

GEORGE COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2025

GEORGE COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	15
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	16
Exhibit B – Statement of Activities	17
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	18
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	20
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	21
Notes to the Financial Statements	22
REQUIRED SUPPLEMENTARY INFORMATION	48
Budgetary Comparison Schedule – General Fund	49
Schedule of the District's Proportionate Share of the Net Pension Liability	50
Schedule of the District Contributions (PERS)	51
Schedule of the District's Proportionate Share of the Net OPEB Liability	52
Schedule of District Contributions (OPEB)	53
Notes to the Required Supplementary Information	54
SUPPLEMENTARY INFORMATION	59
Schedule of Expenditures of Federal Awards	60
Notes to the Supplementary Information	61
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	62
OTHER INFORMATION	63
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	64
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	65
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	66
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	67
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	69
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	72
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	73

INDEPENDENT AUDITOR'S REPORT

BROWN CPA, PLLC

7708 Old Canton Road, Suite A
Madison, MS 39110

Phone: 601-325-6013
Fax: 601-202-3038

clint.brown@brownafcs.com

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
George 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 George 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 George 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 George 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 George 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 George 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 George 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 George 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 George 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds

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

Other Information

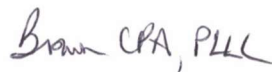
Management is responsible for the other information included in the annual report. The other information comprises the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2026, on our consideration of the George 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 George 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 George County School District’s internal control over financial reporting and compliance.

Brown CPA, PLLC
Madison, Mississippi
February 10, 2026



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of George 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 \$2,978,383, including an error correction of \$379,896 and a change in accounting principle of (\$713,506), which represents a 10% decrease from fiscal year 2024. Total net position for 2024 decreased \$4,359,699, which represents a 17% decrease from fiscal year 2023.
- General revenues amounted to \$39,892,707 and \$33,600,015, or 80% and 70% of all revenues for fiscal years 2025 and 2024, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,042,725, or 20% of total revenues for 2025, and \$14,229,918, or 30% of total revenues for 2024.
- The District had \$52,580,205 and \$52,189,632 in expenses for fiscal years 2025 and 2024; only \$10,042,725 for 2025 and \$14,229,918 for 2024 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$39,892,707 for 2025 and \$33,600,015 for 2024 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$39,679,308 in revenues and \$35,061,760 in expenditures for 2025, and \$36,502,171 in revenues and \$35,886,098 in expenditures for 2024. The General Fund's fund balance increased by \$3,622,627, including an error correction of \$344,060, from 2024 to 2025, and increased by \$106,105 from 2023 to 2024.
- Capital assets, including leased assets, net of accumulated depreciation and amortization, increased by \$201,314 for 2025, and increased by \$2,271,181, for 2024. The increase for 2025 was due primarily to the additions of land, mobile equipment and furniture and equipment.
- Long-term debt, including compensated absences and lease liabilities, decreased by \$795,182, including a change in accounting principle of \$713,506 for 2025, and increased by \$129,998 for 2024. The decrease for 2025 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$766,112, including a change in accounting principle of \$713,506 for 2025 and decreased by \$13,892 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.

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

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 currently reported as 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

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

statements but are not reported on governmental funds financial statements.

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$33,291,616 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.

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

Table 1
Condensed Statement of Net Position

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	Percentage Change
Current assets	\$ 18,889,344	\$ 14,760,727	27.97 %
Restricted assets	3,798,306	5,123,871	-25.87 %
Lease receivable	306,187	353,822	-13.46 %
Capital assets, net	27,755,712	27,554,398	0.73 %
Total assets	<u>50,749,549</u>	<u>47,792,818</u>	6.19 %
Deferred outflows of resources	<u>19,228,766</u>	<u>22,201,302</u>	-13.39 %
Current liabilities	2,263,289	2,466,060	-8.22 %
Long-term debt outstanding	9,633,325	10,302,438	-6.49 %
Lease liability	132,519	258,588	-48.75 %
Net OPEB liability	2,552,975	2,669,292	-4.36 %
Net pension liability	81,758,440	83,180,697	-1.71 %
Total liabilities	<u>96,340,548</u>	<u>98,877,075</u>	-2.57 %
Deferred inflows of resources	<u>6,929,383</u>	<u>1,430,278</u>	384.48 %
Net position:			
Net investment in capital assets	19,335,685	17,537,140	10.26 %
Restricted	7,328,094	8,173,076	-10.34 %
Unrestricted	(59,955,395)	(56,023,449)	-7.02 %
Total net position (deficit)	<u>\$ (33,291,616)</u>	<u>\$ (30,313,233)</u>	-9.83 %

Error corrections that impacted prior fiscal years were made during the fiscal year ending June 30, 2025. Additional information and further explanation can be found in Note 15 of this report. Due to the immateriality of the result upon the affected funds, restatement to the individual impacted line items of the prior periods were not made to this schedule.

The District implemented GASB 101, *Compensated Absences*, which resulted in an adjustment to beginning net position in the Government-wide financial statements. Additional information and further explanation can be found in Note 15 of this report.

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (59,955,395)
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	71,803,094
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 11,847,699</u>

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

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

- Increase in net capital assets in the amount of \$201,314, including lease assets.
- Implementation of GASB Statement No. 101, *Compensated Absences*, which resulted in an adjustment to the beginning net position in the amount of (\$713,506).
- The principal retirement of \$2,631,831 of long-term debt.
- The principal payment of lease liabilities of \$126,069.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2025 and June 30, 2024 were \$49,935,432 and \$47,829,933, respectively. The total cost of all programs and services was \$52,580,205 for 2025 and \$52,189,632 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.

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

Table 2
Condensed Statement of Activities

	<u>Year Ended June 30, 2025</u>	<u>Year Ended June 30, 2024</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 1,167,398	\$ 1,040,197	12.23 %
Operating grants and contributions	8,875,327	12,951,665	-31.47 %
Capital Grants and Contributions	-	238,056	-100.00 %
General revenues:			
Property taxes	8,687,680	8,373,349	3.75 %
Grants and contributions not restricted	29,638,914	23,695,624	25.08 %
Investment earnings	734,089	631,314	16.28 %
Sixteenth section sources	74,830	283,126	-73.57 %
Other	757,194	616,602	22.80 %
Total revenues	<u>49,935,432</u>	<u>47,829,933</u>	4.40 %
Expenses:			
Instruction	23,760,766	22,883,183	3.84 %
Support services	14,526,045	14,552,929	-0.18 %
Non-instructional	2,737,874	3,347,390	-18.21 %
Sixteenth section	10,419	13,496	-22.80 %
Pension expense	11,457,931	11,363,506	0.83 %
OPEB expense	(75,994)	(100,917)	24.70 %
Interest on long-term liabilities	163,164	130,045	25.47 %
Total expenses	<u>52,580,205</u>	<u>52,189,632</u>	0.75 %
Increase (Decrease) in net position	<u>(2,644,773)</u>	<u>(4,359,699)</u>	39.34 %
Net Position (deficit), July 1, as previously reported	(30,313,233)	(25,953,534)	-16.80 %
Adjustment or restatements	(333,610)		N/A %
Net Position (deficit), July 1, as restated	<u>(30,646,843)</u>	<u>(25,953,534)</u>	-18.08 %
Net Position (deficit), June 30	<u>\$ (33,291,616)</u>	<u>\$ (30,313,233)</u>	-9.83 %

Error corrections that impacted prior fiscal years were made during the fiscal year ending June 30, 2025. Additional information and further explanation can be found in Note 15 of this report. Due to the immateriality of the result upon the affected funds, restatement to the individual impacted line items of the prior periods were not made to this schedule.

The District implemented GASB 101, *Compensated Absences*, which resulted in an adjustment to beginning net position in the Government-wide financial statements. Additional information and further explanation can be found in Note 15 of this report.

Governmental activities

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

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2025	2024	
Instruction	\$ 23,760,766	\$ 22,883,183	3.84 %
Support services	14,526,045	14,552,929	-0.18 %
Non-instructional	2,737,874	3,347,390	-18.21 %
Sixteenth section	10,419	13,496	-22.80 %
Pension Expense	11,457,931	11,363,506	0.83 %
OPEB Expense	(75,994)	(100,917)	24.70 %
Interest on long-term liabilities	163,164	130,045	25.47 %
Total expenses	\$ 52,580,205	\$ 52,189,632	0.75 %

	Net (Expense) Revenue		Percentage Change
	2025	2024	
Instruction	\$ (18,643,711)	\$ (14,339,429)	-30.02 %
Support services	(12,437,153)	(11,261,342)	-10.44 %
Non-instructional	98,904	(952,813)	110.38 %
Sixteenth section	(10,419)	(13,496)	22.80 %
Pension Expense	(11,457,931)	(11,363,506)	-0.83 %
OPEB Expense	75,994	100,917	-24.70 %
Interest on long-term liabilities	(163,164)	(130,045)	-25.47 %
Total net (expense) revenue	\$ (42,537,480)	\$ (37,959,714)	-12.06 %

- Net cost of governmental activities (\$42,537,480 for 2025 and \$37,959,714 for 2024) was financed by general revenue, which is primarily made up of property taxes (\$8,687,680 for 2025 and \$8,373,349 for 2024) and state and federal revenues (\$29,638,914 for 2025 and \$23,695,624 for 2024). In addition, there was \$74,830 and \$283,126 in sixteenth section sources for 2025 and 2024.
- Investment earnings amounted to \$734,089 for 2025 and \$631,314 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 \$20,476,353, an increase of \$3,035,199, including an error correction of \$379,896 and an increase in inventory of \$35,837. \$11,847,870, or 58% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$8,628,483, or 42% is either non-spendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$3,622,627, including an error correction of \$344,060. The fund balance of

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

Other Governmental Funds showed a decrease in the amount of \$3,086,376, which includes an error correction of (\$240,501), a change in financial reporting entity – from non-major to major fund for (\$1,898,685) and an increase in inventory of \$35,837. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
QSCB 2013 Fund	2,498,948

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2025, the District's total capital assets, were \$53,660,482, including land, construction in progress, school buildings, building improvements and other improvements, buses, other school vehicles, furniture and equipment and lease assets. This amount represents an increase of \$1,613,942 from 2024. Total accumulated depreciation/amortization as of June 30, 2025, was \$25,904,770, and total depreciation/amortization expense for the year was \$1,432,892, resulting in total net capital assets of \$27,755,712.

Table 4
Capital Asset, Net of Accumulated Depreciation/Amortization

	June 30, 2025	June 30, 2024	Percentage Change
Land	\$ 530,657	\$ 530,657	0.00 %
Construction in Progress	662,523	3,148,592	-78.96 %
Buildings	19,854,594	18,304,325	8.47 %
Building improvements	3,694,701	2,787,815	32.53 %
Improvements other than buildings	246,842	265,865	-7.16 %
Mobile equipment	2,080,705	1,809,107	15.01 %
Furniture and equipment	559,517	455,690	22.78 %
Leased Assets	126,173	252,347	-50.00 %
Total	\$ 27,755,712	\$ 27,554,398	0.73 %

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

Debt Administration. At June 30, 2025, the District had \$9,765,844 in outstanding long-term debt, of which \$1,053,792 is due within one year. During the fiscal year, the District made principal payments totaling \$2,757,900 on outstanding long-term debt. The liability for compensated absences increased \$766,112, including a change in accounting principle of \$713,506, from the prior year.

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

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Percentage Change</u>
General obligation refunding bonds payable	2,330,000	2,569,000	-9.30 %
Three mill notes payable	2,457,000	1,622,000	51.48 %
Shortfall notes payable	244,867	192,915	26.93 %
Lease liabilities	132,519	258,588	-48.75 %
Installment purchase loans payable	12,608	20,785	-39.34 %
Qualified school construction bonds payable	3,000,000	5,000,000	-40.00 %
Other loans payable	600,000	675,000	-11.11 %
Compensated absences payable	988,850	222,738	343.95 %
Total	<u>\$ 9,765,844</u>	<u>\$ 10,561,026</u>	-7.53 %

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the George County School District, 494 Cowart Street, Lucedale, MS 39452

FINANCIAL STATEMENTS

GEORGE COUNTY SCHOOL DISTRICT

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 17,500,572
Due from other governments	1,347,887
Lease receivable	306,187
Inventories	40,885
Restricted assets	3,798,306
Capital assets, non-depreciable:	
Land	530,657
Construction in progress	662,523
Capital assets, net of accumulated depreciation:	
Buildings	19,854,594
Building improvements	3,694,701
Improvements other than buildings	246,842
Mobile equipment	2,080,705
Furniture and equipment	559,517
Leased Assets	126,173
Total Assets	50,749,549
Deferred Outflows of Resources	
Deferred outflows - advance refunding of debt	112,100
Deferred outflows - pensions	18,283,507
Deferred outflows - OPEB	833,159
Total Deferred Outflows of Resources	19,228,766
Liabilities	
Accounts payable and accrued liabilities	2,196,446
Interest payable on long-term liabilities	66,843
Long-term liabilities, due within one year:	
Lease liabilities	132,519
Capital related liabilities	727,851
Non-capital related liabilities	193,422
Net OPEB liability	115,838
Long-term liabilities, due beyond one year:	-
Capital related liabilities	7,671,757
Non-capital related liabilities	1,040,295
Net pension liability	81,758,440
Net OPEB liability	2,437,137
Total Liabilities	96,340,548
Deferred Inflows of Resources	
Deferred inflows - pensions	5,826,365
Deferred inflows - OPEB	781,980
Deferred inflows - leases	321,038
Total Deferred Inflows of Resources	6,929,383
Net Position	
Net investment in capital assets	19,335,685
Restricted for:	
Expendable:	
School-based activities	1,697,763
Debt service	3,552,481
Capital improvements	1,402,404
Forestry improvements	358,633
Unemployment benefits	111,802
Non-expendable:	
Sixteenth section	205,011
Unrestricted	(59,955,395)
Total Net Position (deficit)	\$ (33,291,616)

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

GEORGE COUNTY SCHOOL DISTRICT

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

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 23,760,766	\$ 813,873	4,303,182	(18,643,711)
Support services	14,526,045	-	2,088,892	(12,437,153)
Non-instructional	2,737,874	353,525	2,483,253	98,904
Sixteenth section	10,419	-	-	(10,419)
Pension expense	11,457,931	-	-	(11,457,931)
OPEB expense	(75,994)	-	-	75,994
Interest on long-term liabilities	163,164	-	-	(163,164)
Total Governmental Activities	\$ 52,580,205	\$ 1,167,398	8,875,327	(42,537,480)

General Revenues:

Taxes:

General purpose levies 7,725,715

Debt purpose levies 961,965

Unrestricted grants and contributions:

State 29,445,938

Federal 192,976

Unrestricted investment earnings 734,089

Sixteenth section sources 74,830

Other 757,194

Total General Revenues 39,892,707

Change in Net Position (2,644,773)

Net Position (deficit) - Beginning, as previously reported (30,313,233)

Adjustment or restatement (333,610)

Net Position (deficit) - Beginning, as restated (30,646,843)

Net Position (deficit) - Ending (33,291,616)

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

GEORGE COUNTY SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2025

Exhibit C

	Major Funds			
	General Fund	QSCB 2013 Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 13,657,719	\$ -	\$ 5,142,187	\$ 18,799,906
Cash with fiscal agents	-	-	24	24
Investments	-	2,498,948	-	2,498,948
Due from other governments	567,500	-	780,387	1,347,887
Lease receivable	306,187	-	-	306,187
Due from other funds	743,851	-	-	743,851
Inventories	-	-	40,885	40,885
Total Assets	\$ 15,275,257	\$ 2,498,948	\$ 5,963,483	\$ 23,737,688
 <u>Liabilities, Deferred Inflows of Resources,</u>				
<u>and Fund Balances:</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,872,803	\$ -	\$ 323,643	\$ 2,196,446
Due to other funds	-	-	743,851	743,851
Total Liabilities	1,872,803	-	1,067,494	2,940,297
 Deferred Inflows of Resources				
Leases	321,038	-	-	321,038
Total Deferred Inflows of Resources	321,038	-	-	321,038
 Fund Balances:				
Nonspendable:				
Inventory	-	-	40,885	40,885
Permanent fund principal	-	-	205,011	205,011
Restricted:				
Debt service	-	2,498,948	1,120,376	3,619,324
Capital projects	-	-	1,402,404	1,402,404
Forestry improvement purposes	-	-	358,633	358,633
Grant activities	-	-	1,238,255	1,238,255
Unemployment benefits	-	-	111,802	111,802
Food service	-	-	418,623	418,623
Assigned:				
Capital improvements	621,707	-	-	621,707
Student activities	611,839	-	-	611,839
Unassigned	11,847,870	-	-	11,847,870
Total Fund Balances	13,081,416	2,498,948	4,895,989	20,476,353
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,275,257	\$ 2,498,948	\$ 5,963,483	\$ 23,737,688

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

**GEORGE COUNTY SCHOOL DISTRICT
Governmental Funds**

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

Exhibit C-1

Total fund balances for governmental funds \$ 20,476,353

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	\$	530,657	
Construction in progress		662,523	
Buildings		37,106,797	
Building improvements		5,802,368	
Improvements other than buildings		1,167,034	
Mobile equipment		5,762,583	
Furniture and equipment		2,249,999	
Accumulated depreciation		(25,652,422)	
Leased assets		378,521	
Accumulated amortization		<u>(252,348)</u>	27,755,712

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		(81,758,440)	
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions		18,283,507	
Deferred inflows of resources related to pensions		<u>(5,826,365)</u>	(69,301,298)

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

Net OPEB liability		(2,552,975)	
--------------------	--	-------------	--

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		833,159	
Deferred inflows of resources related to OPEB		<u>(781,980)</u>	(2,501,796)

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

General obligation bonds		(2,330,000)	
Other bonds payable		(3,000,000)	
Notes payable		(2,701,867)	
Loans payable		(612,608)	
Lease liabilities		(132,519)	
Compensated absences		(988,850)	
Unamortized charges		112,100	
Accrued interest payable		<u>(66,843)</u>	(9,720,587)

Net Position of governmental activities			\$ (33,291,616)
--	--	--	------------------------

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

GEORGE COUNTY SCHOOL DISTRICT
Governmental Funds

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

Exhibit D

	Major Funds			Total Governmental Funds
	General Fund	QSCB 2013 Fund	Other Governmental Funds	
Revenues:				
Local sources	\$ 9,475,740	\$ 113,147	\$ 1,719,927	\$ 11,308,814
State sources	29,917,631	-	1,931,984	31,849,615
Federal sources	192,976	-	6,471,657	6,664,633
Sixteenth section sources	92,961	-	19,409	112,370
Total Revenues	39,679,308	113,147	10,142,977	49,935,432
Expenditures:				
Instruction	21,176,500	-	5,102,368	26,278,868
Support services	13,507,292	-	2,295,720	15,803,012
Noninstructional services	10,379	-	2,762,217	2,772,596
Sixteenth section	769	-	9,650	10,419
Facilities acquisition and construction	144,234	-	649,023	793,257
Debt service:				
Principal	209,246	-	2,548,654	2,757,900
Interest	13,340	-	82,828	96,168
Other	-	-	602	602
Total Expenditures	35,061,760	-	13,451,062	48,512,822
Excess (Deficiency) of Revenues over (under) Expenditures	4,617,548	113,147	(3,308,085)	1,422,610
Other Financing Sources (Uses):				
Loans issued	1,196,606	-	-	1,196,606
Payments held by escrow agent	-	210,779	87,953	298,732
Payment to QSCB debt escrow agent	-	-	(298,732)	(298,732)
Sale of transportation equipment	250	-	-	250
Operating transfers in	481,863	-	3,484,515	3,966,378
Operating transfers out	(3,017,700)	-	(948,678)	(3,966,378)
Total Other Financing Sources (Uses)	(1,338,981)	210,779	2,325,058	1,196,856
Net Change in Fund Balances	3,278,567	323,926	(983,027)	2,619,466
Fund Balances:				
July 1, 2024, as previously reported	9,458,789	-	7,982,365	17,441,154
Adjustment or restatement	344,060	276,337	(240,501)	379,896
Change in financial reporting entity - non-major to major fund		1,898,685	(1,898,685)	-
July 1, 2024, as restated	9,802,849	2,175,022	5,843,179	17,821,050
Increase (Decrease) in inventory	-	-	35,837	35,837
June 30, 2025	\$ 13,081,416	\$ 2,498,948	\$ 4,895,989	\$ 20,476,353

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

**GEORGE COUNTY SCHOOL DISTRICT
Governmental Funds**

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

Exhibit D-1

Net change in fund balances - total governmental funds \$ 2,619,466

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	\$ 1,635,846	
Depreciation expense	(1,306,718)	
Amortization expense	<u>(126,174)</u>	202,954

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. (1,640)

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

Bonds, loans and notes issued	(1,196,606)	
Payments of debt principal	2,631,831	
Payments of leases principal	126,069	
Accrued interest payable	<u>(50,379)</u>	1,510,915

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

Pension expense	(11,457,931)	
Contributions subsequent to the measurement date	<u>4,319,382</u>	(7,138,549)

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

OPEB expense	75,994	
Contributions subsequent to the measurement date	<u>118,871</u>	194,865

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

Change in compensated absences	(52,606)	
Change in inventory	35,837	
Amortization of deferred charges, premiums and discounts	<u>(16,015)</u>	(32,784)

Change in Net Position of governmental activities **\$ (2,644,773)**

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

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school 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, George 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.

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

Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

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

QSCB 2013 Fund - This is a debt service fund that accounts for the sinking fund payments related to the QSCB 2013 debt issuance.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental 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

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

activities column in the government-wide financial statements.

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

The following schedule details the capitalization thresholds:

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

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

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows of resources related to advance refunding of debt
Deferred outflows of resources related to pensions
Deferred outflows of resources related to OPEB (Other post-employment benefits)

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

Deferred inflows of resources related to pensions
Deferred inflows of resources related to OPEB (Other post-employment benefits)
Deferred inflows of resources related to leases

See Notes 9, 10, and 14 for further details.

8. Compensated Absences

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

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

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

9. Leases

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

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

10. Subscription-Based Information Technology Arrangements

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

11. Long-term Liabilities and Bond Discounts/Premiums

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

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

12. Pensions

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

13. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been

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

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

14. Fund Balances

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

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

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

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

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

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

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

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

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.

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

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 are imposed by statutes as follows:

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$18,799,906.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2025, none of the district's bank balance of \$20,670,596 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$24.

Investments

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

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Government Securities	AA+	1-5 years	\$ <u>2,498,948</u>

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

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

- U.S. government securities type of investment of \$2,498,948 are valued using quoted market prices (Level 1 inputs)

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

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

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

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ <u>743,851</u>

The primary reason for the inter-fund loans was to eliminate deficit cash balances in certain federal program funds as part of routine year end closing adjustments.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 3,017,700
Other Governmental Funds	General Fund	481,863
	Other Governmental Funds	466,815
Total		\$ <u>3,966,378</u>

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

Operating transfers were primarily for the following: indirect cost transfers, cost pool transfers, debt service transfers, and other routine operating transfers.

Note 4 - Restricted Assets

The restricted assets represent the cash balance of the Sixteenth Section Principal Fund (Permanent Fund) in the amount of \$205,011, which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represent the cash balance, totaling \$1,094,323 of various debt service funds.

In addition, the restricted assets represent the cash with fiscal agents balance, totaling \$24 of the MAEP Retirement Fund.

In addition, the restricted assets represent the investment balance, totaling \$2,498,948 of the QSCB 2013 Trustmark - \$3,000,000 Fund.

Note 5 – Capital Assets

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

The term depreciation includes amortization of intangible assets.

	Balance 7/1/2024	Increases	Decreases	Completed Construction	Balance 6/30/2025
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 530,657	\$ -	\$ -	\$ -	530,657
Construction in progress	3,148,592	793,257	-	(3,279,326)	662,523
Total non-depreciable capital assets	3,679,249	793,257	-	(3,279,326)	1,193,180
<u>Depreciable capital assets:</u>					
Buildings	34,941,730	-	-	2,165,067	37,106,797
Building improvements	4,688,109	-	-	1,114,259	5,802,368
Improvements other than buildings	1,167,034	-	-	-	1,167,034
Mobile equipment	5,208,882	569,492	15,791	-	5,762,583
Furniture and equipment	1,983,015	273,097	6,113	-	2,249,999
Total depreciable capital assets	47,988,770	842,589	21,904	3,279,326	52,088,781
<u>Less accumulated depreciation for:</u>					
Buildings	16,637,405	614,798	-	-	17,252,203
Building improvements	1,900,294	207,373	-	-	2,107,667
Improvements other than buildings	901,169	19,023	-	-	920,192
Mobile equipment	3,399,775	296,315	14,212	-	3,681,878
Furniture and equipment	1,527,325	169,209	6,052	-	1,690,482
Total accumulated depreciation	24,365,968	1,306,718	20,264	-	25,652,422
Total depreciable capital assets, net	23,622,802	(464,129)	1,640	3,279,326	26,436,359
Governmental activities capital assets, net	\$ 27,302,051	\$ 329,128	\$ 1,640	\$ -	\$ 27,629,539
Lease assets, net	\$ 252,347				\$ 126,173
Total capital assets, net, as reported in SNP	\$ 27,554,398				\$ 27,755,712

Depreciation expense was charged to the following governmental functions:

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

Governmental Activities:	<u>Amount</u>
Instructional	\$ 674,536
Support services	614,701
Non-instructional	<u>17,481</u>
Total depreciation expense	<u>\$ 1,306,718</u>

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

	<u>Spent to</u>	<u>Remaining</u>
Governmental Activities:	<u>June 30, 2025</u>	<u>Commitment</u>
GCHS CTE Cultural Arts	\$ <u>662,523</u>	\$ <u>1,059,536</u>

Construction projects included in governmental activities are funded by District Maintenance Fund and various capital projects funds.

Note 6 – Intangible Right-to-Use Leased Assets

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

	<u>Balance</u>	<u>Additions</u>	<u>Balance</u>
	<u>7/1/2024</u>		<u>6/30/2025</u>
<u>Lease assets:</u>			
Furniture and equipment	\$ 378,521		378,521
Total lease assets	<u>378,521</u>	-	<u>378,521</u>
<u>Less accumulated amortization:</u>			
Furniture and equipment	126,174	126,174	252,348
Total accumulated amortization	<u>126,174</u>	<u>126,174</u>	<u>252,348</u>
Total lease assets, net	<u>\$ 252,347</u>	<u>(126,174)</u>	<u>126,173</u>

Amortization expense was charged to the following governmental functions:

Governmental Activities:	<u>Amount</u>
Support services	\$ <u>126,174</u>

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

	<u>Balance</u>	<u>Deductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>7/1/2024</u>		<u>6/30/2025</u>	<u>due within</u>
				<u>one year</u>
Lease Liabilities	\$ 258,588	126,069	132,519	132,519
Total	<u>\$ 258,588</u>	<u>126,069</u>	<u>132,519</u>	<u>132,519</u>

Leases

As Lessee:

The school district is a lessee for various noncancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the school district recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the school district

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

recognized a lease and an intangible right-to-use lease asset.

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

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

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

The district has entered into a 36-month lease of copiers and printers from R.J. Young, Inc. for a fixed \$11,583 per month. The lease agreement can only be cancelled if both parties agree. There are no options to extend the lease agreement and no variable payment options.

Description	Interest Rate	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Copiers	5.00%	07-01-23	06-30-26	\$ 11,583	\$ 132,519

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

Year Ending June 30,	Lease Principal	Interest	Total
2026 \$	132,519	6,477	138,996

As Lessor:

Acting as lessor, the district has entered into 24 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 lease executed.

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

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

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

Year Ending June 30,	Principal	Interest	Total
2026 \$	40,982	12,248	53,230
2027	34,942	10,608	45,550
2028	32,481	9,211	41,692
2029	21,931	7,911	29,842
2030	19,308	7,034	26,342
2031-2035	53,504	26,326	79,830
2036-2040	44,177	17,212	61,389
2041-2045	28,138	8,734	36,872
2046-2050	10,767	5,058	15,825
2051-2055	3,927	3,533	7,460
2056-2060	1,738	3,072	4,810
2061-2065	2,114	2,696	4,810
2066-2070	2,572	2,238	4,810
2071-2075	3,129	1,680	4,809
Thereafter	6,477	1,219	7,696
\$	<u>306,187</u>	<u>118,780</u>	<u>424,967</u>

The total amount of inflows recognized in the reporting period from these leases is \$38,379. As of June 30, 2025, the district recognized a lease receivable of \$306,187 and deferred inflow of resources of \$321,038 related to the sixteenth section land leases.

Note 7 – Long-term Liabilities

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

	Balance 7/1/2024	Additions	Reductions	Adjustments	Balance 6/30/2025	Amounts due within one year
A. General obligations refunding bonds payable	\$ 2,569,000	\$ -	\$ 239,000	\$ -	\$ 2,330,000	\$ 235,000
B. Three mill notes payable	1,622,000	1,050,000	215,000	-	2,457,000	409,493
C. Shortfall notes payable	192,915	146,606	94,654	-	244,867	143,979
D. Installment purchases loans payable	20,785	-	8,177	-	12,608	8,358
E. Qualified school construction bonds payable	5,000,000	-	2,000,000	-	3,000,000	-
F. Other loans payable	675,000	-	75,000	-	600,000	75,000
G. Compensated absences payable	222,738	52,606	-	713,506	988,850	49,443
Total	<u>\$ 10,302,438</u>	<u>\$ 1,249,212</u>	<u>\$ 2,631,831</u>	<u>\$ 713,506</u>	<u>\$ 9,633,325</u>	<u>\$ 921,273</u>

The change in the compensated absences liability is presented as a net change. The adjustment above to compensated absences was a result of retroactively implementing GASB 101.

A. General obligations refunding bonds payable

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

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation refunding bonds, Series 2021	0.88-1.5%	12-08-21	06-01-32	\$ 2,909,000	\$ 2,330,000

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 235,000	34,122	269,122
2027	257,000	32,054	289,054
2028	259,000	28,122	287,122
2029	492,000	24,158	516,158
2030	503,000	16,632	519,632
2031-2035	584,000	10,098	594,098
Total	\$ 2,330,000	145,186	2,475,186

This debt will be retired from the GO Bond Retirement Fund (Debt Service Fund).

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2025, the amount of outstanding bonded indebtedness was equal to 1% of property assessments as of October 1, 2024.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill notes, Series 2022	2.42%	04-26-22	04-26-31	\$ 2,035,000	1,407,000
Three mill notes, Series 2024	5.14%	02-08-24	02-08-29	1,050,000	1,050,000
Total				\$ 3,085,000	\$ 2,457,000

1. Series 2022:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 220,000	34,049	254,049
2027	226,000	28,725	254,725
2028	231,000	23,256	254,256
2029	237,000	17,666	254,666
2030	244,000	11,931	255,931
2031	249,000	6,026	255,026
Total	\$ 1,407,000	121,653	1,528,653

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

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

2. Series 2024:

Year Ending June 30,	Principal	Interest	Total
2026 \$	189,493	53,970	243,463
2027	199,233	44,230	243,463
2028	209,473	33,990	243,463
2029	220,240	23,223	243,463
2030	231,561	11,902	243,463
Total \$	<u>1,050,000</u>	<u>167,315</u>	<u>1,217,315</u>

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

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

Year Ending June 30,	Principal	Interest	Total
2026 \$	409,493	88,019	497,512
2027	425,233	72,955	498,188
2028	440,473	57,246	497,719
2029	457,240	40,889	498,129
2030	475,561	23,833	499,394
2031	249,000	6,026	255,026
Total \$	<u>2,457,000</u>	<u>288,968</u>	<u>2,745,968</u>

C. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall notes, Series 2023	3.81%	08-11-22	08-11-25	\$ 284,096	\$ 98,261
Shortfall notes, Series 2024	6.74%	09-04-24	09-04-27	146,606	146,606
Total				<u>\$ 430,702</u>	<u>\$ 244,867</u>

The amount outstanding is included in due from other governments on the Statement of Net Position.

1. Series 2022:

Year Ending June 30,	Principal	Interest	Total
2026 \$	98,261	3,744	102,005

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

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

2. Series 2024:

Year Ending June 30,	Principal	Interest	Total
2026 \$	45,718	9,881	55,599
2027	48,799	6,800	55,599
2028	52,089	3,511	55,600
Total \$	<u>146,606</u>	<u>20,192</u>	<u>166,798</u>

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

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

Year Ending June 30,	Principal	Interest	Total
2026 \$	143,979	13,625	157,604
2027	48,799	6,800	55,599
2028	52,089	3,511	55,600
Total \$	<u>244,867</u>	<u>23,936</u>	<u>268,803</u>

D. Installment purchase loans payable

The school district entered into an installment purchase agreement for financing the acquisition of grounds maintenance equipment at a cost of \$40,658. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Grounds maintenance equipment	2.20%	12-30-21	10-10-26	\$ 40,658	\$ 12,608

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

Year Ending June 30,	Principal	Interest	Total
2026 \$	8,358	232	8,590
2027	4,250	47	4,297
Total \$	<u>12,608</u>	<u>279</u>	<u>12,887</u>

This debt will be retired from the district maintenance fund.

E. Qualified school construction bonds payable

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

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2009	0.00%	12-04-09	09-15-24	\$ 2,000,000	-
Series 2013	0.00%	08-15-13	06-18-28	3,000,000	3,000,000
Total				\$ 5,000,000	\$ 3,000,000

F. Other loans payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Education Facilities Revolving loan funds	0.00%	07-01-23	05-01-33	\$ 750,000	\$ 600,000

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

Year Ending June 30,	Principal
2026	\$ 75,000
2027	75,000
2028	75,000
2029	75,000
2030	75,000
2031-2035	225,000
Total	\$ 600,000

This debt will be retired from the District Maintenance Fund.

G. Compensated absences payable

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

Note 8 – Other Commitments

Commitments under construction are described in Note 5.

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by

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

Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at www.pers.ms.gov.

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2025 was 17.90% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2025, 2024 and 2023 were \$4,319,382, \$4,198,207, and \$4,265,710 respectively, which equaled the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the school district reported a liability of \$81,758,440 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2025 net pension liability was 0.314850 percent, which was based on a measurement date of June 30, 2024. This was a decrease of 0.015871 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 \$11,457,931. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual earnings on pension plan investments	\$ 4,447,156	\$ 4,205,744
Change of assumptions	5,319,378	
Changes in proportion and differences between District contributions and proportionate share of contributions	4,197,591	1,620,621
District contributions subsequent to the measurement date	4,319,382	
Total	\$ 18,283,507	\$ 5,826,365

\$4,319,382 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Amount
June 30,	
2026 \$	3,634,101
2027	5,768,370
2028	(600,541)
2029	(664,170)
Total \$	8,137,760

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

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 105,970,837	\$ 81,758,440	\$ 61,972,427

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

Note 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

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

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$118,871 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$2,552,975 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2024, the District's proportion was 0.45688053 percent. This was a decrease of 0.02548530 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 (\$75,994). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 527,395	\$ 452,371
Changes of assumptions	100,651	194,887
Net difference between projected and actual earnings on OPEB plan investments	101	
Changes in proportion and differences between District contributions and proportionate share of contributions	86,141	134,722
District contributions subsequent to the measurement date	118,871	
Total	\$ 833,159	\$ 781,980

\$118,871 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	Amount
2026	\$ (86,680)
2027	(67,227)
2028	5,172
2029	48,673
2030	31,938
Thereafter	432
Total	\$ (67,692)

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

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

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following

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

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

The demographic actuarial assumptions used in the June 30, 2024 valuation were based on the results of the last actuarial experience study, dated April 21, 2023.

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

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

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

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

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

	1% Decrease (2.94%)	Current Discount Rate (3.94%)	1% Increase (4.94%)
Net OPEB liability	\$ 2,783,097	\$ 2,552,975	\$ 2,352,153

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 2,384,619	\$ 2,552,975	\$ 2,740,666

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

Note 11 – Contingencies

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

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

expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

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

Note 12 – Risk Management

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

The school district is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG). The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMWCG covers risks of loss arising from injuries to the school district's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of the MMWCG contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any claim up to \$500,000. For a claim exceeding \$500,000, MMWCG has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 13 – Qualified School Construction Bonds

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

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

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2025 was \$2,498,948. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

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

1. Series 2009:

This debt was paid off.

2. Series 2013:

Year Ending June 30,	Amount
2026 \$	225,000
2027	210,000
2028	220,000
	\$ 655,000

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position (deficit) amount of (\$59,955,395) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$4,319,382 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. The \$13,964,125 balance of deferred outflow of resources related to pensions at June 30, 2025, will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position (deficit) amount of (\$59,955,395) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$5,826,365 balance of deferred inflow of resources related to pensions at June 30, 2025, will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position (deficit) amount of (\$59,955,395) 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 \$118,871 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. The \$714,288 balance of deferred outflow of resources related to OPEB at June 30, 2025, will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position (deficit) amount of (\$59,955,395) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$781,980 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 (\$59,955,395) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$321,038 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 57 years.

The net investment in capital assets net position amount of \$19,335,685 includes the effect of deferring the recognition of expenses resulting from a deferred outflow related to a bond refunding. The \$112,100 balance of deferred outflow of resources related to bond refunding, at June 30, 2025, will decrease the net investment in capital assets net position over the next 7 years.

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

Note 15 – 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 absences arrangements, such as vacation, personal, and sick leave.

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

The district restated the beginning net position to account for the new liability amounts as of the beginning of the beginning of the 2025 fiscal year. The restatement reduced the beginning net position by \$713,506.

Correction of an Error in Previously Issued Financial Statements

Adjustments were made to the general fund, QSCB 2013, and other governmental funds to reconcile the beginning fund balances.

Changes to or within the Financial Reporting Entity

A non-major fund in the prior year was deemed to be major in the current year. Beginning fund balance in the Statement of Revenues, Expenditures and Changes in Fund Balances reflects this.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, changes to or 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
	QSCB 2013			Governmental Activities
	General Fund	Trustmark \$3,000,000 Fund	Other Governmental Funds	
July 1, 2024, as previously reported	\$ 9,458,789	-	7,982,365	\$ (30,313,233)
Error correction	344,060	276,337	(240,501)	379,896
Change in accounting principle	-	-	-	(713,506)
Change from non-major to major fund	-	1,898,685	(1,898,685)	-
July 1, 2024, as adjusted or restated	\$ 9,802,849	2,175,022	5,843,179	\$ (30,646,843)

Note 16 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the George County School District evaluated the activity of the district through February 10, 2026, (the date the financial statements were available to be issued), and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**George County School District
Required Supplementary Information**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 9,096,554	\$ 9,853,112	\$ 9,475,740	\$ 756,558	\$ (377,372)
State sources	28,264,251	29,927,453	29,917,631	1,663,202	(9,822)
Federal sources	486,450	192,976	192,976	(293,474)	0
Sixteenth section sources	163,330	116,430	92,961	(46,900)	(23,469)
Total Revenues	38,010,585	40,089,971	39,679,308	2,079,386	(410,663)
Expenditures:					
Instruction	22,011,138	22,094,709	21,176,500	(83,571)	918,209
Support services	13,979,895	13,641,125	13,507,292	338,770	133,833
Noninstructional services	45,325	12,482	10,379	32,843	2,103
Sixteenth section	1,500	1,500	769	-	731
Facilities acquisition and construction	433,047	129,354	144,234	303,693	(14,880)
Debt service:					
Principal	75,000	83,590	209,246	(8,590)	(125,656)
Interest	-	-	13,340	-	(13,340)
Total Expenditures	36,545,905	35,962,760	35,061,760	583,145	901,000
Excess (Deficiency) of Revenues over (under) Expenditures	1,464,680	4,127,211	4,617,548	2,662,531	490,337
Other Financing Sources (Uses):					
Loans issued	-	1,196,606	1,196,606	1,196,606	-
Sale of transportation equipment	-	250	250	250	-
Operating transfers in	5,292,711	5,625,550	481,863	332,839	(5,143,687)
Operating transfers out	(6,103,981)	(8,431,971)	(3,017,700)	(2,327,990)	5,414,271
Total Other Financing Sources (Uses)	(811,270)	(1,609,565)	(1,338,981)	(798,295)	270,584
Net Change in Fund Balances	653,410	2,517,646	3,278,567	1,864,236	760,921
Fund Balances:					
July 1, 2024, as previously reported	9,223,621	9,223,621	9,458,789	-	235,168
Accounting changes or error corrections	-	-	344,060	-	344,060
Fund reclassification	-	240,000	-	240,000	(240,000)
July 1, 2024, as restated	9,223,621	9,463,621	9,802,849	240,000	339,228
June 30, 2025	\$ 9,877,031	\$ 11,981,267	\$ 13,081,416	\$ 2,104,236	\$ 1,100,149

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

**George County School District
Required Supplementary Information**

Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.314850%	0.330721%	0.317044%	0.317069%	0.318425%	0.332435%	0.307605%	0.301474%	0.297722%	0.295996%
District's proportionate share of the net pension liability	\$ 81,758,440	83,180,697	65,259,192	46,864,184	61,643,380	58,481,875	51,163,850	50,115,217	53,180,584	45,755,145
District's covered payroll	24,127,626	24,515,575	21,826,282	21,081,897	21,203,121	21,650,610	19,643,492	19,339,740	19,046,025	18,492,108
District's proportionate share of the net pension liability as a percentage of its covered payroll	338.86%	339.30%	298.99%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	56.30%	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

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

**George County School District
Required Supplementary Information**

Schedule of District Contributions
PERS
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 4,319,382	4,198,207	4,265,710	3,797,773	3,668,250	3,689,343	3,409,971	3,093,850	3,046,009	2,999,749
Contributions in relation to the contractually required contribution	4,319,382	4,198,207	4,265,710	3,797,773	3,668,250	3,689,343	3,409,971	3,093,850	3,046,009	2,999,749
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 24,130,626	24,127,626	24,515,575	21,826,282	21,081,897	21,203,121	21,650,610	19,643,492	19,339,740	19,046,025
Contributions as a percentage of covered payroll	17.90%	17.40%	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%

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

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

**George County School District
Required Supplementary Information**

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

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.45688053%	0.48236583%	0.47351442%	0.46797590%	0.46937295%	0.45899249%	0.44323150%	0.42775473%
District's proportionate share of the net OPEB liability	\$ 2,552,975	2,669,292	2,332,930	3,012,277	3,652,698	3,894,739	3,428,617	3,356,202
District's covered - employee payroll	24,771,660	24,515,575	21,826,282	21,081,897	22,620,753	21,019,221	20,047,059	19,217,844
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	10.31%	10.89%	10.69%	14.29%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.20%	0.19%	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**George County School District
Required Supplementary Information**

Schedule of District Contributions
OPEB
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 118,871	111,599	117,045	95,072	121,074	145,669	156,113	143,080
Contributions in relation to the actuarially determined contribution	118,871	111,599	117,045	95,072	121,074	145,669	156,113	143,080
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
District's covered - employee payroll	\$ 24,130,626	24,127,626	24,515,575	21,826,282	16,910,154	21,203,126	21,650,597	19,643,492
Contributions as a percentage of covered - employee payroll	0.49%	0.46%	0.48%	0.44%	0.72%	0.69%	0.72%	0.73%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

GEORGE 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 consistent with accounting principles generally accepted in the United States of America.

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

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

2019:

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

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

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

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

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

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

2021:

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

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

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

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

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

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

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

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

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

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

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

2023:

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

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

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

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

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

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION

GEORGE COUNTY SCHOOL DISTRICT
Supplementary Information

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

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School Breakfast Program	10.553	255MS326N1099	\$ 551,798
National School Lunch Program	10.555	255MS326N1099	1,850,536
Fresh Fruit and Vegetable Program	10.582	255MS326N1099	45,914
Total child nutrition cluster			<u>2,448,248</u>
Total passed-through Mississippi Department of Education			<u>2,448,248</u>
Passed-through George County, Mississippi:			
Schools and Roads - Grants to States	10.665	N/A	8,283
Total passed-through George County, Mississippi			<u>8,283</u>
Total U.S. Department of Agriculture			<u>2,456,531</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
Reserve Officers' Training Corps	12.357	N/A	81,205
Total U.S. Department of Defense			<u>81,205</u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A240024	1,655,914
Career and Technical Education - Basic Grants to States	84.048	V048A240024	59,838
Education for Homeless Children and Youth	84.196	ES196A240025	68,834
Rural Education	84.358	ES358B240025	200,658
Supporting Effective Instruction State Grants	84.367	S367A240023	233,092
Student Support and Academic Enrichment Program	84.424	S424A240025	120,784
Subtotal			<u>2,339,120</u>
Special education cluster:			
Special Education - Grants to States	84.027	H027A240108	1,155,455
Special Education - Preschool Grants	84.173	H173A240113	37,363
Total special education cluster			<u>1,192,818</u>
Elementary & Secondary School Emergency Relief Fund (ESSER) ARP III	84.425U	S425U210031	810,442
Education Stabilization Fund ARP III - Homeless Children and youth	84.425W	S425W210031	77,716
Education Stabilization Fund (ESF) Subtotal			<u>888,158</u>
Total passed-through Mississippi Department of Education			<u>4,420,096</u>
Total U.S. Department of Education			<u>4,420,096</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through Mississippi Department of Education:			
Medicaid cluster:			
Medical Assistance Program	93.778	2405MS5ADM	38,589
Total Medicaid cluster			<u>38,589</u>
Total passed-through Mississippi Department of Education			<u>38,589</u>
Total U.S. Department of Health and Human Services			<u>38,589</u>
<u>Social Security Administration</u>			
Passed-through Mississippi Department of Rehabilitation Services:			
Disability Insurance/SSI Cluster:			
Social Security Disability Insurance	96.001	N/A	336
Total Disability Insurance/SSI Cluster			<u>336</u>
Total passed-through Mississippi Department of Rehabilitation Services			<u>336</u>
Total Social Security Administration			<u>336</u>
Total for All Federal Awards			<u>\$ 6,996,757</u>

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

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

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Other Items

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

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

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

**George 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	\$ 34,184,420	26,781,080	1,403,138	2,731,628	3,268,574
Other	14,328,402	3,645,151	276,998	23,826	10,382,427
 Total	 \$ 48,512,822	 30,426,231	 1,680,136	 2,755,454	 13,651,001
 Total number of students *	 3,949				
 Cost per student	 \$ 12,285	 7,705	 425	 698	 3,457

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

**George 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	\$ 9,475,740	\$ 9,364,961	\$ 8,139,592	\$ 8,739,068
State sources	29,917,631	26,277,607	25,441,196	21,331,806
Federal sources	192,976	576,172	522,550	802,427
Sixteenth section sources	92,961	283,431	84,153	91,103
Total Revenues	39,679,308	36,502,171	34,187,491	30,964,404
Expenditures:				
Instruction	21,176,500	20,555,964	20,795,166	18,112,766
Support services	13,507,292	13,208,553	12,284,494	11,451,577
Noninstructional services	10,379	21,241	20,921	16,716
Sixteenth section	769	496	1,011	958
Facilities acquisition and construction	144,234	1,877,260	832,365	1,318,535
Debt service:				
Principal	209,246	202,933	7,827	4,046
Interest	13,340	19,651	763	249
Advance refunding escrow	-	-	2,003	-
Total Expenditures	35,061,760	35,886,098	33,944,550	30,904,847
Excess (Deficiency) of Revenues over (under) Expenditures	4,617,548	616,073	242,941	59,557
Other Financing Sources (Uses):				
Bonds, notes and loans issued	1,196,606	-	260,065	2,075,658
Leases issued	-	378,521	-	-
SBITA issued	-	-	-	-
Insurance recovery	-	-	246,334	494,503
Sale of transportation equipment	250	-	-	950
Operating transfers in	481,863	747,615	894,827	4,662,176
Other financing sources	-	-	758	-
Operating transfers out	(3,017,700)	(1,635,858)	(1,420,635)	(1,405,700)
Other financing uses	-	(246)	-	(45,581)
Total Other Financing Sources (Uses)	(1,338,981)	(509,968)	(18,651)	5,782,006
Net Change in Fund Balances	3,278,567	106,105	224,290	5,841,563
Fund Balances:				
Beginning of period, as previously reported	9,458,789	9,352,684	9,128,394	3,286,831
Adjustment or restatement	344,060	-	-	-
Beginning of period, as restated	9,802,849	9,352,684	9,128,394	3,286,831
End of Period	\$ 13,081,416	\$ 9,458,789	\$ 9,352,684	\$ 9,128,394

*SOURCE - PRIOR YEAR AUDIT REPORTS

**George 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	\$ 11,308,814	\$ 10,601,057	\$ 9,201,393	\$ 9,833,415
State sources	31,849,615	28,406,739	26,826,239	22,482,317
Federal sources	6,664,633	8,478,606	10,693,299	14,084,644
Sixteenth section sources	112,370	334,288	87,202	100,520
Total Revenues	<u>49,935,432</u>	<u>47,820,690</u>	<u>46,808,133</u>	<u>46,500,896</u>
Expenditures:				
Instruction	26,278,868	25,780,691	26,358,711	23,376,769
Support services	15,803,012	15,839,318	18,052,388	14,350,487
Noninstructional services	2,772,596	2,842,328	83,059	2,396,661
Sixteenth section	10,419	13,496	23,373	34,338
Facilities acquisition and construction	793,257	2,878,816	1,816,155	1,318,535
Debt service:				
Principal	2,757,900	984,631	479,866	563,077
Interest	96,168	116,996	106,763	98,162
Other	602	4,356	6,853	82,090
Total Expenditures	<u>48,512,822</u>	<u>48,460,632</u>	<u>46,927,168</u>	<u>42,220,119</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,422,610</u>	<u>(639,942)</u>	<u>(119,035)</u>	<u>4,280,777</u>
Other Financing Sources (Uses):				
Bonds, notes and loans issued	1,196,606	750,000	284,096	4,984,658
Leases issued	-	378,521	-	-
Insurance recovery	-	-	246,334	494,503
Payments held by escrow agent	298,732	294,889	210,250	410,410
Payment to refunded bond escrow agent	-	-	-	(2,831,160)
Payment to QSCB debt escrow agent	(298,732)	(294,889)	(210,250)	(410,410)
Sale of transportation equipment	250	-	-	950
Operating transfers in	3,966,378	2,849,802	2,915,423	6,507,669
Other financing sources	-	13,868	34,907	-
Operating transfers out	(3,966,378)	(2,849,802)	(2,915,423)	(6,507,669)
Other financing uses	-	(246)	(39,445)	(77,435)
Total Other Financing Sources (Uses)	<u>1,196,856</u>	<u>1,142,143</u>	<u>525,892</u>	<u>2,571,516</u>
Net Change in Fund Balances	<u>2,619,466</u>	<u>502,201</u>	<u>406,857</u>	<u>6,852,293</u>
Fund Balances:				
Beginning of period, as previously reported	17,441,154	16,980,560	16,601,946	9,744,575
Adjustment or restatement	379,896	-	-	-
Beginning of period, as restated	<u>17,821,050</u>	<u>16,980,560</u>	<u>16,601,946</u>	<u>9,744,575</u>
Increase (Decrease) in inventory	<u>35,837</u>	<u>(41,607)</u>	<u>(28,243)</u>	<u>5,078</u>
End of Period	<u>\$ 20,476,353</u>	<u>\$ 17,441,154</u>	<u>\$ 16,980,560</u>	<u>\$ 16,601,946</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

BROWN CPA, PLLC

7708 Old Canton Rd, Suite A
Madison, MS 39110

Phone: 601-325-6013
Fax: 601-202-3038

clint.brown@brownafs.com

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

Superintendent and School Board
George 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 George County School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise George County School District's basic financial statements, and have issued our report thereon dated February 10, 2026.

Report on Internal Control Over Financial Reporting

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

Brown CPA, PLLC
Madison, Mississippi
February 10, 2026

Brown CPA, PLLC

BROWN CPA, PLLC

7708 Old Canton Rd, Suite A
Madison, MS 39110

Phone: 601-325-6013
Fax: 601-202-3038

clint.brown@brownafs.com

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

Superintendent and School Board
George County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited George 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 George County School District's major federal programs for the year ended June 30, 2025. The George 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, the George County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the George 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 the George 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 the George 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 the George 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 the George 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 the George 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 the George 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 the George 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

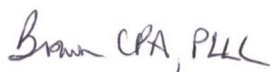
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

Brown CPA, PLLC
Madison, Mississippi
February 10, 2026



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

BROWN CPA, PLLC

7708 Old Canton Rd, Suite A
Madison, MS 39110

Phone: 601-325-6013
Fax: 601-202-3038

clint.brown@brownafs.com

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

Superintendent and School Board
George County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the George County School District as of and for the year ended June 30, 2025, which collectively comprise George County School District's basic financial statements and have issued our report thereon dated February 10, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

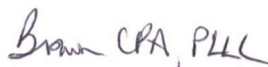
The results of our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

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

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

Brown CPA, PLLC
Madison, Mississippi
February 10, 2026



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GEORGE 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 weaknesses identified? No
 - b. Significant deficiencies identified? None reported

3. Noncompliance material to financial statements noted? No

Federal Awards:

4. Internal control over major programs:
 - a. Material weaknesses identified? No
 - b. Significant deficiencies identified? None reported

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

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

7. Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.027 & 84.173	SPED Cluster

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

9. Auditee qualified as low-risk auditee? Yes

10. Prior fiscal year audit finding(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). No

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

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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