Standard 101, from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2025	June 30, 2024	Percentage Change
Limited obligation bonds payable	$ 34,515,000	$ 37,300,000	-7.47%
Qualified school construction bonds payable	-	2,883,000	-100.00%
Lease liabilities	100,105	341,925	-70.72%
Compensated absences payable	5,826,142	1,234,328	372.01%
Total	**$ 40,441,247**	**$ 41,759,253**	**-3.16%**

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

CURRENT ISSUES

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

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 Madison County School District, 476 Highland Colony Parkway, Ridgeland, Mississippi 39157.

Financial Statements

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Exhibit A

MADISON COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash and cash equivalents	$ 79,368,998
Cash with fiscal agents	111,781
Due from other governments	9,167,747
Lease receivables	12,945,499
Inventories	105,633
Restricted assets	2,490,358
Capital assets, non-depreciable:	
Land	7,100,311
Construction in progress	50,072,071
Capital assets, net of accumulated depreciation/amortization:	
Buildings	169,932,343
Building improvements	35,209,083
Improvements other than buildings	20,121,189
Mobile equipment	10,797,611
Furniture and equipment	1,845,449
Lease assets	94,356
Total Assets	399,362,429
Deferred Outflows of Resources	
Deferred outflows - pensions	61,953,117
Deferred outflows - OPEB	3,158,859
Total deferred outflows of resources	65,111,976
Liabilities	
Accounts payable and accrued liabilities	7,601,016
Interest payable on long-term liabilities	328,540
Long-term liabilities, due within one year:	
Capital related liabilities	2,895,000
Non-capital related liabilities	60,942
Lease liabilities	82,375
Net OPEB liability	392,278
Long-term liabilities, due beyond one year:	
Capital related liabilities	31,620,000
Non-capital related liabilities	5,765,200
Lease liabilities	17,730
Net pension liability	330,264,371
Net OPEB liability	7,931,503
Total Liabilities	386,958,955
Deferred Inflows of Resources	
Deferred inflows - OPEB	2,110,336
Deferred inflows - leases	12,660,252
Total deferred inflows of resources	14,770,588
Net Position	
Net investment in capital assets	260,557,308
Restricted for:	
Expendable:	
School-based activities	2,246,806
Debt service	4,582,642
Forestry improvements	325,912
Unemployment benefits	461,332
Non-Expendable:	
Sixteenth section	2,490,358
Unrestricted	(207,919,496)
Total Net Position	$ 62,744,862

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

Exhibit B

MADISON COUNTY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 98,325,349	$ 3,255,430	$ 6,390,338	$ 113,265	$ (88,566,316)
Support services	65,221,302	71,906	5,821,368	408,325	(58,919,703)
Non-instructional	5,676,968	2,647,265	3,702,466	85,807	758,570
Sixteenth section	300,835	721			(300,114)
Pension expense	51,790,813				(51,790,813)
OPEB expense	(58,369)				58,369
Interest on long-term liabilities	1,468,075				(1,468,075)
Total Governmental Activities	$222,724,973	$ 5,975,322	$ 15,914,172	$ 607,397	(200,228,082)

General Revenues:	
Taxes:	
General purpose levies	85,028,382
Debt purpose levies	8,085,106
Unrestricted grants and contributions:	
State	79,751,761
Federal	1,148,740
Sixteenth section sources	926,983
Unrestricted investment earnings	4,590,489
Other	1,780,118
Total General Revenues	181,311,579
Change in Net Position	(18,916,503)
Net Position - Beginning, as previously reported	86,254,861
Adjustment or restatement	(4,593,496)
Net Position - Beginning, as restated	81,661,365
Net Position - Ending	$ 62,744,862

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

Exhibit C

MADISON COUNTY SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2025

	Major Funds			
	General Fund	District Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 48,578,922	$ 22,862,853	$ 8,377,005	$ 79,818,780
Cash with fiscal agents	111,781		58,475	170,256
Investments			1,973,670	1,973,670
Accrued interest receivable			8,431	8,431
Due from other governments	7,750,450		1,417,297	9,167,747
Lease receivables	12,945,499			12,945,499
Due from other funds	1,307,315			1,307,315
Inventories			105,633	105,633
Total assets	$ 70,693,967	$ 22,862,853	$ 11,940,511	$ 105,497,331
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 6,455,593	$ 947,817	$ 197,606	$ 7,601,016
Due to other funds			1,307,315	1,307,315
Total Liabilities	6,455,593	947,817	1,504,921	8,908,331
Deferred Inflows of Resources				
Leases	12,660,252			12,660,252
Total deferred inflows of resources	12,660,252	-	-	12,660,252
Fund Balances:				
Nonspendable:				
Permanent fund principal			2,490,358	2,490,358
Inventory			105,633	105,633
Restricted:				
Debt service			4,911,182	4,911,182
Forestry improvements			325,912	325,912
Grant activities			2,141,173	2,141,173
Unemployment benefits			461,332	461,332
Assigned:				
Capital improvements		21,915,036		21,915,036
Student activities	1,931,590			1,931,590
Instruction	352,423			352,423
Technology	8,589,051			8,589,051
Unassigned	40,705,058			40,705,058
Total Fund Balances	51,578,122	21,915,036	10,435,590	83,928,748
Total liabilities, deferred inflows of resources, and fund balances	$ 70,693,967	$ 22,862,853	$ 11,940,511	$ 105,497,331

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

Exhibit C-1

MADISON COUNTY 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		$	83,928,748
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	7,100,311		
Construction in progress	50,072,071		
Buildings	280,744,918		
Building improvements	44,589,235		
Improvements other than buildings	30,929,019		
Mobile equipment	22,133,807		
Furniture and equipment	8,612,497		
Accumulated depreciation	(149,103,801)		
Lease assets	330,062		
Accumulated amortization	(235,706)		295,172,413
2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:			
Net pension liability	(330,264,371)		
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:			
Deferred outflows of resources related to pensions	61,953,117		(268,311,254)
3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:			
Net OPEB liability	(8,323,781)		
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:			
Deferred outflows of resources related to OPEB	3,158,859		
Deferred inflows of resources related to OPEB	(2,110,336)		(7,275,258)
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:			
Limited obigation bonds payable	(34,515,000)		
Compensated absences payable	(5,826,142)		
Lease obligations	(100,105)		
Accrued interest payable	(328,540)		(40,769,787)
Net Position of governmental activities		$	62,744,862

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

Exhibit D

MADISON COUNTY SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	Major Funds				
	General Fund	District Construction Fund	(Formerly Major) 2023 Limited Tax CP Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	$ 91,438,283	$ 910,327	$	$ 11,947,675	$ 104,296,285
State sources	82,180,965			1,948,921	84,129,886
Federal sources	1,150,238			12,141,947	13,292,185
Sixteenth section sources	1,721,629			165,351	1,886,980
Total Revenues	176,491,115	910,327	-	26,203,894	203,605,336
Expenditures:					
Instruction	96,161,224	117,280		7,222,417	103,500,921
Support services	64,743,571	426,040		8,976,724	74,146,335
Noninstructional services		31,533		6,370,311	6,401,844
Sixteenth section	279,530			11,000	290,530
Facilities acquisition and construction	934,089	14,858,500		5,644,821	21,437,410
Debt service:					
Principal	241,820			6,597,374	6,839,194
Interest	9,030			1,485,519	1,494,549
Other				11,596	11,596
Total Expenditures	162,369,264	15,433,353	-	36,319,762	214,122,379
Excess (Deficiency) of Revenues over (under) Expenditures	14,121,851	(14,523,026)	-	(10,115,868)	(10,517,043)
Other Financing Sources (Uses):					
Bonds and notes issued	897,045			32,329	929,374
Insurance recovery	27,522				27,522
Sale of transportation equipment	3,500				3,500
Sale of other property	112,945				112,945
Operating transfers in	737,323	5,000,000		2,892,010	8,629,333
Payments held by escrow agents				225,000	225,000
Gain on remeasurement of leases	64,192				64,192
Operating transfers out	(7,892,010)			(737,323)	(8,629,333)
Payments made to escrow agents				(225,000)	(225,000)
Total Other Financing Sources (Uses)	(6,049,483)	5,000,000	-	2,187,016	1,137,533
Net Change in Fund Balances	8,072,368	(9,523,026)	-	(7,928,852)	(9,379,510)
Fund Balances:					
July 1, 2024, as originally stated	43,506,374	31,409,208	5,481,606	12,893,184	93,290,372
Change within financial reporting entity (major to nonmajor)			(5,481,606)	5,481,606	-
Adjustment or restatement	(620)	28,854			28,234
July 1, 2024, as restated	43,505,754	31,438,062	-	18,374,790	93,318,606
Increase (Decrease) in reserve for inventory				(10,348)	(10,348)
June 30, 2025	$ 51,578,122	$ 21,915,036	$ -	$ 10,435,590	$ 83,928,748

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

Exhibit D-1

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

Net change in fund balances - total governmental funds		$ (9,379,510)
Amounts reported for governmental activities in the Statement of Activities are different because:		
1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	29,310,960	
Depreciation expense	(10,801,162)	
Amortization expense	(217,262)	18,292,536
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.	(73,785)	(73,785)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Proceeds of debt issuance	(929,374)	
Payments of debt principal	6,839,194	
Accrued interest payable	26,474	5,936,294
5. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
Pension expense	(51,790,813)	
Contributions subsequent to the measurement date	17,736,081	(34,054,732)
6. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
OPEB expense	58,369	
Contributions subsequent to the measurement date	392,278	450,647
7. 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	(77,605)	
Change in inventory reserve	(10,348)	(87,953)
Change in Net Position of governmental activities		$ (18,916,503)

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

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the 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 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 District is considered a "primary government." The District is governed by a 5-member board to which each member is elected by the citizens of each defined county district.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

The District reports the following major governmental funds:

General Fund - This is the 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.

District Construction Fund – This capital projects fund is used to account for local funds transferred from the General Fund to be used for the acquisition, construction, or major renovations of capital facilities.

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 District reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

Ad valorem property taxes are levied by the governing authority of the county on behalf of the District based upon an order adopted by the school board of the District requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the 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 amounts 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 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

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 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 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 are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

Amounts 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	*	*
Intangible assets	**	**

(*) A capitalization threshold has not been set for right-to-use assets. Leased Assets and SBITA assets will be amortized in a rational and systematic manner over the shorter of the lease or subscription term or the useful life of the underlying right to use asset.

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

See Notes 6, 10, 11, and 16 for further details.

8. Compensated Absences

Employees of the District accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by 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 District policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

9. Leases

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

When acting as the lessor, the District uses 4% to calculate the present value of lease payments involving the leasing of 16th Section School lands.

10. Subscription-Based Information Technology Arrangements

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

information about SBITAs. GASB 96 was implemented during fiscal year 2023.

11. Long-term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method. See Note 7 for details.

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.

12. Pensions

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

13. Postemployment Benefits Other than Pensions (OPEB)

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

14. Fund Balances

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

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

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

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
Committed fund balance includes amounts that can be used only for 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 an official action of the school board to approve committed fund balances at balance sheet date and to detail the action in its official minutes. Currently there is no committed fund balance for the district.

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

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the General Fund at fiscal year end of not less than 10% of General Fund revenues. If the unassigned fund balance at fiscal year-end falls below the goal, the district will develop a restoration plan to achieve and maintain the minimum fund balance.

15. Accounting Standards Update

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

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

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

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

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

Cash and Cash Equivalents

The carrying amount of the District's deposits with financial institutions reported in the governmental funds was $79,818,780.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities

pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the District. As of June 30, 2025, none of the District's bank balance was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of the District's cash with fiscal agents reported in the governmental funds was $170,256.

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
Asset Backed Securities	AAA	Less than 5	$ 286,295
	AAA	5 but less than 10	226,236
	AAA	10 but less than 15	219,215
	AAA	15 but less than 20	74,903
State Bonds	AA	Less than 5	118,333
	BBB+	Less than 5	24,631
	AA	5 but less than 10	124,178
	Aa2	5 but less than 10	21,217
	AA	10 but less than 15	25,655
	A1	30 but less than 35	52,264
U.S. Treasury/Agency Securities	AAA	Less than 5	267,851
	AAA	5 but less than 10	524,510
	AAA	10 but less than 15	8,382
Total			$ 1,973,670

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

- All investments are measured using quoted market prices (Level 1 inputs).

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

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

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

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

Issuer	Fair Value	% of Total Investments
Small Business Administration	$ 146,173	7%
Uniform Mbs Pool	116,518	6%
Federal National Mortgage Association	115,715	6%

Note 3 – Interfund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	$ 1,307,315
Total		$ 1,307,315

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

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Other governmental funds	$ 737,323
District Construction Fund	General Fund	5,000,000
Other governmental funds	General Fund	2,892,010
Total		$ 8,629,333

Inter-fund transfers represent operating transfers from the General Fund to other governmental funds and transfers of indirect costs from other governmental funds to the general fund.

Note 4 – Restricted Assets

The restricted assets represent the cash and cash equivalents balance $449,782, the cash with fiscal agents balance $58,475, the investment balance $1,973,670, and the accrued interest balance $8,431 of the 16th Section Principal Fund, which is legally restricted and may not be used for purposes that support the District's programs. The total of restricted assets at June 30, 2025, is $2,490,358.

Note 5 – Capital Assets

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

MADISON COUNTY SCHOOL DISTRICT
Note to the Financial Statements
For the Year Ended June 30, 2025

	Balance 7/1/2024	Increases	Decreases	Completed Construction	Adjustments	Balance 6/30/2025
Governmental Activities:						
Non-depreciable capital assets:						
Land	$ 7,100,311					$ 7,100,311
Construction-in-progress	44,764,701	21,437,410		(16,101,187)	(28,853)	50,072,071
Total non-depreciable capital assets	51,865,012	21,437,410	-	(16,101,187)	(28,853)	57,172,382
Depreciable capital assets:						
Buildings	280,948,918		204,000			280,744,918
Building improvements	35,633,154			8,956,081		44,589,235
Improvements other than buildings	23,783,913			7,145,106		30,929,019
Mobile equipment	14,924,731	7,275,717	82,776		16,135	22,133,807
Furniture and equipment	8,091,512	597,833	76,992		144	8,612,497
Total depreciable capital assets	363,382,228	7,873,550	363,768	16,101,187	16,279	387,009,476
Less accumulated depreciation for:						
Buildings	105,589,678	5,386,097	163,200			110,812,575
Building improvements	7,595,934	1,784,218				9,380,152
Improvements other than buildings	9,682,297	1,125,533				10,807,830
Mobile equipment	9,431,928	1,950,219	52,747		6,796	11,336,196
Furniture and equipment	6,285,847	555,095	74,036		142	6,767,048
Total accumulated depreciation	138,585,684	10,801,162	289,983		6,938	149,103,801
Total depreciable capital assets, net	224,796,544	(2,927,612)	73,785		9,341	237,905,675
Governmental activities capital assets, net	$ 276,661,556	$ 18,509,798	$ 73,785	$ -	$ (19,512)	295,078,057
Lease assets, net (Note 6)						94,356
Total capital assets, net, as reported in the statement of net position						$ 295,172,413

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 6,295,765
Support	4,398,698
Non-instructional	96,394
Sixteenth section	10,305
	$ 10,801,162

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

	Spent to June 30, 2025	Remaining Commitment
Germantown High School Classroom & Auditorium	$ 47,932,941	$ 29,960
Germantown Middle School Classroom Addition	447,627	7,891,953
Madison Central High School Auditorium Chiller	147,459	11,120
Germantown High School Turf and Track	981,469	362,831
Ridgeland High School Classroom Addition	146,253	Unknown
Germantown Middle School Parking Lot	416,322	1,212,598
	$ 50,072,071	$ 9,508,462

Construction projected funded in governmental activities are funded with local funds

Note 6 – Intangible Right-to-Use Leases

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

	Balance July 1, 2024	Additions	Expiring Leases	Adjustments	Balance June 30, 2025
Leased assets- furniture & equipment	$ 996,364	$ -	$ 666,302	$ -	$ 330,062
Less: acumulated amortization	596,742	217,262	666,302	88,004	235,706
Total leased assets - net	$ 399,622	$ (217,262)	$ -	$ 88,004	$ 94,356

Amortization expense was charged to the following governmental functions:

Governmental Activities:	Amount
Support services	$ 217,262
Total amortization expense - governmental activities	$ 217,262

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

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Amounts due within one year
Lease liabilities	$ 341,925	$ -	$ 241,820	$ 100,105	$ 82,375
	$ 341,925	$ -	$ 241,820	$ 100,105	$ 82,375

Year Ending June 30	Principal	Interest	Total
2026	$ 82,375	$ 2,427	$ 84,802
2027	17,730	120	17,850
	$ 100,105	$ 2,547	$ 102,652

Leases

As Lessee:

Leases of Equipment

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

At lease commencement, the District initially measures the lease liability as the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the 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 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 estimates a borrowing rate at inception.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a 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 District and the lessor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease term.

The district has entered into seven (7) equipment leases as lessee that are grouped into copier leases and printer leases as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
District Copiers	4.00%	Varies	Varies	$ 333,062	$ 100,105
Total				$ 333,062	$ 100,105

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

Year Ending June 30	Principal	Interest	Total
2026 $	82,375	2,427	84,802
2027	17,730	120	17,850
$	100,105	2,547	102,652

As Lessor:

Sixteenth Section Land Leases

Acting as lessor, the District has entered into 718 leases transferring the right of use of sixteenth section school lands. Such leases are set for a term that corresponds with state law in accordance with the type of lease executed. Such leases are let for a term that corresponds with state law in accordance with the type of lease executed. The District has included in its financial statements at year end the net present value of future lease payments of $11,966,435 as a lease receivable and $11,761,312 as deferred inflows of resources. The deferred inflows of resources for leases are being amortized using the straight-line method of amortization. The total amount of inflows of resources recognized during the current fiscal year is $649,971.

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 District uses the rate of 4% minimum interest required by Mississippi statute for sixteenth section loans to calculate the present value of sixteenth section rental payments since a rate implicit in the sixteenth section leases is not a part of the lease contract.

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

Year Ending June 30	Principal	Interest	Total
2026 $	414,976	478,657	893,633
2027	422,888	462,058	884,946
2028	400,444	445,143	845,587
2029	415,417	429,125	844,542
2030	430,878	412,508	843,386
2031-2035	2,300,103	1,797,511	4,097,614
2036-2040	2,366,991	1,324,267	3,691,258
Thereafter	5,214,738	1,829,684	7,044,422
$	11,966,435	7,178,953	19,145,388

Cell Phone Tower Site Leases

The District, acting as lessor, has entered into 3 leases involving the leasing of the right to use non-sixteenth section school lands as sites for cellular phone towers. The District has included in its financial statements at year end the present value of future lease payments of $979,064 as a lease receivable and $898,940 as deferred inflows of resources. The deferred inflows of resources for leases are being amortized using the straight-line method of amortization.

The District uses the rate of 4% to calculate the present value of the cellular phone tower space rental on non-sixteenth section lands.

The total amount of inflows of resources recognized during the current fiscal year is $30,837.

The following are the future principal and interest payments to be received on the leases:

Year Ending June 30	Principal	Interest	Total
2026	2,530	39,163	41,693
2027	4,882	39,061	43,943
2028	5,077	38,866	43,943
2029	8,438	38,663	47,101
2030	8,775	38,325	47,100
2031-2035	67,687	185,293	252,980
2036-2040	118,254	167,953	286,207
Thereafter	763,421	325,488	1,088,909
	979,064	872,812	1,851,876

Note 7 – Long-term Liabilities

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

	Balance July 1, 2024	Additions	Reductions	Adjustments	Balance June 30, 2025	Amounts due within one year
A. Limited oblgation bonds payable	$ 37,300,000		$ 2,785,000		$ 34,515,000	$ 2,895,000
B. Shortfall notes payable		929,374	929,374			
C. Qualified school construction bonds	2,883,000		2,883,000			
D. Compensated absences payable	1,234,328	77,605		4,514,209	5,826,142	60,942
Total	$ 41,417,328	$ 1,006,979	$ 6,597,374	$ 4,514,209	$ 40,341,142	$ 2,955,942

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.

A. Limited obligation bonds payable

Limited obligation bonds currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited obligation bonds payable, series 2023	3.86%	4/5/2023	4/1/2035	$ 40,000,000	$ 34,515,000
Total				$ 40,000,000	$ 34,515,000

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

Year Ending June 30	Principal	Interest	Total
2026	$ 2,895,000	$ 1,332,279	$ 4,227,279
2027	3,005,000	1,220,532	4,225,532
2028	3,120,000	1,104,539	4,224,539
2029	3,240,000	984,107	4,224,107
2030	3,365,000	859,043	4,224,043
2031-2035	18,890,000	2,243,046	21,133,046
Total	$ 34,515,000	$ 7,743,546	$ 42,258,546

This debt will be retired from the 2023 Limited Obligation Debt Service Fund (debt service fund).

B. Shortfall notes payable

The District issued a shortfall note in the amount of $929,374 on September 5, 2024, as a remedy for a tax revenue shortfall occurring in the 2024 year. The note was issued at an annual rate of 6.49%. The original amortization schedule called for a three-year repayment period beginning September 5, 2025. The district repaid the note in full during the 2025 year.

C. Qualified school construction bonds

This debt was repaid during the 2025 year.

D. Compensated absences payable

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

Note 8– Pledge of Future Revenues

The $40,000,000 Limited Obligation Bonds, Series 2023, are secured with a pledge of Education Enhancement Funds (EEF) for buildings and buses that is to be used for repayment of the limited tax note. Proceeds of the bonds were used to finance capital improvements in the District. The notes are payable partially from the future revenue of the Education Enhancement revenue funds for buildings and buses and partially from a local ad valorem tax levy and are payable through April 1, 2035. Annual principal and interest payments on the bonds are expected to require all such state revenue during the time of the pledge. The total principal and interest payments remaining are $42,258,546. The principal and interest payments for the current year and State EEF funds were $4,224,780 and $408,325, respectively.

Note 9– Other Commitments

Commitments under construction contracts, described in Note 5, amount to $9,508,462.

Note 10– Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The 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 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 District's contributions to PERS for the fiscal years ending June 30, 2025, 2024 and 2023 were $17,736,081, $16,958,737 and $16,302,581, 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 District reported a liability of $330,264,371 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 District's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The District's proportionate share used to calculate the June 30, 2025 net pension liability was 1.271841 percent, which was based on a measurement date of June 30, 2024. This was an increase of 0.007899 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 $51,790,813. At June 30, 2025, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,719,802	$
Net difference between projected and actual earnings on pension plan investments	765,643	
Changes of assumptions	20,329,475	
Changes in proportion and differences between District contributions and proportionate share of contributions	5,402,116	
District contributions subsequent to the measurement date	17,736,081	
Total	$ 61,953,117	$ -

$17,736,081 reported as deferred outflows of resources related to pensions resulting from 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	$	19,039,965
2027		27,588,479
2028		271,502
2029		(2,682,910)

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

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

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

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

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

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return
Domestic Equity	25.00	%	5.15%
International Equity	20.00		5.00%
Global Equity	12.00		5.15%
Fixed Income	18.00		2.75%
Real Estate	10.00		3.50%
Private Equity	10.00		6.25%
Infrastructure	2.00		3.85%
Private Credit	2.00		4.90%
Cash Equivalents	1.00		0.50%
Total	100.00	%	

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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$ 428,070,686	$ 330,264,371	$ 250,217,305

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 11 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were $392,278 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 $8,323,781 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 1.48962416 percent. This was an increase of 0.04019565 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 ($58,369). 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	$ 1,719,533	$ 1,474,922
Changes of assumptions	328,164	635,414
Net difference between projected and actual earnings on OPEB plan investments	328	
Changes in proportion and differences between District contributions and proportionate share of contributions	718,556	
District contributions subsequent to the measurement date	392,278	
Total	$ 3,158,859	$ 2,110,336

$392,278 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2026	$ (69,734)
2027	(4,643)
2028	169,819
2029	296,532
2030	226,983
Thereafter	37,288

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

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.94%
Prior Measurement Date	3.66%
Year FNP is projected to be depleted	

Measurement Date	2024
Prior Measurement Date	2023
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	3.94%
Measurement Date	3.66%
Prior Measurement Date	
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	$ 9,074,075	$ 8,323,781	$ 7,669,017

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	$ 7,774,870	$ 8,323,781	$ 8,935,734

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 12– 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 $4,514,209.

Correction of an Error in Previously Issued Financial Statements

Net capital assets in prior periods were incorrectly overstated. Certain original capital asset costs were overstated by $28,853, while other original asset costs were understated by $16,279. Prior years' depreciation was understated by $6,938. The net effect on the presentation of beginning capital assets was ($19,512).

The net OPEB liability was understated by $4 in the prior year.

The net Pension liability was understated by $1 in the prior year.

Prior years' amortization of intangible lease assets was understated by $88,004.

Certain assets and liabilities were incorrectly stated in prior periods. The net effect of the over- and under-statement of these assets and liabilities was $28,234.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, changes within the financial reporting entity, change in accounting principle, and error corrections 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	District Construction Fund	2023 Limited Tax CP Fund	Other Governmental Funds	Governmental Activities
June 30, 2024, as previously reported	$ 43,506,374	$ 31,409,208	$ 5,481,606	$ 12,893,184	$ 86,254,861
Change in Accounting Principal					(4,514,209)
Change from major to nonmjor fund			(5,481,606)	5,481,606	
Error Correction - Capital Assets					(19,512)
Error Correction - OPEB Liability					(4)
Error Correction - Pension Liability					(1)
Error Correction - Amortization Expense					(88,004)
Error Correction - Asset/Liability	(620)	28,854			28,234
July 1, 2024, as adjusted or restated	$ 43,505,754	$ 31,438,062	$ -	$ 18,374,790	$ 81,661,365

Note 13 – Contingencies

Federal Grants – The 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 District.

Litigation – The 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 District with respect to the various proceedings. However, the 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 District.

Note 14 – Risk Management

The 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.

Note 15 – Insurance Recovery

The Madison County School District received $27,522 in insurance loss recoveries related to property damage sustained during year 2025. Repairs to the insured property were made by the district in year 2025. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated among the expense functions based on the following percentages:

	Amount	Percentage
Governmental activities:		
Support	$ 27,522	100%
	$ 27,522	

Note 16 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of ($207,919,496) 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 $17,736,081 resulting from the 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 $44,217,036 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 ($207,919,496) 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 $392,278 resulting from the 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 $2,766,581 balance of deferred outflow of resources related to OPEB at June 30, 2025, will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of ($207,919,496) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The $2,110,336 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 ($207,919,496) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The $12,660,252 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 47 years.

Note 17 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Madison County School District evaluated the activity of the district through January 23, 2026, the date the financial statements were available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

The District issued a shortfall note in the amount of $5,218,942 on October 2, 2025, as a remedy for a tax revenue shortfall occurring during the 2025 year. The note was issued at an annual rate of 4.55% and will be repaid over a three-year period. The first payment is due October 2, 2026. The note was issued under Section 37-57-108 and 27-39-333, Mississippi Code Ann. (1972).

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 89,771,292	$ 91,409,880	$ 91,438,283	$ 1,638,588	$ 28,403
State sources	81,353,303	82,180,965	82,180,965	827,662	-
Federal sources		1,150,238	1,150,238	1,150,238	-
Sixteenth section	905,767	1,548,911	1,721,629	643,144	172,718
Total Revenues	172,030,362	176,289,994	176,491,115	4,259,632	201,121
Expenditures:					
Instruction	101,424,384	96,161,224	96,161,224	5,263,160	-
Support services	66,147,241	64,994,421	64,743,571	1,152,820	250,850
Sixteenth section	208,156	279,530	279,530	(71,374)	-
Facilities acquisition and construction		934,089	934,089	(934,089)	-
Debt service:					
Principal			241,820	-	(241,820)
Interest			9,030	-	(9,030)
Total Expenditures	167,779,781	162,369,264	162,369,264	5,410,517	-
Excess (Deficiency) of Revenues over (under) Expenditures	4,250,581	13,920,730	14,121,851	9,670,149	201,121
Other Financing Sources (Uses):					
Bonds and notes issued		897,045	897,045	897,045	-
Insurance recovery		27,522	27,522	27,522	-
Sale of transportation equipment		3,500	3,500	3,500	-
Sale of other property		112,945	112,945	112,945	-
Operating transfers in	23,294,518	28,356,950	737,323	5,062,432	(27,619,627)
Gain on remeasurement of leases			64,192	-	64,192
Operating transfers out	(31,534,937)	(35,511,637)	(7,892,010)	(3,976,700)	27,619,627
Total Other Financing Sources (Uses)	(8,240,419)	(6,113,675)	(6,049,483)	2,126,744	64,192
Net Change in Fund Balances	(3,989,838)	7,807,055	8,072,368	11,796,893	265,313
Fund Balances:					
July 1, 2024, as originally reported	35,015,482	43,486,440	43,506,374	8,470,958	19,934
Error correction	0	(620)	(620)	(620)	-
July 1, 2024, as restated	35,015,482	43,485,820	43,505,754	8,470,338	19,934
June 30, 2025	$ 31,025,644	$ 51,292,875	$ 51,578,122	$ 20,267,231	$ 285,247

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	1.271841%	1.263942%	1.211860%	1.195482%	1.177350%	1.132755%	1.101958%	1.072664%	1.016394%	0.990482%
District's proportionate share of the net pension liability	$330,264,371	$317,898,097	$249,444,888	$176,697,464	$227,921,279	$199,273,954	$183,288,355	$178,313,163	$181,553,348	$153,108,985
District's covered payroll	$ 97,464,006	$ 93,692,994	$ 83,428,236	$ 79,487,420	$ 78,396,925	$ 73,773,403	$ 70,370,552	$ 68,812,006	$ 65,021,194	$ 61,879,663
District's proportionate share of the net pension liability as a percentage of its covered payroll	338.86%	339.30%	298.99%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	56.30%	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

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

Madison County School District
Schedule of District Contributions
PERS
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$17,736,081	$16,958,737	$16,302,581	$14,516,513	$13,830,811	$13,641,065	$11,619,311	$11,083,362	$10,837,891	$10,240,838
Contributions in relation to the contractually required contribution	$17,736,081	$16,958,737	$16,302,581	$14,516,513	$13,830,811	$13,641,065	$11,619,311	$11,083,362	$10,837,891	$10,240,838
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	$99,084,251	$97,464,006	$93,692,994	$83,428,236	$79,487,420	$78,396,925	$73,773,403	$70,370,552	$68,812,006	$65,021,194
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%

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

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

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

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	1.48962416%	1.44942851%	1.41281114%	1.37358323%	1.32917714%	1.29353795%	1.26346794%	1.22650018%
District's proportionate share of the net OPEB liability	$ 8,323,781	$ 8,020,775	$ 6,960,694	$ 8,841,508	$ 10,343,763	$ 10,976,200	$ 9,773,556	$ 9,623,231
District's covered-employee payroll	$ 97,464,006	$ 93,692,994	$ 83,428,236	$ 79,487,420	$ 64,057,778	$ 59,236,613	$ 57,145,796	$ 55,103,280
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	8.54%	8.56%	8.34%	11.12%	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 6/30 of the year prior to the fiscal year presented.

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

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

Madison County School District
Schedule of District Contributions
OPEB
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarily determined contribution	$ 392,278	$ 363,860	$ 351,700	$ 283,664	$ 355,372	$ 412,508	$ 439,980	$ 410,253
Contributions in relation to the actuarily determined contribution	$ 392,278	$ 363,860	$ 351,700	$ 283,664	$ 355,372	$ 412,508	$ 439,980	$ 410,253
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 99,084,251	$ 97,464,006	$ 93,692,994	$ 83,428,236	$ 79,487,420	$ 78,396,925	$ 73,773,403	$ 71,960,969
Contributions as a percentage of covered-employee payroll	0.40%	0.37%	0.38%	0.34%	0.45%	0.53%	0.60%	0.57%

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

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

Madison County 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 and each major Special Revenue Fund (if applicable) 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 increased from 6% to 7%.

2019:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: for males, 137% of male rates at all ages; for females, 115% of female rates at all ages; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

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

The percentage of active member disabilities assumed to be in the line of duty 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 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 increased from 9% to 12%.
The percentage of active member deaths assumed to be in the line of duty decreased from 6% to 4%.

2023:

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

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

Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely. The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.

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

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

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

(2) Changes in benefit provisions

2016:

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

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

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

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

OPEB Schedules

(1) Changes of assumptions

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

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

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

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

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

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

2023: The discount rate was changed from 3.37% for the prior Measurement Date to 3.66% for the current Measurement Date. Withdrawal rates, disability rates, service retirement rates and salary merit rates were adjusted to reflect actual experience more closely.
2024: The discount rate was changed from 3.66% for the prior Measurement Date to 3.94% for the current Measurement Date. Withdrawal rates, disability rates, service retirement rates and salary merit rates were adjusted to reflect actual experience more closely.

(2) Changes in benefit provisions

2017: None

2018: None

2019: None

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

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

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

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

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

(3) Methods and assumptions used in calculations of Actuarially Determined Contributions.

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

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

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Supplementary Information

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

Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through Mississippi Department of Education:			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	245MS326N1099	$ 640,691
National School Lunch Program	10.555	245MS326N1099	3,082,269
National School Lunch Program - commodities	10.555	245MS326N1099	239,281
Total National School Lunch Program			3,321,550
Total Child Nutrition Cluster			3,962,241
Administrative Expense Reimbursement	10.560	245MS907N2533	13,334
Total Passed-through Mississippi Department of Education			3,975,575
Total U.S. Department of Agriculture			3,975,575
U.S. Department of Defense			
Direct Program:			
Reserve Officers' Training Corps	12.U01	N/A	305,791
Total U.S. Department of Defense			305,791
U.S. Department of Education			
Passed-through Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A210024 S010A220024 S010A230024 S010A240024	2,272,368
Career and Technical Education - Basic Grants to States	84.048	V048A240024	163,079
English Language Acquisition Grants	84.365	S365A210024 S365A220024 S365A230024 S365A240024	105,863
Supporting Effective Instruction State Grants	84.367	S367A210023 S367A220023 S367A230023 S367A240023	539,660
Student support and academic enrichment program	84.424	S424A210025 S424A220025 S424A230025 S424A240025	169,323
Subtotal			3,250,293
Special education cluster:			
Special education - grants to states	84.027	H027A220108 H027A230108 H027A240108	3,948,442
Subtotal			3,948,442
Special education - preschool grants	84.173	H173A220113 H173A230113 H173A240113	96,993
Subtotal			96,993
Total special education cluster			4,045,435
Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	101,002
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			101,002
Total passed-through Mississippi Department of Education			7,396,730
Total U.S. Department of Education			7,396,730

MADISON COUNTY SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards - Continued
For the Year Ended June 30, 2025

U.S. Department of Health and Human Services			
Passed-through the Mississippi Department of Education:			
Medicaid Cluster:			
Medical Assistance Program	93.778	2205MS5ADM	50,057
Total Medicaid Cluster			50,057
Total Passed-through Mississippi Department of Education			50,057
Total U.S. Department of Health and Human Services			50,057
Social Security Administration			
Passed-through the Mississippi Department of Rehabilitation Services:			
Disability Insurance/SSI Cluster:			
Social Security Disability Insurance	96.001	(2025-A2)	1,498
Total Passed-through Mississippi Department Rehabilitation Services			1,498
Total Social Security Administration			1,498
U. S. Department of Homeland Security			
Passed-through the Mississippi Emergency Management Agency			
Disaster Grants - Public Assistance	97.036		413,793
Total U. S. Department of Homeland Security			413,793
Total for All Federal Awards			$ 12,143,444

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

Madison County School District
Notes to the Supplementary Information
For the Year Ended June 30, 2025

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$ 135,024,258	111,874,116	4,527,977	10,203,146	8,419,019
Other	79,098,121	10,589,713	839,474	242,781	67,426,153
Total	$ 214,122,379	122,463,829	5,367,451	10,445,927	75,845,172
Total number of students *	12,909				
Cost per student	$ 16,587	9,487	416	809	5,875

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

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

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

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

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

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

Other Information

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

	2025	2024*	2023*	2022*
Revenues:				
Local sources	$ 91,438,283	$ 84,397,757	$ 76,910,941	$ 70,298,775
State sources	82,180,965	81,352,028	76,992,884	67,669,132
Federal sources	1,150,238	700,319	131,470	16,169
Sixteenth section sources	1,721,629	1,859,173	1,609,935	876,155
Total Revenues	176,491,115	168,309,277	155,645,230	138,860,231
Expenditures:				
Instruction	96,161,224	96,157,250	89,225,255	79,157,216
Support services	64,743,571	56,538,424	52,559,397	46,197,809
Noninstructional				18
Sixteenth section	279,530	233,062	365,322	209,180
Facilities acquisition and construction	934,089	354,106	231,654	40,841
Debt service:				
Principal	241,820	336,591	673,864	181,627
Interest	9,030	20,751	52,733	23,633
Total Expenditures	162,369,264	153,640,184	143,108,225	125,810,324
Excess (Deficiency) of Revenues over (under) Expenditures	14,121,851	14,669,093	12,537,005	13,049,907
Other Financing Sources (Uses):				
Proceeds of Debt/Bonds and notes issued	897,045			
Leases issued			268,976	64,086
Subscription IT liabilities issued			272,848	
Insurance loss recoveries	27,522		23,760	19,902
Sale of assets/property	116,445	1,655,364	27,840	33,629
Gain on termination/remeasurement of leases	64,192	23,693		
Operating transfers in	737,323	1,025,094	1,063,837	334,097
Operating transfers out	(7,892,010)	(13,909,569)	(7,463,901)	(30,001,180)
Total Other Financing Sources (Uses)	(6,049,483)	(11,205,418)	(5,806,640)	(29,549,466)
Net Change in Fund Balances	8,072,368	3,463,675	6,730,365	(16,499,559)
Fund Balances:				
Beginning of period, as previously reported	43,506,374	40,051,194	33,333,324	49,834,917
Accounting changes or error corrections	(620)	(8,495)	(12,495)	(2,034)
Beginning of period, as restated	43,505,754	40,042,699	33,320,829	49,832,883
End of Period	$ 51,578,122	$ 43,506,374	$ 40,051,194	$ 33,333,324

*SOURCE - PRIOR YEAR AUDIT REPORTS

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

	2025	2024*	2023*	2022*
Revenues:				
Local sources	$ 104,296,285	$ 97,971,761	$ 92,023,176	$ 81,405,993
State sources	84,129,886	83,312,574	78,776,835	69,260,152
Federal sources	13,292,185	19,763,839	17,868,708	18,540,133
Sixteenth section sources	1,886,980	1,986,417	1,627,802	820,452
Total Revenues	203,605,336	203,034,591	190,296,521	170,026,730
Expenditures:				
Instruction	103,500,921	111,257,772	102,559,144	89,504,502
Support services	74,146,335	62,574,582	58,121,922	51,481,604
Noninstructional services	6,401,844	6,535,365	7,335,061	7,795,250
Sixteenth section	290,530	244,081	375,289	231,344
Facilities acquisition and construction	21,437,410	43,744,927	11,536,400	5,128,387
Debt service:				
Principal	6,839,194	11,500,524	11,174,034	10,399,038
Interest	1,494,549	1,906,176	804,975	1,158,012
Other	11,596	10,816	411,482	9,840
Total Expenditures	214,122,379	237,774,243	192,318,307	165,707,977
Excess (Deficiency) of Revenues over (under) Expenditures	(10,517,043)	(34,739,652)	(2,021,786)	4,318,753
Other Financing Sources (Uses):				
Proceeds of debt/bonds and notes issued	929,374		40,000,000	
Leases issued			268,976	64,086
Subscription IT liabilities issued			295,212	
Insurance recoveries	27,522		23,760	19,902
Sale of assets/property	116,445	1,655,364	27,840	33,691
Gain on termination/remeasurement of leases	64,192	23,693		
Payments held by escrow agent	225,000	225,000	225,000	236,427
Payments to QSCB escrow agent	(225,000)	(225,000)	(225,000)	(236,427)
Operating transfers in	8,629,333	14,934,663	9,010,577	30,335,277
Operating transfers out	(8,629,333)	(14,934,663)	(9,010,577)	(30,335,277)
Other financing uses		(6,688)		
Total Other Financing Sources (Uses)	1,137,533	1,672,369	40,615,788	117,679
Net Change in Fund Balances	(9,379,510)	(33,067,283)	38,594,002	4,436,432
Fund Balances:				
Beginning of period, as previously reported	93,290,372	126,439,809	87,797,696	83,312,531
Accounting changes or error corrections	28,234	(8,495)	(12,495)	(2,034)
Beginning of period, as restated	93,318,606	126,431,314	87,785,201	83,310,497
Increase (Decrease) in reserve for inventory	(10,348)	(73,659)	60,606	50,767
End of Period	$ 83,928,748	$ 93,290,372	$126,439,809	$ 87,797,696

*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
Madison County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Madison County School District's basic financial statements, and have issued our report thereon dated January 23, 2026

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Madison County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Stephen D. Myrick, C.P.A., L.L.C.
Quitman, Mississippi
January 23, 2026

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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
Madison County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Madison County School District's compliance with the requirements of each major federal program as a whole.

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

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

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

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 CPA LLC

Stephen D. Myrick, C.P.A., L.L.C.
Quitman, Mississippi
January 23, 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
Madison County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison County School District as of and for the year ended June 30, 2025, which collectively comprise Madison County School District's basic financial statements and have issued our report thereon dated January 23, 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 insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

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

Stephen D. Myrick CPA LLC

Stephen D. Myrick, C.P.A., L.L.C.
Quitman, Mississippi
January 23, 2026

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Schedule of Findings and Questioned Costs

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

Section I: Summary of Auditor's Results

Financial Statements:

1.	Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
2.	Internal control over financial reporting:	
	a. Material weakness(es) identified?	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:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.027; 84.173	Special Education Cluster

8.	Dollar threshold used to distinguish between type A and type B programs:	$750,000
9.	Auditee qualified as low-risk auditee?	Yes
10.	Prior fiscal year audit 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.