

# **Onalaska Independent School District**

Annual Financial Report

For the Fiscal Year Ended August 31, 2017



**Onalaska Independent School District**  
 Annual Financial Report  
 For the Fiscal Year Ended August 31, 2017  
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Certificate of the Board

Onalaska Independent School District  
Name of School District

Polk  
County

187-910  
Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and ✓ approved \_\_\_\_\_ disapproved for the fiscal year ended August 31, 2017 at a meeting of the Board of Trustees of such school district on the 16<sup>th</sup> day of October, 2017.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

If the Board of Trustees disapproved the auditor's report, the reason(s) for disapproving it is/are (attach list as necessary):

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# Financial Section

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## Independent Auditor's Report

The Board of Trustees of  
Onalaska Independent School District  
P.O. Box 2289  
Onalaska, Texas 77360

### ***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 Onalaska Independent School District (the District), as of and for the fiscal year ended August 31, 2017, 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 from 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 Onalaska Independent School District, as of August 31, 2017, and the respective changes in financial position 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 and the Required Supplementary Information, as listed in the table of contents, 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.

*Supplementary Information and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Onalaska Independent School District's basic financial statements. The Supplementary Information as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information and the Schedule of Expenditures of Federal Awards 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Board of Trustees of  
Onalaska Independent School District

The Schedule of Required Responses to Selected School FIRST Indicators 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 October 9, 2017 on our consideration of Onalaska Independent 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 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 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 Onalaska Independent School District's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas  
October 9, 2017

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## Management's Discussion and Analysis

As management of the Onalaska Independent School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2017.

### Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,156,465 (*net position*). Of this amount, \$3,735,036 (*unrestricted net position*) may be used to meet the District's ongoing obligations to students and creditors.
- The District's total net position decreased by \$467,437.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,568,188, a decrease of \$328,596 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,109,158, or 39 percent of total general fund expenditures.
- The District's total net bonded debt decreased by \$260,750.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* (Exhibit B-1) 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 (e.g., uncollected taxes and incurred but unpaid interest).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Service, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Payments Related to Shared Services Arrangements, and Other Intergovernmental Charges*.

The government-wide financial statements can be found as noted in the table of contents of this report.

**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, like other state and local governments, 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.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds financial statements 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, readers may better understand the long-term effect of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintained eleven individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation titled *other governmental funds*.

The District adopts an annual revenue and appropriations budget for its general fund. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as noted in the table of contents of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds.

The basic fiduciary fund financial statements can be found as noted in the table of contents of this report.

**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 as noted in the table of contents of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report presents required supplementary information and supplementary information, which includes schedules required by the Texas Education Agency. Such information can be found as noted in the table of contents of this report.

## Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,156,465 at the close of the most recent fiscal year.

### Onalaska Independent School District's Net Position

	Governmental Activities					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 7,112,816	29	\$ 7,979,222	33	\$ (866,406)	(11)
Capital assets	17,070,151	71	16,459,982	67	610,169	4
Total assets	<u>24,182,967</u>	<u>100</u>	<u>24,439,204</u>	<u>100</u>	<u>(256,237)</u>	
Total deferred outflows of resources	1,372,028	100	1,320,029	100	51,999	4
Long-term liabilities outstanding	17,499,949	96	16,712,752	93	787,197	5
Other liabilities	754,301	4	1,260,916	7	(506,615)	(40)
Total liabilities	<u>18,254,250</u>	<u>100</u>	<u>17,973,668</u>	<u>100</u>	<u>280,582</u>	
Total deferred inflows of resources	144,280	100	161,663	100	(17,383)	(11)
Net position:						
Net investment in capital assets	3,204,573	45	2,688,660	35	515,913	19
Restricted for grants	112,699	2	80,058	1	32,641	41
Restricted for debt service	104,157	1	344,946	5	(240,789)	(70)
Unrestricted	<u>3,735,036</u>	<u>52</u>	<u>4,510,238</u>	<u>59</u>	<u>(775,202)</u>	<u>(17)</u>
<b>Total net position</b>	<u>\$ 7,156,465</u>	<u>100</u>	<u>\$ 7,623,902</u>	<u>100</u>	<u>\$ (467,437)</u>	

The net position decreased as a result of the decrease in revenues due to the decrease in state funding as well as an increase in instruction expenses.

Investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding represents 45 percent of the District's net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net position that is restricted for debt service and grants totaled \$216,856 or 3 percent of net position. The *unrestricted net position* of \$3,735,036 (52 percent of total net position) may be used to meet the District's ongoing obligations to students and creditors.

**Governmental Activities.** Governmental activities decreased the District's net position by \$467,437 from current operations. Key elements of this change are as follows:

**Onalaska Independent School District's Changes in Net Position**

	Governmental Activities					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program revenues:						
Charges for services	\$ 329,797	3	\$ 344,326	3	\$ (14,529)	(4)
Operating grants and contributions	1,607,448	13	1,683,197	14	(75,749)	(5)
General revenues:						
Property taxes, levied for general purpose	5,331,053	45	5,077,388	42	253,665	5
Property taxes, levied for debt service	1,000,683	8	1,169,000	9	(168,317)	(14)
Grants and contributions not restricted to specific programs	3,679,699	30	4,014,138	32	(334,439)	(8)
Investment earnings	44,975	-	57,953	-	(12,978)	(22)
Miscellaneous	126,875	1	21,804	-	105,071	482
Total revenues	<u>12,120,530</u>	<u>100</u>	<u>12,367,806</u>	<u>100</u>	<u>(247,276)</u>	
Expenses:						
Instruction	6,304,559	50	5,675,402	50	629,157	11
Instructional resources and media services	50,269	-	33,936	-	16,333	48
Curriculum and staff development	133,439	1	100,697	1	32,742	33
Instructional leadership	254,173	2	200,599	2	53,574	27
School leadership	622,391	5	583,958	5	38,433	7
Guidance, counseling, and evaluation services	188,940	2	190,435	2	(1,495)	(1)
Health services	113,409	1	118,853	1	(5,444)	(5)
Student transportation	526,911	4	529,543	5	(2,632)	-
Food service	730,872	6	716,551	6	14,321	2
Extracurricular activities	569,548	5	439,539	4	130,009	30
General administration	538,747	4	453,648	4	85,099	19
Plant maintenance and operations	1,181,305	9	1,476,951	13	(295,646)	(20)
Security and monitoring services	1,389	-	1,489	-	(100)	(7)
Data processing services	252,847	2	247,270	2	5,577	2
Interest on long-term debt	794,669	6	375,240	3	419,429	112
Issuance costs and fees	13,500	1	1,000	-	12,500	1,250
Facilities repair and maintenance	9,499	-	125	-	9,374	7,499
Payments related to shared services arrangements	187,927	1	161,259	1	26,668	17
Other intergovernmental charges	113,573	1	114,912	1	(1,339)	(1)
Total expenses	<u>12,587,967</u>	<u>100</u>	<u>11,421,407</u>	<u>100</u>	<u>1,166,560</u>	
Change in net position	(467,437)		946,399		(1,413,836)	
Net position - beginning	<u>7,623,902</u>		<u>6,677,503</u>		<u>946,399</u>	
<b>Net position - ending</b>	<u>\$ 7,156,465</u>		<u>\$ 7,623,902</u>		<u>\$ (467,437)</u>	



Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$5,287,147) represent 43 percent of total revenues, and property taxes (\$6,331,736) represent 53 percent of total revenues. The remaining 4 percent is generated from investment earnings, charges for services, and miscellaneous revenues. The most significant change in revenues is the decrease in state funding.

The primary functional expenses of the District are instruction (\$6,304,559) and plant maintenance and operations (\$1,181,305), which represent 50 percent and 9 percent, respectively, of total expenses. The remaining functional categories of expenses are individually 10 percent or less of total expenditures. The most significant increase in expenses was instruction.

### **Financial Analysis of the Government'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 near-term 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 a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,568,188 a decrease of \$328,596 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$4,595,329 and unassigned fund balance was \$4,109,158. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 39 percent of total general fund expenditures, while total fund balance represents 43 percent of the same amount.

The fund balance of the District's general fund decreased by \$459,236 during the current fiscal year. The most significant change in the general fund in the current year was a decrease in revenues due to decrease in state funding and an increase in expenditures for track improvements.

The debt service fund has a total fund balance of \$910,531, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year was less than prior year due mainly to a decrease in property tax revenue from a decreased tax rate.

The capital projects fund balance increased \$73,879 due to the District's reduction in capital activity during the year as they complete projects and prepare to transfer funds to resolve the deficit in fund balance.

### **General Fund Budgetary Highlights**

The District amends the budget as needed throughout the year.

The most significant differences between the originally adopted budget and the final amended budget are as follows:

- Increased state funding \$596,766 due to TRS on-behalf revenues were excluded from the original budget.
- Increase of \$1,650,110 to appropriate facilities acquisition and construction expenses due to issuance of note payable during the year to fund construction costs.

There were no significant variances between the final budget and actual amounts.

## Capital Assets and Long-Term Liabilities

**Capital Assets.** The District's investment in capital assets for its governmental type activities as of August 31, 2017, amounts to \$17,070,151 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The total increase in the District's investment in capital assets for the current fiscal year was \$610,169.

### Onalaska Independent School District's Capital Assets (net of depreciation)

	Governmental Activities					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 129,553	1	\$ 129,553	1	\$ -	-
Buildings and improvements	15,422,942	90	6,293,254	38	9,129,688	145
Furniture and equipment	287,252	2	345,951	2	(58,699)	(17)
Construction in progress	1,230,404	7	9,691,224	59	(8,460,820)	(87)
<b>Totals</b>	<b>\$ 17,070,151</b>	<b>100</b>	<b>\$ 16,459,982</b>	<b>100</b>	<b>\$ 610,169</b>	

Major capital asset events during the current fiscal year included the following:

- Completion of construction projects totaling \$9,607,847.

Additional information on the District's capital assets can be found in notes to the financial statements as noted in the table of contents of this report.

**Construction Commitments.** At the end of the current fiscal year, the District's commitments with construction contractors totaled \$486,171.

**Long-Term Liabilities.** At year-end, the District had the following long-term liabilities:

### Onalaska Independent School District's Long-Term Liabilities Outstanding

	Governmental Activities					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 14,402,168	83	\$ 14,662,918	88	\$ (260,750)	(2)
Note payable	595,339	3	-	-	595,339	-
Net pension liability	2,502,442	14	2,049,834	12	452,608	22
<b>Totals</b>	<b>\$ 17,499,949</b>	<b>100</b>	<b>\$ 16,712,752</b>	<b>100</b>	<b>\$ 787,197</b>	

The District's bonded debt decreased by \$260,750 (2 percent) during the current fiscal year as a result of scheduled debt payments. Note payable increased \$595,339 from prior year due to issuance of a new note payable in the current fiscal year. Net pension liability increased primarily due to 1) the actual earnings were less than projected, 2) changes in proportion and differences between District contributions and proportionate share of contributions, and 3) pension costs.

The District's general obligation debt is backed by the full faith and credit of the District and is further guaranteed by the Texas Permanent School Fund Guarantee Program.

State statutes do not limit the tax rate or amount for the support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term liabilities can be found in the notes to the financial statements as indicated in the table of contents of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- Current enrollment (2017-2018) totals 1,075 students, which is an increase from 1,033 students in the prior year.
- District staff totals 171 employees in 2016-2017, which includes 78 teachers and 31 teachers' aides and secretaries.
- The District maintains two campuses for instruction.
- The unemployment rate for the County is currently 5.8 percent, which is an increase from a rate of 5.1 percent a year ago. This compares unfavorably to the state's average unemployment rate of 4.3 percent, which is a decrease from a rate of 6.4 percent a year ago.
- Property values of the District are projected to increase 19 percent in the 2017-2018 fiscal year from the prior fiscal year.
- A maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$0.2089, a total of \$1.2489 were adopted for 2017-2018. Preceding year rates were \$1.235, \$1.04 and \$0.195, respectively.

All of these factors were considered in preparing the District's budget for the 2017-2018 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$4,109,158. The District plans to utilize unassigned fund balance to fund current expenditures prior to collecting the current year tax levy.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Onalaska Independent School District, P.O. Box 2289, Onalaska, Texas, 77360.

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# Basic Financial Statements

**Onalaska Independent School District**  
Statement of Net Position  
August 31, 2017

**Exhibit A-1**

1

<u>Data Control Codes</u>		<u>Primary Governmental Activities</u>
<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ 5,302,074
1220	Property taxes receivable	857,912
1230	Allowance for uncollectible taxes	(43,000)
1240	Due from other governments	935,958
1290	Other receivables	20,595
1300	Inventories	39,277
	Capital assets:	
1510	Land and improvements	129,553
1520	Buildings and improvements (net)	15,422,942
1530	Furniture and equipment (net)	287,252
1580	Construction in progress	1,230,404
1000	Total assets	<u>24,182,967</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1705	Deferred outflows - pension	1,149,971
1710	Deferred charge on refunding	222,057
1700	Total deferred outflows of resources	<u>1,372,028</u>
<b>LIABILITIES</b>		
2110	Accounts payable	368,363
2140	Interest payable	24,585
2160	Accrued wages payable	337,528
2300	Unearned revenue	23,825
	Noncurrent liabilities:	
2501	Due within one year	443,492
2502	Due in more than one year	14,554,015
2540	Net pension liabilities	2,502,442
2000	Total liabilities	<u>18,254,250</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2605	Deferred inflows - pension	144,280
2600	Total deferred inflows of resources	<u>144,280</u>
<b>NET POSITION</b>		
3200	Net investment in capital assets	3,204,573
3820	Restricted for grants	112,699
3850	Restricted for debt service	104,157
3900	Unrestricted	3,735,036
3000	<b>TOTAL NET POSITION</b>	<u>\$ 7,156,465</u>

The Notes to the Financial Statements are an integral part of this statement.

Onalaska Independent School District  
Statement of Activities  
For the Fiscal Year Ended August 31, 2017

Exhibit B-1

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Program Revenues		Governmental Activities
			Charges for Services	Operating Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>					
Governmental activities:					
0011	Instruction	\$ 6,304,559	\$ -	\$ 747,675	\$ (5,556,884)
0012	Instructional resources and media services	50,269	-	-	(50,269)
0013	Curriculum and staff development	133,439	-	88,229	(45,210)
0021	Instructional leadership	254,173	-	83,255	(170,918)
0023	School leadership	622,391	-	19,606	(602,785)
0031	Guidance, counseling, and evaluation services	188,940	-	5,680	(183,260)
0033	Health services	113,409	-	2,531	(110,878)
0034	Student transportation	526,911	-	8,375	(518,536)
0035	Food services	730,872	171,155	526,144	(33,573)
0036	Extracurricular activities	569,548	158,642	34,540	(376,366)
0041	General administration	538,747	-	35,572	(503,175)
0051	Plant maintenance and operations	1,181,305	-	12,279	(1,169,026)
0052	Security and monitoring services	1,389	-	-	(1,389)
0053	Data processing services	252,847	-	6,474	(246,373)
0072	Interest on long-term debt	794,669	-	37,088	(757,581)
0073	Issuance costs and fees	13,500	-	-	(13,500)
0081	Facilities repair and maintenance	9,499	-	-	(9,499)
0093	Payments related to shared services arrangements	187,927	-	-	(187,927)
0099	Other intergovernmental charges	113,573	-	-	(113,573)
TG	Total governmental activities	<u>12,587,967</u>	<u>329,797</u>	<u>1,607,448</u>	<u>(10,650,722)</u>
TP	<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 12,587,967</u>	<u>\$ 329,797</u>	<u>\$ 1,607,448</u>	<u>(10,650,722)</u>
General revenues:					
MT	Property taxes, levied for general purposes				5,331,053
DT	Property taxes, levied for debt service				1,000,683
GC	Grants and contributions not restricted to specific programs				3,679,699
IE	Investment earnings				44,975
MI	Miscellaneous				126,875
TR	Total general revenues				<u>10,183,285</u>
CN	Change in net position				(467,437)
NB	Net position - beginning				<u>7,623,902</u>
NE	<b>NET POSITION - ENDING</b>				<u>\$ 7,156,465</u>

The Notes to the Financial Statements are an integral part of this statement.

# Onalaska Independent School District

## Balance Sheet – Governmental Funds

August 31, 2017

<b>Data Control Codes</b>		<b>199</b>	<b>599</b>
		<b>General Fund</b>	<b>Debt Service Fund</b>
<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ 4,214,451	\$ 907,258
1220	Property taxes receivable	729,594	128,318
1230	Allowance for uncollectible taxes	(37,000)	(6,000)
1240	Due from other governments	872,404	-
1260	Due from other funds	182,465	-
1290	Other receivables	17,322	3,273
1300	Inventories	-	-
1000	Total assets	<u>5,979,236</u>	<u>1,032,849</u>
1000a	<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 5,979,236</u>	<u>\$ 1,032,849</u>
<b>LIABILITIES</b>			
2110	Accounts payable	\$ 368,363	\$ -
2160	Accrued wages payable	322,950	-
2170	Due to other funds	-	-
2300	Unearned revenue	-	-
2000	Total liabilities	<u>691,313</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2600	Unavailable revenue - property taxes	692,594	122,318
	Total deferred inflows of resources	<u>692,594</u>	<u>122,318</u>
<b>FUND BALANCES</b>			
3450	Restricted - grant funds	-	-
3480	Restricted - debt service	-	910,531
3545	Committed - other	-	-
3550	Assigned - construction	486,171	-
3600	Unassigned	4,109,158	-
3000	Total fund balances	<u>4,595,329</u>	<u>910,531</u>
4000	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 5,979,236</u>	<u>\$ 1,032,849</u>

The Notes to the Financial Statements are an integral part of this statement.



699	Total	98
Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
\$ -	\$ 180,365	\$ 5,302,074
-	-	857,912
-	-	(43,000)
-	63,554	935,958
-	-	182,465
-	-	20,595
-	39,277	39,277
<u>-</u>	<u>283,196</u>	<u>7,295,281</u>
<u>\$ -</u>	<u>\$ 283,196</u>	<u>\$ 7,295,281</u>
\$ -	\$ -	\$ 368,363
-	14,578	337,528
118,911	63,554	182,465
-	23,825	23,825
<u>118,911</u>	<u>101,957</u>	<u>912,181</u>
<u>-</u>	<u>-</u>	<u>814,912</u>
<u>-</u>	<u>-</u>	<u>814,912</u>
-	112,699	112,699
-	-	910,531
-	68,540	68,540
-	-	486,171
(118,911)	-	3,990,247
<u>(118,911)</u>	<u>181,239</u>	<u>5,568,188</u>
<u>\$ -</u>	<u>\$ 283,196</u>	<u>\$ 7,295,281</u>

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**Onalaska Independent School District**

**Exhibit C-1R**

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
August 31, 2017

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)** \$ 5,568,188

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental capital assets costs	\$ 23,927,985	
Accumulated depreciation of governmental capital assets	<u>(6,857,834)</u>	17,070,151

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.		814,912
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Long-term liabilities, including bonds payable, note payable, and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds payable, at original par	\$ (11,970,045)	
Premium on bonds payable	(1,522,251)	
Accreted interest	(909,872)	
Accrued interest on the bonds	(18,820)	
Note payable	(595,339)	
Accrued interest on note payable	(5,765)	
Net pension liability	<u>(2,502,442)</u>	(17,524,534)

Deferred charge on refunding is reported as a deferred outflow in the statement of net position and it is not reported in the funds due to it is not a current financial resource available to pay for current expenditures.		222,057
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Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.		1,149,971
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Deferred inflows for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		<u>(144,280)</u>
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**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)** \$ 7,156,465

**Onalaska Independent School District**  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances – Governmental Funds  
For the Fiscal Year Ended August 31, 2017

<b>Data Control Codes</b>		<b>199</b>	<b>599</b>
		<b>General Fund</b>	<b>Debt Service Fund</b>
<b>REVENUES</b>			
5700	Local and intermediate sources	\$ 5,490,997	\$ 1,007,677
5800	State program revenues	3,996,983	37,088
5900	Federal program revenues	112,376	-
5020	Total revenues	<u>9,600,356</u>	<u>1,044,765</u>
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	5,409,638	-
0012	Instructional resources and media services	30,446	-
0013	Curriculum and staff development	34,271	-
0021	Instructional leadership	157,484	-
0023	School leadership	570,299	-
0031	Guidance, counseling, and evaluation services	172,308	-
0033	Health services	106,830	-
0034	Student transportation	429,597	-
0035	Food service	190	-
0036	Extracurricular activities	347,844	-
0041	General administration	467,034	-
0051	Plant maintenance and operations	1,142,639	-
0053	Data processing services	240,061	-
Debt service:			
0071	Principal on long-term debt	17,161	422,560
0072	Interest on long-term debt	7,166	600,885
0073	Issuance costs and fees	12,500	1,000
Capital outlay:			
0081	Facilities acquisition and construction	1,225,124	-
Intergovernmental:			
0093	Payments related to shared services arrangements	187,927	-
0099	Other intergovernmental charges	113,573	-
6030	Total expenditures	<u>10,672,092</u>	<u>1,024,445</u>
1100	Excess (deficiency) of revenues over (under) expenditures	(1,071,736)	20,320
<b>OTHER FINANCING SOURCES (USES)</b>			
7914	Loan proceeds	612,500	-
7080	Total other financing sources (uses)	<u>612,500</u>	<u>-</u>
1200	Net change in fund balances	(459,236)	20,320
0100	Fund balances - beginning	<u>5,054,565</u>	<u>890,211</u>
3000	<b>FUND BALANCES - ENDING</b>	<u>\$ 4,595,329</u>	<u>\$ 910,531</u>

The Notes to the Financial Statements are an integral part of this statement.

699	Total	98
Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
\$ 83,377	\$ 328,043	\$ 6,910,094
-	85,056	4,119,127
-	1,014,963	1,127,339
<u>83,377</u>	<u>1,428,062</u>	<u>12,156,560</u>
-	437,048	5,846,686
-	-	30,446
-	87,668	121,939
-	69,474	226,958
-	-	570,299
-	-	172,308
-	-	106,830
-	734	430,331
-	649,239	649,429
-	147,458	495,302
-	-	467,034
-	-	1,142,639
-	-	240,061
-	-	439,721
-	-	608,051
-	-	13,500
9,498	-	1,234,622
-	-	187,927
-	-	113,573
<u>9,498</u>	<u>1,391,621</u>	<u>13,097,656</u>
73,879	36,441	(941,096)
-	-	612,500
<u>-</u>	<u>-</u>	<u>612,500</u>
73,879	36,441	(328,596)
<u>(192,790)</u>	<u>144,798</u>	<u>5,896,784</u>
<u>\$ (118,911)</u>	<u>\$ 181,239</u>	<u>\$ 5,568,188</u>

**Onalaska Independent School District**  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended August 31, 2017

**Exhibit C-3**

**TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2)** \$ (328,596)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.

Capital assets <i>increased</i>	\$ 1,230,404	
Depreciation expense	<u>(565,270)</u>	665,134

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments, and dispositions) is an increase (decrease) to net position. (54,965)

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. (21,746)

Issuance of note payable provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (612,500)

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 439,721

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The increase (decrease) in interest expense reported in the statement of activities consists of the following:

Accrued interest on current interest bonds payable (increased) decreased	\$ (3,684)	
Accrued Interest on Notes Payable (increased) decreased	(5,765)	
Interest accreted on the capital appreciation bonds (increased) decreased	(423,132)	
Accreted interest paid (increased) decreased	167,440	
Amortization of bond premium and discount (increased) decreased	93,882	
Amortization of deferred charge on refunding	<u>(15,359)</u>	(186,618)

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ 67,358	
Deferred inflows (increased) decreased	17,383	
Net pension liability (increased) decreased	<u>(452,608)</u>	<u>(367,867)</u>

**CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)** \$ (467,437)

The Notes to the Financial Statements are an integral part of this statement.

**Onalaska Independent School District**  
 Statement of Fiduciary Assets and Liabilities  
 Fiduciary Fund  
 August 31, 2017

**Exhibit E-1**

<u>Data Control Codes</u>		<u>865 Agency Fund</u>
	<b>ASSETS</b>	
1110	Cash and cash equivalents	<u>\$ 59,342</u>
1000	<b>TOTAL ASSETS</b>	<u><u>\$ 59,342</u></u>
	<b>LIABILITIES</b>	
2190	Due to student groups	<u>\$ 59,342</u>
2000	<b>TOTAL LIABILITIES</b>	<u><u>\$ 59,342</u></u>

The Notes to the Financial Statements are an integral part of this statement.

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# Onalaska Independent School District

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies

#### A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

#### B. Reporting Entity

The Onalaska Independent School District (the District) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity.

#### C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

Additionally, the District reports the following fund types:

The *agency fund* accounts for assets held by the District for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.

# Onalaska Independent School District

## Notes to the Financial Statements

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds are eliminated in governmental activities.

### **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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. 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service and note payable expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

# Onalaska Independent School District

## Notes to the Financial Statements

### F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

#### 1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time deposits with original maturities of three months or less from the date of acquisition.

#### 2. Investments

Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or net asset value; i.e. fair value.

#### 3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than 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 fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

#### 4. Capital Assets

Capital assets, which include land and improvements, buildings and improvements, furniture and equipment, and construction in progress, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and improvements and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and improvements	10-40
Furniture and equipment	5-15

# Onalaska Independent School District

## Notes to the Financial Statements

### 5. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The components of the deferred outflows of resources and deferred inflows of resources in the government-wide and fund level financial statements are as follows:

	Statement of	Balance Sheet -	
	Net Position	Governmental Funds	
	Governmental	General	Debt Service
	Activities	Fund	Fund
Deferred outflows of resources:			
Deferred outflows from pension activities	\$ 921,094	\$ -	\$ -
Deferred contribution after the measurement date	228,877	-	-
Deferred charge on refunding	222,057	-	-
<b>Total deferred outflows of resources</b>	<b>\$ 1,372,028</b>	<b>\$ -</b>	<b>\$ -</b>
Deferred inflows of resources:			
Deferred inflows from pension activities	\$ 144,280	\$ -	\$ -
Unavailable property taxes	-	692,594	122,318
<b>Total deferred inflows of resources</b>	<b>\$ 144,280</b>	<b>\$ 692,594</b>	<b>\$ 122,318</b>

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions after the measurement date which are recognized in the subsequent year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

### 6. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### 7. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

# Onalaska Independent School District

## Notes to the Financial Statements

### **8. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees (the Board) is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action or resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has by policy authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### **9. Pension**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 4.C. and the Required Supplementary Information section immediately following the Notes to the Financial Statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the respective pensions' fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

# Onalaska Independent School District

## Notes to the Financial Statements

### G. Revenues and Expenditures/Expenses

#### 1. Program Revenues

Amounts reported as *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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### 2. Property Taxes

Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

#### 3. Compensated Absences

##### Vacation

The District does not have a liability for unpaid vacation at year-end due to the District's policy not allowing a carryover of vacation not taken by August 31.

##### Sick Leave

Accumulated sick leave lapses when employees end employment with the District and, upon separation from service, no monetary obligation exists.

#### 4. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### 5. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with the TEA in order to ensure accuracy in building a statewide data base for policy development and funding plans.

### Note 2. Stewardship, Compliance, and Accountability

#### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, National School Breakfast and Lunch Program special revenue fund, and the debt service fund. All annual appropriations lapse at fiscal year end. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements.

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

# Onalaska Independent School District

## Notes to the Financial Statements

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made several supplemental budgetary amendments during the year.

### B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:
	<u>Assigned Fund Balance</u>
General fund	\$ 486,171
<b>Total encumbrances</b>	<b><u>\$ 486,171</u></b>

### C. Excess of Expenditures over Appropriations

For the fiscal year ended August 31, 2017, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following funds:

Fund	Function	Final Budget	Actual	Variance
National School Breakfast and Lunch Program	Food Service	\$ 625,625	\$ 649,239	\$ (23,614)

## Note 3. Detailed Notes on All Funds

### A. Deposits

#### Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are approved by the TEA and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

#### Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2017, the District's deposits at the local bank were insured and collateralized with securities held by the District's agent and in the District's name.

# Onalaska Independent School District

## Notes to the Financial Statements

### B. Receivables

Tax revenues of the general and debt service funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Uncollectibles related to debt service property taxes	\$ 1,000
<b>Total uncollectibles of the current fiscal year</b>	<b>\$ 1,000</b>

Approximately 70% of the outstanding balance of property taxes receivable is anticipated to go uncollected within the next year.

### C. Interfund Receivables, Payables, and Transfers

#### 1. Receivables/Payables

The composition of interfund receivable/payable balances as of August 31, 2017, is as follows:

Fund	Interfund Receivables	Interfund Payables
General fund	\$ 182,465	\$ -
Capital projects fund	-	118,911
Nonmajor governmental funds	-	63,554
<b>Total</b>	<b>\$ 182,465</b>	<b>\$ 182,465</b>

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

#### 2. Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The summary of the District's transfers for the fiscal year ended August 31, 2017, was as follows:

Transfers Out	Transfer In	Amount
None		\$ -
<b>Total</b>		<b>\$ -</b>



# Onalaska Independent School District

## Notes to the Financial Statements

### D. Capital Assets

Capital asset activity for the fiscal year ended August 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Transfers & Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 129,553	\$ -	\$ -	\$ -	\$ 129,553
Construction in progress	9,691,224	1,230,404	-	(9,691,224)	1,230,404
Total capital assets, not being depreciated	<u>9,820,777</u>	<u>1,230,404</u>	<u>-</u>	<u>(9,691,224)</u>	<u>1,359,957</u>
Capital assets, being depreciated:					
Buildings and improvements	11,315,027	-	-	9,607,847	20,922,874
Furniture and equipment	1,887,738	-	(366,552)	123,968	1,645,154
Total capital assets, being depreciated	<u>13,202,765</u>	<u>-</u>	<u>(366,552)</u>	<u>9,731,815</u>	<u>22,568,028</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,021,773)	(478,159)	-		(5,499,932)
Furniture and equipment	(1,541,787)	(87,111)	366,552	(95,556)	(1,357,902)
Total accumulated depreciation	<u>(6,563,560)</u>	<u>(565,270)</u>	<u>366,552</u>	<u>(95,556)</u>	<u>(6,857,834)</u>
Total capital assets, being depreciated, net	<u>6,639,205</u>	<u>(565,270)</u>	<u>-</u>	<u>9,636,259</u>	<u>15,710,194</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 16,459,982</u>	<u>\$ 665,134</u>	<u>\$ -</u>	<u>\$ (54,965)</u>	<u>\$ 17,070,151</u>

Depreciation expense charged to functions/programs of the District was as follows:

Governmental activities:		
11	Instruction	\$ 364,739
12	Instructional resources and media services	19,823
13	Curriculum and staff development	10,391
23	School leadership	13,373
31	Guidance, counseling, and evaluation services	5,414
33	Health services	1,581
34	Student transportation	81,490
35	Food service	39,873
36	Extracurricular activities	6,035
41	General administration	1,464
51	Plant maintenance and operations	19,698
52	Security and monitoring services	1,389
<b>Total depreciation expense-governmental activities</b>		<u>\$ 565,270</u>

# Onalaska Independent School District

## Notes to the Financial Statements

### Construction Commitments

The District has active construction projects as of August 31, 2017. The projects include the construction and equipment of school facilities. At year-end, the District's commitments with contractors are as follows:

Project	Remaining Commitment
2017 Onalaska track	\$ 486,171
<b>Total</b>	<b>\$ 486,171</b>

The commitment for construction and equipment of school facilities is being financed by transfers from the general fund.

### E. Long-Term Liabilities

The District's long-term liabilities consist of bond indebtedness, note payable, and net pension liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

### Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended August 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 12,392,605	\$ -	\$ (422,560)	\$ 11,970,045	\$ 408,566
Premium on bonds	1,616,133	-	(93,882)	1,522,251	-
Accreted interest (CAB)	654,180	423,132	(167,440)	909,872	-
Total bonds payable, net	14,662,918	423,132	(683,882)	14,402,168	408,566
Note payable	-	612,500	(17,161)	595,339	34,926
Net pension liability	2,049,834	663,431	(210,823)	2,502,442	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 16,712,752</b>	<b>\$ 1,699,063</b>	<b>\$ (911,866)</b>	<b>\$ 17,499,949</b>	<b>\$ 443,492</b>

### General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG) and to refund general obligation bonds (REF).

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 14-25 year current interest and capital appreciation bonds (CAB) with various amounts of principal maturing each year.

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2011 REF CAB	-	\$ 1,887,206	2025	\$ 977,605	\$ -	\$ (167,560)	\$ 810,045
2011 REF	4.0-4.2%	2,710,000	2032	2,710,000	-	-	2,710,000
2014 BLDG	2.0-4.0%	9,445,000	2039	8,705,000	-	(255,000)	8,450,000
<b>Totals</b>				<b>\$ 12,392,605</b>	<b>\$ -</b>	<b>\$ (422,560)</b>	<b>\$ 11,970,045</b>

# Onalaska Independent School District

## Notes to the Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2018	\$ 408,566	\$ 612,229	\$ 1,020,795
2019	401,725	621,270	1,022,995
2020	396,794	628,101	1,024,895
2021	388,555	632,940	1,021,495
2022	386,817	636,128	1,022,945
2023	386,408	637,687	1,024,095
2024	387,182	637,763	1,024,945
2025	383,998	636,497	1,020,495
2026	680,000	345,795	1,025,795
2027	705,000	318,395	1,023,395
2028	735,000	289,895	1,024,895
2029	760,000	260,195	1,020,195
2030	790,000	229,295	1,019,295
2031	825,000	196,833	1,021,833
2032	860,000	162,835	1,022,835
2033	440,000	136,700	576,700
2034	460,000	119,100	579,100
2035	475,000	103,000	578,000
2036	495,000	84,000	579,000
2037	515,000	64,200	579,200
2038	535,000	43,600	578,600
2039	555,000	22,200	577,200
<b>Totals</b>	<u>\$ 11,970,045</u>	<u>7,418,658</u>	<u>\$ 19,388,703</u>

In prior years, the District defeased certain previously issued and outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At August 31, 2017, there were no outstanding defeased bonds.

As of August 31, 2017, the District had \$80,000 authorized but unissued bonds from the May 10, 2014 bond election.

### Note Payable

The District issued a time warrant note to provide funds for the construction and equipment of school facilities. The time warrant note is secured by maintenance and operations property tax revenues. The note issued as a 15 year current interest note.

The following is a summary of changes in the note payable for the fiscal year:

Description	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2016 Time Warrant	2.34%	\$ 612,500	2031	\$ -	\$ 612,500	\$ (17,161)	\$ 595,339
<b>Totals</b>				<u>\$ -</u>	<u>\$ 612,500</u>	<u>\$ (17,161)</u>	<u>\$ 595,339</u>

# Onalaska Independent School District

## Notes to the Financial Statements

Annual debt service requirements to maturity for the note payable are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2018	\$ 34,926	\$ 13,728	\$ 48,654
2019	35,748	12,906	48,654
2020	36,590	12,064	48,654
2021	37,451	11,203	48,654
2022	38,332	10,322	48,654
2023	39,235	9,419	48,654
2024	40,158	8,496	48,654
2025	41,103	7,551	48,654
2026	42,071	6,583	48,654
2027	43,061	5,593	48,654
2028	44,074	4,580	48,654
2029	45,112	3,542	48,654
2030	46,173	2,481	48,654
2031	47,260	1,394	48,654
2032	24,045	281	24,326
<b>Totals</b>	<u>\$ 595,339</u>	<u>\$ 110,143</u>	<u>\$ 705,482</u>

### F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Other governmental fund - campus activity	\$ 68,540
<b>Total other committed fund balance</b>	<u>\$ 68,540</u>

### G. Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
Property taxes	\$ 5,351,066	\$ 1,002,416	\$ -	\$ -	\$ 6,353,482
Investment income	38,116	5,261	-	1,598	44,975
Food sales	-	-	-	171,155	171,155
Extracurricular activities	8,115	-	-	150,527	158,642
Other	93,700	-	83,377	4,763	181,840
<b>Total</b>	<u>\$ 5,490,997</u>	<u>\$ 1,007,677</u>	<u>\$ 83,377</u>	<u>\$ 328,043</u>	<u>\$ 6,910,094</u>

# Onalaska Independent School District

## Notes to the Financial Statements

### Note 4. Other Information

#### A. Risk Management

##### Property/Casualty Insurance

The District is exposed to various risks of loss related to property/liability losses for which the District participates in the Texas Association of School Boards Risk Management Fund (Fund) for property/liability insurance. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages and develop a comprehensive loss control program. The District pays a premium to the Fund for its property/casualty coverage and transfers the risk of loss to the Fund. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and may provide, through commercial companies, reinsurance contracts. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the Fund. In addition, there were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

##### Health Insurance

During the fiscal year end August 31, 2017, employees of the District were covered by TRS – Active Care (the Plan) a statewide health coverage program of Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$160 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

##### Workers' Compensation

The District participates in the Deep East Texas Workers' Compensation Insurance Fund. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for workers' compensation coverage and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its workers' compensation coverage and transfers the risk of loss to the Fund. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies, reinsurance contracts. The Fund maintains stop loss coverage for any claim in excess of the Fund's self-insured retention of \$1,000,000 per individual. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the Fund. In addition, there were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

#### B. Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2017, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

## Onalaska Independent School District

### Notes to the Financial Statements

#### C. Defined Benefit Pension Plan

##### Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

##### Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

##### Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

##### Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

# Onalaska Independent School District

## Notes to the Financial Statements

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal year 2015. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2016 and 2017. Rates for such plan fiscal years are as follows:

	2017	2016	2015
Member	7.7%	7.2%	6.7%
Non-employer contributing entity (state)	6.8%	6.8%	6.8%
Employers/district	6.8%	6.8%	6.8%

The contribution amounts for the District’s fiscal year 2017 are as follows:

District contributions	\$ 228,877
Member contributions	491,190
NECE on-behalf contributions (state)	336,672

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member’s salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

# Onalaska Independent School District

## Notes to the Financial Statements

### Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2016
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected investment rate of return	8.00%
Municipal bond rate*	N/A*
Last year ending August 31 in the 2016 to 2115 projection period (100 years)	2115
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

\*If a municipal bond rate was to be used, the rate would be 2.84% as of August 2016 (i.e. the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.

The actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period ending August 31, 2014 and adopted on September 24, 2015.



# Onalaska Independent School District

## Notes to the Financial Statements

### Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all 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. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global equity:			
U.S.	18.0%	4.6%	1.0%
Non-U.S.developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable value:			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real return:			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk parity			
Risk parity	5.0%	6.7%	0.3%
Inflation expectation	-	-	2.2%
Alpha	-	-	1.0%
<b>Totals</b>	<b>100.0%</b>		<b>8.7%</b>

\*The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

# Onalaska Independent School District

## Notes to the Financial Statements

### Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of net pension liability for TRS calculated using the discount rate of 8.0%, as well as the District's proportionate share of the respective net pension liability if it was calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
TRS	\$ 3,872,920	\$ 2,502,442	\$ 1,339,979

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

At August 31, 2017, the District reported a liability of \$2,502,442 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the net pension liability	\$ 2,502,442
State's proportionate share of the net pension liability associated with the district	3,636,219
<b>Total</b>	<b><u>\$ 6,138,661</u></b>

The net pension liability was measured as of August 31, 2016 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 the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At August 31, 2016, the employer's proportion of the collective net pension liability was .0066222%, which was an increase of .0008233% from its proportion measured as of August 31, 2015.

### Changes since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the fiscal year ended August 31, 2017, the District recognized pension expense of \$745,220 and revenue of \$377,353 for support provided by the State.

# Onalaska Independent School District

## Notes to the Financial Statements

At August 31, 2017, the District reported its proportionate share of the TRS's 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 actuarial experience	\$ 39,238	\$ 74,721
Changes of assumptions	76,270	69,364
Net difference between projected and actual earnings on pension plan investments	211,902	-
Changes in proportion and differences between district contributions and proportionate share of contributions (cost sharing-plan)	593,684	195
District contribution after measurement date	228,877	-
<b>Totals</b>	<u>\$ 1,149,971</u>	<u>\$ 144,280</u>

\$228,877 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended August 31, 2018. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

<u>Year Ending August 31,</u>	
2018	\$ 131,580
2019	131,580
2020	266,741
2021	121,193
2022	83,214
Thereafter	42,506
<b>Total</b>	<u>\$ 776,814</u>

### D. School District Retiree Health Plan

#### Plan Description

The Onalaska Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

# Onalaska Independent School District

## Notes to the Financial Statements

### Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2017-2015.

Year	Contribution Rates and Amounts					
	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	\$ 41,464	1.00%	\$ 60,490	0.55%	\$ 35,085
2016	0.65%	36,916	1.00%	53,692	0.55%	31,237
2015	0.65%	34,526	1.00%	49,461	0.55%	29,215

In addition, the State of Texas contributed \$30,049, \$16,837, and \$15,513 in 2017, 2016, and 2015, respectively, for on-behalf payments for Medicare Part D and Early Retiree Reinsurance Program.

For the current fiscal year and each of the past two years, the District’s actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds’ financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

### E. Joint Venture-Shared Service Arrangement

The District participates in the following shared service arrangement:

#### *Polk County Special Services Cooperative*

The District participates in a shared service arrangement for special education funded under IDEA-B Formula and Preschool and for the education of students with a visual impairment funded under State Supplemental Visually Impaired Funds with other school districts. The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The revenues and expenditures are disclosed in the financial statements of the fiscal agent, Corrigan-Camden I.S.D. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared service arrangement.

### F. Deficit Fund Balance

The capital projects fund reports a deficit fund balance of \$118,911 at August 31, 2017 due to expenditures for construction exceeded the 2014 general obligation bond proceeds at fiscal year end. Upon completion of the project in fiscal year 2017-2018, the District intends to supplement any existing remaining deficit in the capital projects fund with a transfer of funds from the general fund.

## **Required Supplementary Information**

**Onalaska Independent School District**  
 Schedule of Revenues, Expenditures, and Change in  
 Fund Balance – Budget and Actual  
 General Fund  
 For the Fiscal Year Ended August 31, 2017

**Exhibit G-1**

Data Control Codes		Budgeted Amounts			Variance with Final Budget
		Original	Final	Actual	Positive (Negative)
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 5,316,775	\$ 5,405,158	\$ 5,490,997	\$ 85,839
5800	State program revenues	3,436,482	4,032,248	3,996,983	(35,265)
5900	Federal program revenues	100,000	100,000	112,376	12,376
5020	Total revenues	<u>8,853,257</u>	<u>9,537,406</u>	<u>9,600,356</u>	<u>62,950</u>
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	5,001,125	5,451,828	5,409,638	42,190
0012	Instructional resources and media services	28,350	33,009	30,446	2,563
0013	Curriculum and staff development	35,888	37,476	34,271	3,205
0021	Instructional leadership	161,112	161,112	157,484	3,628
0023	School leadership	572,746	572,746	570,299	2,447
0031	Guidance, counseling, and evaluation services	171,219	176,869	172,308	4,561
0033	Health services	111,100	111,100	106,830	4,270
0034	Student transportation	426,128	433,528	429,597	3,931
0035	Food service	800	800	190	610
0036	Extracurricular activities	314,670	351,169	347,844	3,325
0041	General administration	472,233	472,233	467,034	5,199
0051	Plant maintenance and operations	1,092,750	1,161,631	1,142,639	18,992
0053	Data processing services	241,136	241,136	240,061	1,075
Debt service:					
0071	Principal on long-term debt	-	17,161	17,161	-
0072	Interest on long-term debt	-	7,166	7,166	-
0073	Issuance costs and fees	-	12,501	12,500	1
Capital outlay:					
0081	Facilities acquisition and construction	-	1,650,110	1,225,124	424,986
Intergovernmental:					
0093	Payments related to shared services arrangements	105,000	230,000	187,927	42,073
0099	Other intergovernmental charges	119,000	119,000	113,573	5,427
6030	Total expenditures	<u>8,853,257</u>	<u>11,240,575</u>	<u>10,672,092</u>	<u>568,483</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,703,169)</u>	<u>(1,071,736)</u>	<u>631,433</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
7914	Loan proceeds	-	612,500	612,500	-
7080	Total other financing sources (uses)	<u>-</u>	<u>612,500</u>	<u>612,500</u>	<u>-</u>
1200	Net change in fund balance	-	(1,090,669)	(459,236)	631,433
0100	Fund balance - beginning	<u>5,054,565</u>	<u>5,054,565</u>	<u>5,054,565</u>	<u>-</u>
3000	<b>FUND BALANCE - ENDING</b>	<u>\$ 5,054,565</u>	<u>\$ 3,963,896</u>	<u>\$ 4,595,329</u>	<u>\$ 631,433</u>

The Notes to the Required Supplementary Information are an integral part of this statement.

**Onalaska Independent School District****Exhibit G-2**

Schedule of the District's Proportionate Share of the Net Pension  
 Liability of a Cost-Sharing Multiple-Employer Pension Plan  
 Teacher Retirement System of Texas (TRS)  
 For the Last Three Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0066222%	0.0057989%	0.0041913%
District's proportionate share of the net pension liability	\$ 2,502,442	\$ 2,049,834	\$ 1,119,555
State's proportionate share of the net pension liability associated with the district	<u>3,636,219</u>	<u>3,598,759</u>	<u>3,161,613</u>
<b>TOTALS</b>	<u>\$ 6,138,661</u>	<u>\$ 5,648,593</u>	<u>\$ 4,281,168</u>
District's covered - employee payroll	\$ 5,679,385	\$ 5,311,762	\$ 5,298,625
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	44.06%	38.59%	21.13%
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%

\* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.  
 Ten years of date is not available.

**Onalaska Independent School District**  
 Schedule of the District's Contributions to the  
 Teacher Retirement System Pension Plan (TRS)  
 For the Last Three Fiscal Years\*

**Exhibit G-3**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>TRS</b>			
Contractually required contributions	\$ 228,877	\$ 210,311	\$ 171,426
Contributions in relation to the contractually required contributions	<u>(228,877)</u>	<u>(210,311)</u>	<u>(171,426)</u>
<b>CONTRIBUTION DEFICIENCY (EXCESS)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	6,379,090	5,679,385	5,311,762
Contributions as a percentage of covered-employee payroll	3.59%	3.70%	3.23%

\*The amounts presented for the fiscal year were determined as of the District's fiscal year end August 31.  
 Ten years of data is not available.



# Onalaska Independent School District

## Notes to the Required Supplementary Information

### Note 1. Budget

#### A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

#### B. Excess of Expenditures over Appropriations

There were no excess of expenditures over appropriations in the General Fund.

### Note 2. Pension

#### TRS – Actuarial Assumptions for Contribution Rate

Actuarial Assumptions – The information presented in the following table was used in the actuarial valuation for determining the actuarially determined contribution rate. The assumptions are as follows:

Valuation date	August 31, 2016
Actuarial cost method	Ultimate entry age normal
Amortization method	Level percentage of payroll, Floating
Remaining amortization period	33 years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Inflation	2.50%
Salary increases	3.50% to 9.50% including Inflation
Investment rate of return	8.00%
Ad hoc post-employment benefit changes	None
Benefit changes during the year	None

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## **Supplementary Information**

**Onalaska Independent School District**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds – Special Revenue Funds  
 August 31, 2017

<u>Data Control Codes</u>	<b>211</b>	<b>240</b>	<b>244</b>
<u></u>	<u>ESEA Title I Improving Basic Programs</u>	<u>National School Breakfast/ Lunch Program</u>	<u>Career and Tech Basic Grant</u>
<b>ASSETS</b>			
1110 Cash and cash equivalents	\$ -	\$ 111,825	\$ -
1240 Due from other governments	37,061	-	1,280
1300 Inventories	-	39,277	-
	<hr/>	<hr/>	<hr/>
1000 <b>TOTAL ASSETS</b>	<b>\$ 37,061</b>	<b>\$ 151,102</b>	<b>\$ 1,280</b>
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>			
2160 Accrued wages payable	\$ -	\$ 14,578	\$ -
2170 Due to other funds	37,061	-	1,280
2300 Unearned revenue	-	23,825	-
2000 Total liabilities	<hr/>	<hr/>	<hr/>
	37,061	38,403	1,280
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES</b>			
3450 Restricted - grant funds	-	112,699	-
3545 Committed - other	-	-	-
3000 Total fund balances	<hr/>	<hr/>	<hr/>
	-	112,699	-
	<hr/>	<hr/>	<hr/>
4000 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 37,061</b>	<b>\$ 151,102</b>	<b>\$ 1,280</b>
	<hr/>	<hr/>	<hr/>

255	270	410	429	461	Total Nonmajor Funds (See Exhibit C-1)
ESEA Title II Training and Recruiting	Rural and Low- Income Program	State Textbook Fund	Pre-K Grant Program	Campus Activity Funds	
\$ -	\$ -	\$ -	\$ -	\$ 68,540	\$ 180,365
12,068	2,885	8,794	1,466	-	63,554
-	-	-	-	-	39,277
<u>\$ 12,068</u>	<u>\$ 2,885</u>	<u>\$ 8,794</u>	<u>\$ 1,466</u>	<u>\$ 68,540</u>	<u>\$ 283,196</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,578
12,068	2,885	8,794	1,466	-	63,554
-	-	-	-	-	23,825
<u>12,068</u>	<u>2,885</u>	<u>8,794</u>	<u>1,466</u>	<u>-</u>	<u>101,957</u>
-	-	-	-	-	112,699
-	-	-	-	68,540	68,540
-	-	-	-	68,540	181,239
<u>\$ 12,068</u>	<u>\$ 2,885</u>	<u>\$ 8,794</u>	<u>\$ 1,466</u>	<u>\$ 68,540</u>	<u>\$ 283,196</u>

# Onalaska Independent School District

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds – Special Revenue Funds  
For the Fiscal Year Ended August 31, 2017

Data Control Codes	211	240	244
	ESEA Title I Improving Basic Programs	National School Breakfast/ Lunch Program	Career and Tech Basic Grant
<b>REVENUES</b>			
5700 Local and intermediate sources	\$ -	\$ 176,785	\$ -
5800 State program revenues	-	3,133	-
5900 Federal program revenues	424,409	501,962	16,853
5020 Total revenues	<u>424,409</u>	<u>681,880</u>	<u>16,853</u>
<b>EXPENDITURES</b>			
Current:			
0011 Instruction	295,773	-	16,853
0013 Curriculum and staff development	58,428	-	-
0021 Instructional leadership	69,474	-	-
0034 Student transportation	734	-	-
0035 Food service	-	649,239	-
0036 Extracurricular activities	-	-	-
6030 Total expenditures	<u>424,409</u>	<u>649,239</u>	<u>16,853</u>
1200 Net change in fund balances	-	32,641	-
0100 Fund balances - beginning	<u>-</u>	<u>80,058</u>	<u>-</u>
3000 <b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ 112,699</u>	<u>\$ -</u>

Exhibit H-2

255	270	410	429	461	Total Nonmajor Funds (See Exhibit C-2)
ESEA Title II Training and Recruiting	Rural and Low- Income Program	State Textbook Fund	Pre-K Grant Program	Campus Activity Funds	
\$ -	\$ -	\$ -	\$ -	\$ 151,258	\$ 328,043
-	-	57,345	24,578	-	85,056
50,665	21,074	-	-	-	1,014,963
<u>50,665</u>	<u>21,074</u>	<u>57,345</u>	<u>24,578</u>	<u>151,258</u>	<u>1,428,062</u>
23,925	18,574	57,345	24,578	-	437,048
26,740	2,500	-	-	-	87,668
-	-	-	-	-	69,474
-	-	-	-	-	734
-	-	-	-	-	649,239
-	-	-	-	147,458	147,458
<u>50,665</u>	<u>21,074</u>	<u>57,345</u>	<u>24,578</u>	<u>147,458</u>	<u>1,391,621</u>
-	-	-	-	3,800	36,441
-	-	-	-	64,740	144,798
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,540</u>	<u>\$ 181,239</u>

**Onalaska Independent School District**  
 Schedule of Delinquent Taxes Receivable  
 For the Fiscal Year Ended August 31, 2017

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/ Appraised Value for School Tax Purposes	
	Maintenance		Debt Service			
2008 and prior years	\$	Various	\$	Various	\$	Various
2009		1.0400		0.16020		300,401,933
2010		1.0400		0.16010		332,946,504
2011		1.0400		0.14000		378,728,814
2012		1.0400		0.12800		386,966,695
2013		1.0400		0.12500		401,325,494
2014		1.0400		0.11600		434,566,349
2015		1.0400		0.25883		447,789,780
2016		1.0400		0.23980		480,533,599
2017 (School year under audit)		1.0400		0.19500		506,208,907
<b>1000 TOTALS</b>						



Exhibit J-1

10	20	31	32	40	50
Beginning Balance 9/1/2016	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/2017
\$ 197,344	\$ -	\$ 10,740	\$ 1,670	\$ (22,206)	\$ 162,728
28,040	-	1,655	255	(2,894)	23,236
52,361	-	12,353	1,901	(3,471)	34,636
54,132	-	10,460	1,408	(3,724)	38,540
45,190	-	4,272	526	(4,004)	36,388
50,340	-	5,412	651	(3,424)	40,853
83,577	-	12,277	1,369	(3,279)	66,652
118,580	-	20,346	5,064	(6,965)	86,205
251,094	-	103,320	23,827	513	124,460
-	6,251,680	5,033,368	943,757	(30,341)	244,214
<u>\$ 880,658</u>	<u>\$ 6,251,680</u>	<u>\$ 5,214,203</u>	<u>\$ 980,428</u>	<u>\$ (79,795)</u>	<u>\$ 857,912</u>

**Onalaska Independent School District**  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance – Budget and Actual  
 National School Breakfast and Lunch Program  
 For the Fiscal Year Ended August 31, 2017

**Exhibit J-2**

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 148,000	\$ 148,000	\$ 176,785	\$ 28,785
5800	State program revenues	3,000	3,000	3,133	133
5900	Federal program revenues	474,625	474,625	501,962	27,337
5020	Total revenues	<u>625,625</u>	<u>625,625</u>	<u>681,880</u>	<u>56,255</u>
<b>EXPENDITURES</b>					
Current:					
0035	Food service	625,625	625,625	649,239	(23,614)
6030	Total expenditures	<u>625,625</u>	<u>625,625</u>	<u>649,239</u>	<u>(23,614)</u>
1200	Net change in fund balance	-	-	32,641	32,641
0100	Fund balance - beginning	<u>80,058</u>	<u>80,058</u>	<u>80,058</u>	<u>-</u>
3000	<b>FUND BALANCE - ENDING</b>	<u>\$ 80,058</u>	<u>\$ 80,058</u>	<u>\$ 112,699</u>	<u>\$ 32,641</u>

**Onalaska Independent School District**  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance – Budget and Actual  
 Debt Service Fund  
 For the Fiscal Year Ended August 31, 2017

**Exhibit J-3**

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 1,024,446	\$ 1,024,446	\$ 1,007,677	\$ (16,769)
5800	State program revenues	-	-	37,088	37,088
5020	Total revenues	<u>1,024,446</u>	<u>1,024,446</u>	<u>1,044,765</u>	<u>20,319</u>
<b>EXPENDITURES</b>					
Debt service:					
0071	Principal on long-term debt	422,560	422,560	422,560	-
0072	Interest on long-term debt	600,885	600,885	600,885	-
0073	Issuance costs and fees	1,001	1,001	1,000	1
6030	Total expenditures	<u>1,024,446</u>	<u>1,024,446</u>	<u>1,024,445</u>	<u>1</u>
1200	Net change in fund balance	-	-	20,320	20,320
0100	Fund balance - beginning	<u>890,211</u>	<u>890,211</u>	<u>890,211</u>	<u>-</u>
3000	<b>FUND BALANCE - ENDING</b>	<u>\$ 890,211</u>	<u>\$ 890,211</u>	<u>\$ 910,531</u>	<u>\$ 20,320</u>

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# **Overall Compliance, Internal Control Section and Federal Awards**

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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***

The Board of Trustees of  
Onalaska Independent School District  
P.O. Box 2289  
Onalaska, Texas 77360

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Onalaska Independent School District (the District) as of and for the fiscal year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 9, 2017.

***Internal Control over Financial Reporting***

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Board of Trustees of  
Onalaska Independent School District

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the 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*.

**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 District’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 District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas  
October 9, 2017





**Independent Auditor's Report on Compliance for Each Major Federal  
Program and Report on Internal Control over Compliance  
in Accordance with the Uniform Guidance**

The Board of Trustees of  
Onalaska Independent School District  
P.O. Box 2289  
Onalaska, Texas 77360

**Report on Compliance for Each Major Federal Program**

We have audited Onalaska Independent School District's (the District) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended August 31, 2017. The 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 (CFR) 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 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 District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the 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 fiscal year ended August 31, 2017.

## Report on Internal Control over Compliance

Management of the 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 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.

### Purpose of this Report

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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas  
October 9, 2017

**Onalaska Independent School District**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended August 31, 2017

**Section 1. Summary of Auditor's Results**

**Financial Statements**

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued   | Unmodified    |
| 2. Internal control over financial reporting:  |               |
| a. Material weakness(es) identified?   | No            |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | 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 that are not considered to be material weaknesses?         | None reported   |
| 5. Type of auditor's report issued on compliance with major programs                                 | Unmodified  |
| 6. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance | None reported   |
| 7. Identification of major programs  | Title I, Part A – Improving Basic Programs<br>84.010A |
| 8. Dollar threshold used to distinguish between Type A and Type B federal programs                   | \$750,000   |
| 9. Auditee qualified as a low-risk auditee?  | Yes   |

**Section 2. Financial Statement Findings**

None reported

**Section 3. Federal Awards Findings and Questioned Costs**

None reported

**Onalaska Independent School District**  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended August 31, 2017

**Prior Year Findings**

None reported

**Onalaska Independent School District**  
Corrective Action Plan  
For the Fiscal Year Ended August 31, 2017

**Current Year Findings**

None reported

**Onalaska Independent School District**  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended August 31, 2017

**Exhibit K-1**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Project Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
ESEA Title I, Part A-Improving Basic Programs	84.010A	17610101187910	\$ 424,409
ESEA Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	17696001187910	21,074
ESEA Title II, Part A-Teacher and Principal Training and Recruiting	84.367A	17694501187910	50,665
Carl D Perkins Basic Formula Grant	84.048A	17420006187910	16,853
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>513,001</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture - Non Cash Assistance:			
National School Lunch Program	10.555	00917	41,242
Pass Through State Department of Education- Cash Assistance:			
School Breakfast Program	10.553	71401701	156,451
National School Lunch Program	10.555	71301701	304,269
Total Child Nutrition Cluster			<u>501,962</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>501,962</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 1,014,963</u></u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

# Onalaska Independent School District

## Notes to the Schedule of Expenditures of Federal Awards

### Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Onalaska Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Single Audit Act Amendments of 1996 and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Presented below is a reconciliation of federal revenues:

Total expenditures of federal awards per Exhibit K-1	\$ 1,014,963
General fund - federal revenue:	
School Health and Related Services (SHARS)	<u>112,376</u>
<b>Total federal revenues per Exhibit C-2</b>	<u><u>\$ 1,127,339</u></u>

**Onalaska Independent School District**  
 Schedule of Required Responses to Selected  
 School FIRST Indicators (Unaudited)  
 For the Year Ending August 31, 2017

**Exhibit L-1**

<u>Data Control Codes</u>	<u>Responses</u>
SF2 Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4 Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5 Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6 Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7 Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8 Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10 Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end?	\$ 909,872
SF11 Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12 Net Pension Liabilities (2540) at fiscal year-end.	\$ 2,502,442
SF13 Pension Expense (6147) at fiscal year-end, excluding On-Behalf Pension Expense (6144).	\$ 367,867





October 9, 2017

To the Board of Trustees of  
Onalaska Independent School District  
P.O. Box 2289  
Onalaska, Texas 77360

We have audited the financial statements of Onalaska Independent School District (the District) as of and for the year ended August 31, 2017, and have issued our report thereon dated October 9, 2017. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated February 1, 2017, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

To the Board of Trustees of  
Onalaska Independent School District

With respect to any nonaudit/nonattest services we perform as previously communicated to you in the engagement letter, the District acknowledges and understands that the District has the responsibility for (a) making all management decisions and performing all management functions; (b) assigning an individual with suitable skills, knowledge, and experience to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Such nonaudit/nonattest services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Audit Standards.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2017. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

1. Allowance for uncollectible taxes.
2. Foundation School Program state aid revenue.
3. Depreciation expense - estimated useful lives of capital assets.
4. Net pension liability – actuarial valuation.

Management's estimate of the items noted above is based on historical experience or information provided by third parties or the Texas Education Agency. We evaluated the key factors and assumptions used to develop these estimates and determined that these estimates are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### *Financial Statement Disclosures*

The financial statement disclosures are neutral, consistent, and clear.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

To the Board of Trustees of  
Onalaska Independent School District

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated October 9, 2017.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of management of the District and is not intended to be and should not be used by anyone other than these specified parties.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.  
Conroe, Texas

Client: 6250 - ONALASKA INDEPENDENT SCHOOL DISTRICT  
 Engagement: AUDIT2017 - ONALASKA ISD 17  
 Period Ending: 8/31/2017  
 Trial Balance: 3000.15 - Trial Balance  
 Workpaper: 3000.07 - PAJEs

Account	Description	W/P Ref	Debit	Credit
<b>Proposed Journal Entries</b>				
Proposed Journal Entries JE # 3002		4300.07		
To adjust inventory balance at year-end				
240-35-6341	NON-PROGRAM FOOD		1,856.00	
240-00-1310	INVENTORY_OTHER			1,856.00
<b>Total</b>			<u>1,856.00</u>	<u>1,856.00</u>
<b>Total Proposed Journal Entries</b>			<u>1,856.00</u>	<u>1,856.00</u>
<b>Total All Journal Entries</b>			<u>1,856.00</u>	<u>1,856.00</u>