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WESTERN LINE SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2019

WESTERN LINE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Western Line School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Line School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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 Western Line School District, as of June 30, 2019, 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.

Other Matters

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) on pages 6-14, 46-47, 48, 49, 50, and 51, respectively, be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Western Line 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, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes 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 are presented for purposes of additional analysis and are not a required part of the 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information section, which includes 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2021 on our consideration of the Western Line 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 Western Line 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 Western Line School District's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Cunningham CPAs". The signature is written in a cursive, flowing style.

Cunningham CPAs, PLLC

Belzoni, Mississippi

February 6, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

WESTERN LINE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

The following discussion and analysis of Western Line School District's financial performance provides an overview of the Western Line School District's financial activities for the year ended June 30, 2019. The intent of this discussion and analysis is to look at the Western Line 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 Western Line School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2019 decreased \$1,210,636, including a prior period adjustment of (\$117,727), which represents a 34% decrease from fiscal year 2018. Total net position for 2018 decreased \$2,435,859, including a prior period adjustment of (\$753,310), which represents a 218% decrease from fiscal year 2017.
- General revenues amounted to \$16,325,343 and \$15,536,333, or 80% and 81% of all revenues for fiscal years 2019 and 2018, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,179,372, or 20% of total revenues for 2019, and \$3,720,233, or 19% of total revenues for 2018.
- The District had \$21,597,624 and \$20,939,115 in expenses for fiscal years 2019 and 2018; only \$4,179,372 for 2019 and \$3,720,233 for 2018 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$16,325,343 for 2019 and \$15,536,333 for 2018 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$16,593,822 in revenues and \$16,511,291 in expenditures for 2019, and \$15,857,841 in revenues and \$15,487,668 in expenditures in 2018. The General Fund's fund balance decreased by \$1,876,635 from 2018 to 2019, and increased by \$176,191 from 2017 to 2018.
- Capital assets, net of accumulated depreciation, increased by \$489,963, including a prior period adjustment of (\$117,727) for 2019 and increased by \$286,366, including a prior period adjustment of (\$121,688), for 2018. The decrease for 2019 was due to capital additions net of the increase in accumulated depreciation.
- The liability for compensated absences decreased by \$12,697 for 2019 and decreased by \$9,683 for 2018.

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

WESTERN LINE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

Governmental funds – Most 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.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

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:

WESTERN LINE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$4,764,933 as of June 30, 2019.

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

WESTERN LINE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

depreciation of capital assets.

Table 1 presents a summary of the District's net position at June 30, 2019 and June 30, 2018.

Table 1
Condensed Statement of Net Position

	June 30, 2019	June 30, 2018	Percentage Change
Current assets	\$ 11,651,316	\$ 12,137,405	-4.00 %
Restricted assets	1,764,562	1,602,088	10.14 %
Capital assets, net	10,835,920	10,345,957	4.74 %
Total assets	24,251,798	24,085,450	0.69 %
 Deferred outflows of resources	 2,928,612	 2,945,451	 -0.57 %
 Current liabilities	 1,193,036	 1,029,263	 15.91 %
Long-term debt outstanding	1,585,513	1,598,210	-0.79 %
Net OPEB liability	1,804,322	1,768,794	2.01 %
Net pension liability	26,544,226	25,504,114	4.08 %
Total liabilities	31,127,097	29,900,381	4.10 %
 Deferred inflows of resources	 818,246	 684,817	 19.48 %
 Net position:			
Net investment in capital assets	9,335,920	8,845,957	5.54 %
Restricted	4,106,240	2,716,993	51.13 %
Unrestricted	(18,207,093)	(15,117,247)	-20.44 %
Total net position	\$ (4,764,933)	\$ (3,554,297)	-34.06 %

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)	\$ (18,207,093)
Less unrestricted deficit in net position resulting from recognition of the net pension and net OPEB liability, including the deferred outflows and deferred inflows related to pensions and OPEB	 <u>26,238,182</u>
Unrestricted net position, exclusive of the net pension and net OPEB liability effect	 <u>\$ 8,031,089</u>

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 \$489,963.

WESTERN LINE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2019 and June 30, 2018 were \$20,504,715 and \$19,256,566, respectively. The total cost of all programs and services was \$21,597,624 for 2019 and \$20,939,115 for 2018.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2019 and June 30, 2018.

**Table 2
Changes in Net Position**

	Year Ended June 30, 2019	Year Ended June 30, 2018	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 356,487	\$ 386,504	(7.77) %
Operating grants and contributions	3,822,885	3,333,729	14.67 %
General revenues:			
Property taxes	7,073,147	6,589,768	7.34 %
Grants and contributions not restricted	8,635,278	8,439,276	2.32 %
Investment earnings	146,216	82,866	76.45 %
Sixteenth section	386,665	357,594	8.13 %
Other	84,037	66,829	25.75 %
Total revenues	20,504,715	19,256,566	6.48 %
Expenses:			
Instruction	10,432,766	9,853,615	5.88 %
Support services	6,804,718	6,459,379	5.35 %
Non-instructional	1,256,399	1,217,061	3.23 %
Sixteenth section	59,673	51,721	15.37 %
Pension expense	2,933,534	3,253,783	(9.84) %
OPEB expense	95,714	92,129	3.89 %
Interest on long-term liabilities	14,820	11,427	29.69 %
Total expenses	21,597,624	20,939,115	3.14 %
Increase (Decrease) in net position	(1,092,909)	(1,682,549)	35.04 %
Net Position, July 1, as previously reported	(3,554,297)	(1,118,438)	(217.79) %
Prior Period Adjustment	(117,727)	(753,310)	84.37 %
Net Position, July 1, as restated	(3,672,024)	(1,871,748)	(96.18) %
Net Position, June 30	\$ (4,764,933)	\$ (3,554,297)	(34.06) %

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.

WESTERN LINE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2019	2018	
Instruction	\$ 10,432,766	\$ 9,853,615	5.88 %
Support services	6,804,718	6,459,379	5.35 %
Non-instructional	1,256,399	1,217,061	3.23 %
Sixteenth section	59,673	51,721	15.37 %
Pension Expense	2,933,534	3,253,783	(9.84) %
OPEB Expense	95,714	92,129	3.89 %
Interest on long-term liabilities	14,820	11,427	29.69 %
Total expenses	\$ 21,597,624	\$ 20,939,115	3.14 %

	Net (Expense) Revenue		Percentage Change
	2019	2018	
Instruction	\$ (8,792,590)	\$ (8,617,583)	(2.03) %
Support services	(5,951,676)	(5,612,097)	(6.05) %
Non-instructional	429,755	419,858	2.36 %
Sixteenth section	(59,673)	(51,721)	(15.37) %
Pension Expense	(2,933,534)	(3,253,783)	9.84 %
OPEB Expense	(95,714)	(92,129)	(3.89) %
Interest on long-term liabilities	(14,820)	(11,427)	(29.69) %
Total net (expense) revenue	\$ (17,418,252)	\$ (17,218,882)	(1.16) %

- Net cost of governmental activities (\$17,418,252 for 2019 and \$17,218,882 for 2018) was financed by general revenue, which is primarily made up of property taxes (\$7,073,147 for 2019 and \$6,589,768 for 2018) and state and federal revenues (\$8,635,278 for 2019 and \$8,439,276 for 2018). In addition, there was \$386,665 and \$357,594 in Sixteenth Section sources for 2019 and 2018, respectively.
- Investment earnings amounted to \$146,216 for 2019 and \$82,866 for 2018.

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 \$12,233,967, a decrease of \$486,043, which includes an increase in inventory of \$20,587. \$7,874,333 or 64% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

WESTERN LINE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

within the general fund. The remaining fund balance of \$4,359,634 or 36% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$1,876,635. The fund balance of Other Governmental Funds showed an increase in the amount of \$1,390,592, which includes an increase in reserve for inventory of \$20,587, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	No increase or decrease

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2019, the District's total capital assets were \$22,160,694, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$872,793 from 2018. Total accumulated depreciation as of June 30, 2019, was \$11,324,774, and total depreciation expense for the year was \$569,421, resulting in total net capital assets of \$10,835,920.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Land	\$ 176,569	\$ 176,569	0.00 %
Construction in progress	780,838	-	N/A %
Buildings	6,149,513	6,329,816	(2.85) %
Building improvements	1,529,896	1,736,170	(11.88) %
Improvements other than buildings	865,570	936,929	(7.62) %
Mobile equipment	990,273	857,099	15.54 %
Furniture and equipment	343,261	309,374	10.95 %
Total	\$ 10,835,920	\$ 10,345,957	4.74 %

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

WESTERN LINE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Debt Administration. At June 30, 2019, the District had \$1,585,513 in outstanding long-term debt, of which none is due within one year. The liability for compensated absences decreased \$12,697 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Qualified school construction bonds payable	\$ 1,500,000	\$ 1,500,000	0.00 %
Compensated absences payable	85,513	98,210	(12.93) %
Total	<u>\$ 1,585,513</u>	<u>\$ 1,598,210</u>	<u>(0.79) %</u>

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

CURRENT ISSUES

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

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

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

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 Western Line School District, P.O. Box 50, Avon, Mississippi 38723.

FINANCIAL STATEMENTS

WESTERN LINE SCHOOL DISTRICT

Statement of Net Position
June 30, 2019

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 10,980,099
Due from other governments	481,318
Inventories	23,114
Prepaid items	166,785
Restricted assets	1,764,562
Capital assets, non-depreciable:	
Land	176,569
Construction in progress	780,838
Capital assets, net of accumulated depreciation:	
Buildings	6,149,513
Building improvements	1,529,896
Improvements other than buildings	865,570
Mobile equipment	990,273
Furniture and equipment	343,261
Total Assets	<u>24,251,798</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	2,767,991
Deferred outflows - OPEB	160,621
Total deferred outflows of resources	<u>2,928,612</u>
Liabilities	
Accounts payable and accrued liabilities	1,181,911
Interest payable on long-term liabilities	11,125
Long-term liabilities, due within one year:	
Net OPEB liability	82,198
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,500,000
Non-capital related liabilities	85,513
Net pension liability	26,544,226
Net OPEB liability	1,722,124
Total Liabilities	<u>31,127,097</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	689,684
Deferred inflows - OPEB	128,562
Total deferred inflows of resources	<u>818,246</u>
Net Position	
Net investment in capital assets	9,335,920
Restricted for:	
Expendable:	
School-based activities	1,178,837
Debt service	1,156,757
Forestry improvements	16,372
Capital improvements	1,109,860
Unemployment benefits	47,047
Non-expendable:	
Sixteenth section principal	597,367
Unrestricted	(18,207,093)
Total Net Position	<u><u>\$ (4,764,933)</u></u>

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

WESTERN LINE SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2019

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities:					
Instruction	\$ 10,432,766	\$ 177,015	\$ 1,463,161	\$ -	\$ (8,792,590)
Support services	6,804,718	-	853,042	-	(5,951,676)
Non-instructional	1,256,399	179,472	1,506,682	-	429,755
Sixteenth section	59,673				(59,673)
Pension expense	2,933,534	-	-	-	(2,933,534)
OPEB expense	95,714	-	-	-	(95,714)
Interest on long-term liabilities	14,820	-	-	-	(14,820)
Total Governmental Activities	<u>\$ 21,597,624</u>	<u>\$ 356,487</u>	<u>\$ 3,822,885</u>	<u>\$ -</u>	<u>\$ (17,418,252)</u>

General Revenues:

Taxes:

 General purpose levies

7,009,412

 Debt purpose levies

63,735

Unrestricted grants and contributions:

 State

8,635,278

 Unrestricted investment earnings

146,216

 Sixteenth section

386,665

 Other

84,037

 Total General Revenues

16,325,343

Change in Net Position

(1,092,909)

Net Position - Beginning, as previously reported

(3,554,297)

Prior period adjustments

(117,727)

Net Position - Beginning, as restated

(3,672,024)

Net Position - Ending

\$ (4,764,933)

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

WESTERN LINE SCHOOL DISTRICT

Governmental Funds

Balance Sheet
June 30, 2019

Exhibit C

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Title I Fund		
Assets				
Cash and cash equivalents	\$ 8,519,926	\$ 193	\$ 3,276,442	\$ 11,796,561
Cash with fiscal agents	-	-	322	322
Investments	-	-	947,778	947,778
Due from other governments	211,046	158,446	111,626	481,118
Due from other funds	216,232	-	-	216,232
Inventories	-	-	23,114	23,114
Prepaid items	166,785	-	-	166,785
Total assets	<u>9,113,989</u>	<u>158,639</u>	<u>4,359,282</u>	<u>13,631,910</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 997,387	\$ 68,139	\$ 116,385	\$ 1,181,911
Due to other funds	-	90,500	125,532	216,032
Total Liabilities	<u>997,387</u>	<u>158,639</u>	<u>241,917</u>	<u>1,397,943</u>
Fund Balances				
Nonspendable:				
Inventory	-	-	23,114	23,114
Prepaid items	166,785	-	-	166,785
Permanent fund principal	-	-	597,367	597,367
Restricted:				
Debt service	-	-	1,167,882	1,167,882
Capital projects	-	-	1,109,860	1,109,860
Grant activities	-	-	1,155,723	1,155,723
Forestry improvements	-	-	16,372	16,372
Unemployment benefits	-	-	47,047	47,047
Assigned:				
Activity funds	75,484	-	-	75,484
Unassigned	<u>7,874,333</u>	<u>-</u>	<u>-</u>	<u>7,874,333</u>
Total Fund Balances	<u>8,116,602</u>	<u>-</u>	<u>4,117,365</u>	<u>12,233,967</u>
Total Liabilities and Fund Balances	<u>\$ 9,113,989</u>	<u>\$ 158,639</u>	<u>\$ 4,359,282</u>	<u>\$ 13,631,910</u>

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

WESTERN LINE SCHOOL DISTRICT

Governmental Funds

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019**

Exhibit C-1

Total fund balances for governmental funds	\$	12,233,967
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	176,569	
Construction in progress	780,838	
Buildings	11,681,015	
Building improvements	3,971,213	
Improvements other than buildings	1,738,140	
Mobile equipment	2,433,136	
Furniture and equipment	1,379,783	
Accumulated depreciation	<u>(11,324,774)</u>	10,835,920
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	(26,544,226)	
Deferred outflow s and inflow s of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflow s of resources related to pensions	2,767,991	
Deferred inflow s of resources related to pensions	<u>(689,684)</u>	(24,465,919)
3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability	(1,804,322)	
Deferred outflow s and inflow s of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflow s of resources related to OPEB	160,621	
Deferred inflow s of resources related to OPEB	<u>(128,562)</u>	(1,772,263)
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:		
Qualified school construction bonds	(1,500,000)	
Compensated absences	(85,513)	
Accrued interest payable	<u>(11,125)</u>	(1,596,638)
Net position of governmental activities	\$	<u><u>(4,764,933)</u></u>

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

WESTERN LINE SCHOOL DISTRICT

Governmental Funds

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019**

Exhibit D

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Title I Fund		
Revenues:				
Local sources	\$ 7,451,109	\$ -	\$ 191,003	\$ 7,642,112
State sources	8,739,355	-	239,082	8,978,437
Federal sources	5,566	931,682	2,542,477	3,479,725
Sixteenth section sources	397,792	-	4,496	402,288
Total Revenues	16,593,822	931,682	2,977,058	20,502,562
Expenditures:				
Instruction	9,740,684	432,865	1,143,642	11,317,191
Support services	6,714,122	490,372	313,951	7,518,445
Noninstructional services	333	8,445	1,313,272	1,322,050
Sixteenth section	56,152	-	3,521	59,673
Facilities acquisition of construction	-	-	780,838	780,838
Debt service:				
Interest	-	-	13,475	13,475
Total Expenditures	16,511,291	931,682	3,568,699	21,011,672
Excess (Deficiency) of Revenues over (under) Expenditures	82,531	-	(591,641)	(509,110)
Other Financing Sources (Uses):				
Payments held by escrow agent	-	-	103,928	103,928
Payments to QSCB debt escrow agent	-	-	(103,928)	(103,928)
Operating transfers in	77,497	-	2,197,059	2,274,556
Other financing sources	2,480	-	-	2,480
Operating transfers out	(2,039,143)	-	(235,413)	(2,274,556)
Total Other Financing Sources (Uses)	(1,959,166)	-	1,961,646	2,480
Net Change in Fund Balances	(1,876,635)	-	1,370,005	(506,630)
July 1, 2018	9,993,237	-	2,726,773	12,720,010
Increase (Decrease) in reserve for inventory	-	-	20,587	20,587
June 30, 2019	\$ 8,116,602	\$ -	\$ 4,117,365	\$ 12,233,967

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

WESTERN LINE 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, 2019**

Exhibit D-1

Net change in fund balances - total governmental funds \$ (506,630)

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	\$ 1,177,438	
Depreciation expense	<u>(569,421)</u>	608,017

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.

(327)

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:

Accrued interest payable	<u>(1,345)</u>	(1,345)
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4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

Pension expense	(2,933,534)	
Contributions subsequent to the measurement date	<u>1,721,142</u>	(1,212,392)

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

OPEB expense	(95,714)	
Contributions subsequent to the measurement date	<u>82,198</u>	(13,516)

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	12,697	
Change in inventory reserve	<u>20,587</u>	<u>33,284</u>

Change in net position of governmental activities \$ (1,092,909)

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

WESTERN LINE SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities
June 30, 2019

Exhibit E

	Agency Funds
Assets	
Cash and cash equivalents	\$ 160,439
Total Assets	<u>\$ 160,439</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 110,774
Due to other funds	200
Due to student clubs	49,465
Total Liabilities	<u>\$ 160,439</u>

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

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

For financial reporting purposes, Western Line 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.

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

Fund Financial Statements - Separate financial statements are provided for governmental, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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.

Title I Fund – This is the school district's federal reimbursable fund that serves to fund educational services to low-income, program eligible students.

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

The District's fiduciary funds include the following:

Accounts Payable Clearing Fund – This fund is used to report the accounts payable resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Payroll Clearing Fund - This fund is used to report the payroll resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Student Club Fund Agency Funds – These funds are used to report student club resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

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.

FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to report resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

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, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital 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 Adequate Education Program 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.

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired. Investments for the District are reported at fair value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 5 for details.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district reports \$2,767,991 of deferred outflows related to its pension plan and \$160,621 related to its OPEB plan.

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The district reports \$689,684 of deferred inflows related to its pension plan and \$128,562 related to its OPEB plan.

See Note 12 for further details.

8. Compensated Absences

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

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

9. 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 6 for details.

10. 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.

11. Postemployment Benefits Other than Pensions (OPEB)

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

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

12. Fund Balances

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

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

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

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

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

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

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

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

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

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

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$11,796,561 and \$160,439, respectively.

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.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$322.

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

Investments

As of June 30, 2019, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Government securities	AA+	1-5 years	\$ 947,778
Total			<u>\$ 947,778</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, 2019:

- U.S. government securities type of investments of \$947,778 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.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2019, the district had the following investments:

Issuer	Fair Value	% of Total Investments
U.S. Government Securities	\$ 947,778	100%

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

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	Title I fund	\$ 90,500
	Other governmental funds	125,532
	Fiduciary funds	200
Total		<u>\$ 216,232</u>

The purpose of the inter-fund loans was to cover federal and state funds not received prior to year-end and amounts due from and amounts due to agency funds.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General fund	Other governmental funds	\$ 2,039,143
Other governmental funds	General fund	77,497
	Other governmental funds	157,916
Total		<u>\$ 2,274,556</u>

The primary reason for the transfer out of the other governmental funds is the indirect cost allocation from the general fund.

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling \$597,367, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represent the cash balance, totaling \$174,642, in the debt service funds that is restricted for future debt service requirements.

In addition, the restricted assets represent the cash, cash with fiscal agents and investment balance, totaling \$44,453, \$322 and \$947,778, respectively, of the QSCB Bond Retirement Fund.

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

Note 5 – Capital Assets

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

	Balance 7/1/2018	Increases	Decreases	Adjustments	Balance 6/30/2019
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 176,569	\$ -	\$ -	\$ -	176,569
Construction in progress	-	780,838	-	-	780,838
Total non-depreciable capital assets	176,569	780,838	-	-	957,407
<u>Depreciable capital assets:</u>					
Buildings	11,725,903	-	-	(44,888)	11,681,015
Building improvements	4,115,769	-	-	(144,556)	3,971,213
Improvements other than buildings	1,803,095	-	-	(64,955)	1,738,140
Mobile equipment	2,185,771	237,974	-	9,391	2,433,136
Furniture and equipment	1,280,794	158,626	(32,683)	(26,954)	1,379,783
Total depreciable capital assets	21,111,332	396,600	(32,683)	(271,962)	21,203,287
<u>Less accumulated depreciation for:</u>					
Buildings	5,396,087	163,977	-	(28,562)	5,531,502
Building improvements	2,379,599	110,275	-	(48,557)	2,441,317
Improvements other than buildings	866,166	56,306	-	(49,902)	872,570
Mobile equipment	1,328,672	155,554	-	(41,363)	1,442,863
Furniture and equipment	971,420	83,309	(32,356)	14,149	1,036,522
Total accumulated depreciation	10,941,944	569,421	(32,356)	(154,235)	11,324,774
Total depreciable capital assets, net	10,169,388	(172,821)	(327)	(117,727)	9,878,513
Governmental activities capital assets, net	\$ 10,345,957	\$ 608,017	\$ (327)	\$ (117,727)	\$ 10,835,920

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 308,401
Support services	247,370
Non-instructional	13,650
Total depreciation expense - Governmental activities	<u>\$ 569,421</u>

Construction in progress is composed of:

	Spent to June 30, 2019	Remaining Commitment
Restroom Project	\$ 780,838	\$ 1,164,312
Total construction in progress	<u>\$ 780,838</u>	<u>\$ 1,164,312</u>

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

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

Note 6 – Long-term Liabilities

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

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Amounts due within one year
A. Qualified school construction bonds payable	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000	-
B. Compensated absences payable	98,210	-	(12,697)	85,513	-
Total	\$ 1,598,210	\$ -	(12,697)	\$ 1,585,513	-

A. Qualified school construction bonds payable

As more fully explained in Note 11, debt has been issued by the Western Line School District that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bonds payable	0.94%	12/23/2009	9/15/2024	\$1,500,000	\$1,500,000
Total				<u>\$1,500,000</u>	<u>\$1,500,000</u>

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

Year Ending June 30	Principal	Interest	Total
2020	\$ -	\$ 14,100	\$ 14,100
2021	-	14,100	14,100
2022	-	14,100	14,100
2023	-	14,100	14,100
2024	-	14,100	14,100
2025	1,500,000	14,100	1,514,100
Total	<u>\$ 1,500,000</u>	<u>\$ 84,600</u>	<u>\$ 1,584,600</u>

This debt will be retired from the QSCB Sinking Fund.

B. 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.

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

Note 7 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2019 was 15.75% 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, 2019, 2018 and 2017 were \$1,721,142, \$1,605,121 and \$1,550,140, 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, 2019, the school district reported a liability of \$26,544,226 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2019 net pension liability was .159588 percent, which was based on a measurement date of June 30, 2018. This was an increase of .0062 percent from its proportionate share used to calculate the June 30, 2018 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$2,933,534. At June 30,

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

2019 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,909	\$ 107,574
Net difference between projected and actual earnings on pension plan investments	-	545,137
Changes of assumptions	15,058	13,943
Changes in proportion and differences between District contributions and proportionate share of contributions	919,882	23,030
District contributions subsequent to the measurement date	1,721,142	-
Total	\$ <u>2,767,991</u>	\$ <u>689,684</u>

\$1,721,142 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2020	\$ 652,757
2021	195,983
2022	(372,206)
2023	(119,369)
Total	<u>\$ 357,165</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, with males rates set forward one year for males with adjustments.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The 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>	
U.S. Broad	27.00	%	4.60	%
International Equity	18.00		4.50	
Emerging Markets Equity	4.00		4.75	
Global	12.00		4.75	
Fixed Income	18.00		0.75	
Real Estate	10.00		3.50	
Private Equity	8.00		5.10	
Emerging Debt	2.00		2.25	
Cash	1.00		0.00	
Total	<u>100</u>	<u>%</u>		

Discount rate. The discount rate used to measure the total pension liability was 7.75 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 made at the former employer contribution rate (15.75%) through June 30, 2019 and at the current contribution rate (17.40%) thereafter. 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 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 34,951,129	\$ 26,544,226	\$ 19,556,980

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 8 – 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

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$82,198 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$1,804,322 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2018, the District's proportion was .23325217 percent. This was an increase of .0078 percent from the proportionate share as of the measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$95,714. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,674	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes of assumptions	-	128,562
Changes in proportion and differences between District contributions and proportionate share of contributions	74,749	-
District contributions subsequent to the measurement date	82,198	-
Total	\$ 160,621	\$ 128,562

\$82,198 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, 2020. 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:

2020	\$ (10,842)
2021	(10,842)
2022	(10,842)
2023	(10,842)
2024	(7,240)
Thereafter	469
Total	\$ (50,139)

Actuarial assumptions. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	4.50%
Municipal Bond Index Rate	
Measurement Date	3.89%
Prior Measurement Date	3.56%
Year FNP is projected to be depleted	
Measurement Date	2018
Prior Measurement Date	2017
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.89%
Prior Measurement Date	3.56%

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

Health Care Cost Trends

Medicare Supplement Claims	7.25 percent for 2018 decreasing to an
Pre-Medicare	ultimate rate of 4.75% by 2028

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, male rates set forward 1 year and adjusted by 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78 and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females.

The demographic actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study dated April 18, 2017.

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, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

The long-term investment rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.89 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.56% to 3.89%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. 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 June 30, 2017 and the June 30, 2018. The discount rate used to measure the total OPEB liability at June 30, 2018 was based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by Bond Buyer.

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 (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Net OPEB liability	\$ 2,000,046	\$ 1,804,322	\$ 1,635,993

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 1,671,399	\$ 1,804,322	\$ 1,955,285

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/>.

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

Note 9 – Contingencies

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

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

Note 10 – Risk Management

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

Note 11 – 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 did not apply for any subsidies for the year ended June 30, 2019.

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, 2019 was \$948,100. In addition, at June 30, 2019, the QSCB debt service fund had \$44,453 in cash that will be used for future sinking funds deposits. 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.

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

Year Ending June 30	Amount
2020	\$ 103,000
2021	103,000
2022	103,000
2023	103,000
2024	103,000
2025	103,000
Total	<u>\$ 618,000</u>

Note 12 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$18,207,093) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$1,721,142 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The \$1,046,849 balance of deferred outflow of resources related to pensions, at June 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$18,207,093) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$689,684 balance of deferred inflow of resources related to pensions, at June 30, 2019 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$18,207,093) 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 \$82,198 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. The \$78,423 balance of deferred outflow of resources related to OPEB, at June 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$18,207,093) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$128,562 balance of deferred inflow of resources related to OPEB, at June 30, 2019 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

Note 13 – Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Amount
2020	\$ 269,881
2021	251,515
2022	155,515
2023	152,215
Total	<u>\$ 829,126</u>

Note 14 - Interlocal Transportation Agreement

The school district entered into an Interlocal Transportation Agreement dated January 1, 1992 creating the Washington County School Bus Facility. This agreement was created pursuant to the provisions of Sections 37-7-403 and 37-41-35, Miss. Code of 1972, and approved by the State Board of Education and includes the Western Line School District and Hollandale School District.

Section 37-7-403, Miss. Code Ann. (1972), allows two or more adjoining school districts to join, unite and cooperate in the construction, erecting and equipping of a school building or other school facility situated within the boundaries of either or any of the cooperating districts which is to be used jointly by the school districts uniting and joining in the construction, erecting and equipping thereof.

Section 37-41-35, Miss. Code Ann. (1972), states the school board may establish, maintain and operate a school bus garage or shop for the servicing, repair and maintenance of such county-owned or district-owned buses. Two (2) or more counties or school districts are authorized, in the discretion of the respective school boards thereof, jointly to establish, maintain and operate a school bus garage or shop for the servicing, repair and maintenance of such county-owned or school district-owned buses. All of such garages or shops shall be established, maintained and operated under such rules and regulations as may be promulgated by the State Board of Education.

Full responsibility for transportation of students establishment, maintenance and operating of a school bus garage or repair facility for the servicing, repair, and maintenance of district-owned school buses and other vehicles was transferred from the Washington County Board of Education to the districts. The present facility and school buses were purchased by the Board of Education with transportation funds allocated to the districts. The facility was appraised as having a fair market value of \$84,000, and Western Line has agreed to purchase the entire interest of Hollandale and Leland for the sum of \$28,000 each. The Board of Education executed and delivered a recordable warranty deed conveying the facility to Western Line upon being furnished satisfactory evidence it has acquired the interests of the other districts. The basic purpose of this agreement is to achieve economy in the garaging, repair and maintenance of district-owned buses, maintaining adequate inventories of oil, lubricants and spare parts and operation of the facility. All expenses not directly allocable to individual district-owned buses or other vehicles (oil, lubricants, repairs, replacement of tires, parts, labor, etc.) shall initially be borne by the districts in the following proportions:

WESTERN LINE SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2019

<u>District</u>	<u>Buses</u>	<u>%</u>
Western Line	37	72.5
Hollandale	14	27.5

The above percentages can be adjusted on the basis of actual costs or minimum program receipts for transportation for the preceding school year on July 1, 1992, and thereafter at 12-month intervals to insure an equitable allocation as between districts. Western Line shall have sole responsibility for, and the authority to operate, manage, govern and control all operations of the facility, including specifics detailed in the agreement.

Each district shall receive and have control over state funds distributed for transportation purposes, and shall be responsible for the purchase of new buses if, as and when needed. The facility's responsibilities shall be limited to housing, maintenance, and repair of buses, including spares.

The Western Line School District has been designated as the lead school district for the Washington County School Bus Facility and the operations of the agreement are included in the financial statements.

Note 15 – Prior Period Adjustments

A summary of significant Net Position/Fund Balance adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
1. To adjust beginning capital assets to subsidiary ledger	\$ (117,727)
Total	<u>\$ (117,727)</u>

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 School District evaluated the activity of the district through February 6, 2021 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WESTERN LINE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 7,154,370	\$ 7,451,108	\$ 7,451,109	\$ 296,738	\$ 1
State sources	8,708,704	8,739,355	8,739,355	30,651	-
Federal sources	65,000	5,566	5,566	(59,434)	-
Sixteenth section sources	354,895	397,792	397,792	42,897	-
Total Revenues	16,282,969	16,593,821	16,593,822	310,852	1
Expenditures:					
Instruction	9,759,730	9,740,683	9,740,684	19,047	(1)
Support services	6,915,850	6,763,297	6,714,122	152,553	49,175
Noninstructional services	-	333	333	(333)	-
Sixteenth section	24,480	56,152	56,152	(31,672)	-
Facilities acquisition and construction	104,550	76,098	-	28,452	76,098
Total Expenditures	16,804,610	16,636,563	16,511,291	168,047	125,272
Excess (Deficiency) of Revenues over (under) Expenditures	(521,641)	(42,742)	82,531	478,899	125,273
Other Financing Sources (Uses):					
Operating transfers in	3,366,543	2,673,614	77,497	(692,929)	(2,596,117)
Other financing sources	-	1,079	2,480	1,079	1,401
Operating transfers out	(3,624,647)	(4,635,260)	(2,039,143)	(1,010,613)	2,596,117
Total Other Financing Sources (Uses)	(258,104)	(1,960,567)	(1,959,166)	(1,702,463)	1,401
Net Change in Fund Balances	(779,745)	(2,003,309)	(1,876,635)	(1,223,564)	126,674
July 1, 2018	9,993,237	9,993,237	9,993,237	-	-
June 30, 2019	\$ 9,213,492	\$ 7,989,928	\$ 8,116,602	\$ (1,223,564)	\$ 126,674

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

WESTERN LINE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Title I Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 914,104	\$ 931,682	\$ 931,682	\$ 17,578	\$ -
Total Revenues	914,104	931,682	931,682	17,578	-
Expenditures:					
Instruction	425,954	432,865	432,865	(6,911)	-
Support services	475,048	490,372	490,372	(15,324)	-
Noninstructional services	9,102	8,445	8,445	657	-
Total Expenditures	910,104	931,682	931,682	(21,578)	-
Excess (Deficiency) of Revenues over (under) Expenditures	4,000	-	-	(4,000)	-
Other Financing Sources (Uses):					
Operating transfers out	(4,000)	-	-	4,000	-
Total Other Financing Sources (Uses)	(4,000)	-	-	4,000	-
Net Change in Fund Balances	-	-	-	-	-
July 1, 2018	-	-	-	-	-
June 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -

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

WESTERN LINE SCHOOL DISTRICT
Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.1595880%	0.153423%	0.151769%	0.150000%	0.150000%
District's proportionate share of the net pension liability	\$ 26,544,226	25,504,114	27,109,735	23,187,043	18,207,254
District's covered payroll	\$ 10,191,244	9,842,159	9,709,003	9,428,076	9,102,051
District's proportionate share of the net pension liability as a percentage of its covered payroll	260.46%	259.13%	279.22%	245.94%	200.03%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%

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. 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

WESTERN LINE SCHOOL DISTRICT
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,721,142	1,605,121	1,550,140	1,529,168	1,484,922
Contributions in relation to the contractually required contribution	\$ 1,721,142	1,605,121	1,550,140	1,529,168	1,484,922
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 10,927,886	10,191,244	9,842,159	9,709,003	9,428,076
Contributions as a percentage of covered payroll	15.75%	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. However, GASB Statement No. 68 was implemented in FYE 6/30/2015, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

WESTERN LINE SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

OPEB

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.23325217%	0.22543631%
District's proportionate share of the net OPEB liability	\$ 1,804,322	1,768,794
District's covered-employee payroll	\$ 10,191,244	9,842,159
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	17.705%	17.972%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12911%	0.0000%

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, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

WESTERN LINE SCHOOL DISTRICT
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

	<u>2019</u>	<u>2018 *</u>
Actuarially determined contribution	\$ 82,198	75,406
Contributions in relation to the actuarially determined contribution	\$ 82,198	75,406
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 10,927,886	10,191,244
Contributions as a percentage of covered-employee payroll	0.7522%	0.7399%

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

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

Notes to Required Supplementary Information

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

(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, 2016 valuation for the June 30, 2018 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	36.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 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.

(2) *Changes in benefit provisions*

2017: None

2018: None

(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, 2017 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3%
Salary increases, including wage inflation	3.25% to 18.50%

Initial health care cost trend rates	
Medicare Supplement Claims	7.75%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	5.00%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2023
Pre-Medicare	
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.56%

SUPPLEMENTARY INFORMATION

WESTERN LINE SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	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	195MS326N1099	\$ 439,809
National school lunch program	10.555	195MS326N1099	1,111,817
Summer food service program for children	10.559	195MS326N1099	25,519
Total child nutrition cluster			<u>1,577,145</u>
Total passed-through Mississippi Department of Education			<u>1,577,145</u>
Total U.S. Department of Agriculture			<u><u>1,577,145</u></u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A180024	1,167,174
Rural education	84.358	ES358B180024	34,682
Supporting Effective Instruction State Grants	84.367	ES367A180023	206,152
Student Support and Academic Enrichment	84.424	ES424A180025	19,940
Subtotal			<u>1,427,948</u>
Special education cluster:			
Special education - grants to states	84.027	H027A180108	453,888
Special education - preschool grants	84.173	H173A180113	15,178
Total special education cluster			<u>469,066</u>
Total passed-through Mississippi Department of Education			<u>1,897,014</u>
Total U.S. Department of Education			<u><u>1,897,014</u></u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	1905MS5ADM	5,566
Total passed-through Mississippi Department of Education			<u>5,566</u>
Total U.S. Department of Health and Human Services			<u><u>5,566</u></u>
Total for All Federal Awards			<u><u>\$ 3,479,725</u></u>

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

WESTERN LINE SCHOOL DISTRICT

Notes to the Supplementary Information For the Year Ended June 30, 2019

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 Western Line School District under programs of the federal government for the year ended June 30, 2019. 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 Western Line School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Western Line School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$68,513 are included in the National School Lunch Program.

WESTERN LINE SCHOOL DISTRICT

Supplementary Information

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2019**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 14,990,528	10,957,021	743,540	963,984	2,325,983
Other	6,021,144	1,961,494	364,733	147,407	3,547,510
Total	<u>\$ 21,011,672</u>	<u>12,918,515</u>	<u>1,108,273</u>	<u>1,111,391</u>	<u>5,873,493</u>
Total number of students *	<u>1,884</u>				
Cost per student	<u>\$ 11,153</u>	<u>6,857</u>	<u>588</u>	<u>590</u>	<u>3,118</u>

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

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

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

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

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

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

OTHER INFORMATION

WESTERN LINE SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2019	2018*	2017*	2016*
Revenues:				
Local sources	\$ 7,451,109	\$ 6,967,231	\$ 6,889,835	\$ 6,456,541
State sources	8,739,355	8,508,640	8,509,417	8,238,972
Federal sources	5,566	12,289	92,171	372,458
Sixteenth section sources	397,792	369,681	368,718	365,791
Total Revenues	16,593,822	15,857,841	15,860,141	15,433,762
Expenditures:				
Instruction	9,740,684	9,285,180	8,586,892	8,698,955
Support services	6,714,122	6,144,257	6,289,600	5,874,057
Noninstructional services	333	-	-	-
Sixteenth section	56,152	51,721	18,604	14,478
Facilities acquisition and construction	-	6,510	352,003	287,737
Total Expenditures	16,511,291	15,487,668	15,247,099	14,875,227
Excess (Deficiency) of Revenues over (under) Expenditures	82,531	370,173	613,042	558,535
Other Financing Sources (Uses):				
Sale of transportation equipment	-	3,162	815	4,798
Sale of other property	-	-	864	1,682
Operating transfers in	77,497	81,424	71,691	67,200
Other financing sources	2,480	7,924	-	-
Operating transfers out	(2,039,143)	(286,492)	(1,383,483)	(259,028)
Other financing uses	-	-	-	(1,231)
Total Other Financing Sources (Uses)	(1,959,166)	(193,982)	(1,310,113)	(186,579)
Net Change in Fund Balances	(1,876,635)	176,191	(697,071)	371,956
Fund Balances:				
Beginning of period	9,993,237	9,817,046	10,514,117	10,142,161
End of Period	\$ 8,116,602	\$ 9,993,237	\$ 9,817,046	\$ 10,514,117

*SOURCE - PRIOR YEAR AUDIT REPORTS

WESTERN LINE SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2019	2018*	2017*	2016*
Revenues:				
Local sources	\$ 7,642,112	\$ 7,101,037	\$ 7,021,416	\$ 6,606,126
State sources	8,978,437	8,707,313	8,657,121	8,395,041
Federal sources	3,479,725	3,066,048	2,906,138	3,438,108
Sixteenth section sources	402,288	374,244	373,208	370,906
Total Revenues	20,502,562	19,248,642	18,957,883	18,810,181
Expenditures:				
Instruction	11,317,191	10,537,543	9,623,144	9,954,548
Support services	7,518,445	6,946,964	7,039,042	6,696,513
Noninstructional services	1,322,050	1,248,666	1,267,185	1,335,356
Sixteenth section	59,673	51,721	18,604	14,478
Facilities acquisition and construction	780,838	897,679	485,534	287,737
Debt service:				
Principal	-	-	-	1,000,000
Interest	13,475	12,225	12,225	12,225
Other	-	1,250	-	1,250
Total Expenditures	21,011,672	19,696,048	18,445,734	19,302,107
Excess (Deficiency) of Revenues over (under) Expenditures	(509,110)	(447,406)	512,149	(491,926)
Other Financing Sources (Uses):				
Sale of transportation equipment	-	3,162	815	4,798
Sale of other property	-	-	864	1,682
Payments held by escrow agent	103,928	104,000	-	104,000
Payment to QSCB debt escrow agent	(103,928)	(104,000)	-	(104,000)
Operating transfers in	2,274,556	425,055	1,512,783	326,228
Other financing sources	2,480	7,924	104,000	-
Operating transfers out	(2,274,556)	(425,055)	(1,512,783)	(326,228)
Other financing uses	-	-	(109,868)	(1,231)
Total Other Financing Sources (Uses)	2,480	11,086	(4,189)	5,249
Net Change in Fund Balances	(506,630)	(436,320)	507,960	(486,677)
Fund Balances:				
Beginning of period	12,720,010	13,156,959	12,640,618	13,126,876
Increase (Decrease) in reserve for inventory	20,587	(629)	8,381	419
End of Period	\$ 12,233,967	\$ 12,720,010	\$ 13,156,959	\$ 12,640,618

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent and School Board
Western Line 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 the Western Line School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Western Line School District's basic financial statements, and have issued our report thereon dated February 6, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Western Line School District's internal control over financial reporting (internal control) to determine the 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 the Western Line School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Western Line School District's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses and significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. [Finding 2019-001 and 2019-002].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Western Line 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 determination of financial statement amounts. 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*.

Western Line School District's Responses to Findings

The Western Line School District's responses to the findings identified in our audit are described in the accompanying Auditee Corrective Action Plan. We did not audit the Western Line School District's responses and, accordingly, we express no opinion on them.

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.

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Cunningham CPAs, PLLC

Belzoni, Mississippi

February 6, 2021

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

Superintendent and School Board
Western Line School District

Report on Compliance for Each Major Federal Program

We have audited the Western Line School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Western Line School District's major federal programs for the year ended June 30, 2019. Western Line 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Western Line School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Western Line School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Western Line School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Western Line School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Western Line School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Western Line School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Western Line School District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

A handwritten signature in dark ink that reads "Cunningham CPAs". The signature is written in a cursive, flowing style.

Cunningham CPAs, PLLC

Belzoni, Mississippi

February 6, 2021

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

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

Superintendent and School Board
Western Line School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Line School District as of and for the year ended June 30, 2019, which collectively comprise Western Line School District's basic financial statements and have issued our report thereon dated February 6, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements 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.

A handwritten signature in dark ink that reads "Cunningham CPAs". The word "Cunningham" is written in a cursive script, and "CPAs" is written in a more blocky, sans-serif style.

Cunningham CPAs, PLLC

Belzoni, Mississippi

February 6, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WESTERN LINE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|-------------------------------------------------------|---------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiency(ies) identified? | None reported |
| 3. | Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) 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 programs: | |
| | <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
| | 10.553 | School Breakfast Program for Children |
| | 10.555 | National School Lunch Program |
| | 10.559 | Summer Food Service Program for Children |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as low-risk auditee? | No |
| 10. | Prior fiscal year audit findings(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | No |

WESTERN LINE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section II: Financial Statement Findings

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

Material Weaknesses:

Finding 2019-001:

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

CONDITION: The District upgraded accounting software during the year and the original capital asset subsidiary provided for the audit contained material variances due to errors in the software conversion process.

CAUSE OF CONDITION: The cause is a result of not properly reconciling the capital asset subsidiary records to the accounting records of the District.

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

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

VIEWS OF RESPONSIBLE OFFICIALS: See the Auditee's Corrective Action Plan on page 73 for the District's response to this finding.

Finding 2019-002:

CRITERIA: Management is responsible for establishing an internal control system that ensures strong financial accountability surrounding the payroll process.

CONDITION: During our sample testing of employee payroll, we found one instance where the District incorrectly calculated the monthly amortization of payroll resulting in an employee being underpaid by \$6,990.

CAUSE OF CONDITION: The cause is a result of not having a properly operating system of controls to ensure employees are being paid according to their approved contracts.

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

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

VIEWS OF RESPONSIBLE OFFICIALS: See the Auditee's Corrective Action Plan on page 73 for the District's response to this finding.

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.

WESTERN LINE SCHOOL DISTRICT

102 Maddox Road
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(662) 335-7186

AUDITEE'S CORRECTIVE ACTION PLAN

As required by 2 CFR 200.511 the Western Line School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2019:

<u>Finding</u>	<u>Correction Action Plan Details</u>
2019-001	<p>a. Name of Contact Person Responsible for Corrective Action:</p> <p>Melinda Aven, Business Manager, 662-335-7186</p> <p>b. Corrective Action Planned:</p> <p>We have since properly reconciled the capital asset subsidiary ledgers to the accounting records. We will implement policies or procedures to establish an internal control system that will ensure strong financial accountability and safeguarding of assets.</p> <p>c. Anticipated Completion Date:</p> <p>Immediately.</p>
<u>Finding</u>	<u>Correction Action Plan Details</u>
2019-002	<p>a. Name of Contact Person Responsible for Corrective Action:</p> <p>Melinda Aven, Business Manager, 662-335-7186</p> <p>b. Corrective Action Planned:</p> <p>We have paid the employee the missing wages and we will design and implement policies or procedures to establish an internal control system that will ensure strong financial accountability and safeguarding of assets.</p> <p>c. Anticipated Completion Date:</p> <p>Immediately.</p>