

**ONALASKA  
INDEPENDENT SCHOOL  
DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**AUGUST 31, 2014**



**ONALASKA INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL REPORT*

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*FOR THE YEAR ENDED AUGUST 31, 2014*

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**CERTIFICATE OF BOARD**

ONALASKA INDEPENDENT SCHOOL DISTRICT  
Name of School

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**  
(Check One)

for the year ended August 31, 2014 at a meeting of the Board of Trustees of such school district on the 20<sup>th</sup> day of October 2014.



\_\_\_\_\_  
**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):

**FINANCIAL SECTION**

# HLSK

*Hereford, Lynch, Sellars & Kirkham*

Certified Public Accountants • A Professional Corporation

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## INDEPENDENT AUDITORS' 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 (District), as of and for the year ended August 31, 2014, 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 auditors' judgment, including the assessments of the risk 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, 2014, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund 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, 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.

### *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 combining fund financial statements and supplementary information, including the schedule of required responses to selected school first indicators, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining funds financial statements and supplementary information, including the schedule of required responses to selected school first indicators, 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 combining fund financial statements and supplementary information, including the schedule of required responses to selected school first indicators, 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2014, on our consideration of the 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.

Respectfully,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**October 7, 2014**

## Management's Discussion and Analysis

As management of the Onalaska Independent School District (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, 2014.

### Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities at the close of the most recent fiscal year by \$6,957,739 (*net position*). Of this amount, \$4,583,223 (*unrestricted net position*) may be used to meet the District's ongoing obligations to students and creditors.
- The District's total net position increased by \$13,669.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$14,395,546, an increase of \$10,063,075 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,718,146, or 47 percent of total general fund expenditures.
- The District's total bonded debt increased by \$9,840,096.

### 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 other 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 maintains ten individual governmental funds. 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 nine 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 combining funds financial statements and supplementary information, which includes schedules required by the Texas Education Agency. Such supplementary 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 by \$6,957,739 at the close of the most recent fiscal year.

**ONALASKA INDEPENDENT SCHOOL DISTRICT'S NET POSITION**

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and Other Assets	\$ 15,501,514	68	\$ 5,791,908	43	\$ 9,709,606	168
Capital Assets	7,442,369	32	7,632,302	57	(189,933)	(2)
<b>Total Assets</b>	<b>22,943,883</b>	<b>100</b>	<b>13,424,210</b>	<b>100</b>	<b>9,519,673</b>	
<b>Total Deferred Outflows of Resources</b>	<b>268,134</b>	<b>100</b>	<b>283,493</b>	<b>100</b>	<b>(15,359)</b>	(5)
Long-term Liabilities Outstanding	16,000,836	98	6,160,740	91	9,840,096	160
Other Liabilities	253,442	2	602,893	9	(349,451)	(58)
<b>Total Liabilities</b>	<b>16,254,278</b>	<b>100</b>	<b>6,763,633</b>	<b>100</b>	<b>9,490,645</b>	
<b>Net Position:</b>						
Net Investment in Capital Assets	2,136,920	31	2,260,845	33	(123,925)	(5)
Restricted for Grants	12,440	-	-	-	12,440	100
Restricted for Debt Service	225,156	3	335,488	5	(110,332)	(33)
Unrestricted	4,583,223	66	4,347,737	62	235,486	5
<b>Total Net Position</b>	<b>\$ 6,957,739</b>	<b>100</b>	<b>\$ 6,944,070</b>	<b>100</b>	<b>\$ 13,669</b>	

Investment in capital assets (e.g., land, buildings and improvements, furniture and equipment), less any related debt used to acquire those assets that are still outstanding represents 31 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 (\$225,156 or 3 percent of net position) are restricted for debt service.

The largest portion of the District's net position is unrestricted (66 percent). The *unrestricted net position* of \$4,583,223 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 \$13,669 from current operations. Key elements of this change are as follows:

**ONALASKA INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION**

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
<b>Revenue:</b>						
Program Revenues:						
Charges for Services	\$ 254,075	3	\$ 272,655	3	\$ (18,580)	(7)
Operating Grants and Contributions	1,463,218	15	1,392,074	14	71,144	5
General Revenues:						
Property Taxes, Levied for General Purpose	4,596,540	46	4,227,581	44	368,959	9
Property Taxes, Levied for Debt Service	515,123	5	505,447	5	9,676	2
Investment Earnings	16,733	-	15,080	-	1,653	11
Grants and Contributions Not Restricted to Specific Programs	3,173,641	31	3,237,549	34	(63,908)	(2)
Miscellaneous	68,102	-	370	-	67,732	18,306
<b>Total Revenues</b>	<b>10,087,432</b>	<b>100</b>	<b>9,650,756</b>	<b>100</b>	<b>436,676</b>	
<b>Expenses:</b>						
Instruction	5,054,644	52	4,789,439	50	265,205	6
Instructional Resources and Media Services	35,846	-	48,966	1	(13,120)	(27)
Curriculum and Staff Development	101,734	1	107,091	1	(5,357)	(5)
Instructional Leadership	138,943	1	96,757	1	42,186	44
School Leadership	490,714	5	510,958	5	(20,244)	(4)
Guidance, Counseling, and Evaluation Services	149,417	1	129,499	1	19,918	15
Health Services	98,202	1	112,650	1	(14,448)	(13)
Student Transportation	519,338	6	506,711	6	12,627	2
Food Service	652,022	6	641,451	7	10,571	2
Extracurricular Activities	347,238	3	363,432	4	(16,194)	(4)
General Administration	457,745	5	427,921	4	29,824	7
Plant Maintenance and Operations	998,846	10	918,451	10	80,395	9
Security and Monitoring Services	2,514	-	-	-	2,514	100
Data Processing Services	199,121	2	188,228	2	10,893	6
Interest on Long-term Debt	329,876	3	314,028	3	15,848	5
Issuance Costs and Fees	234,646	2	500	-	234,146	46,829
Facilities Repair and Maintenance	45,241	-	215,210	2	(169,969)	(79)
Payments Related to Shared Services Arrangements	100,126	1	103,143	1	(3,017)	(3)
Other Intergovernmental Charges	117,550	1	113,827	1	3,723	3
<b>Total Expenses</b>	<b>10,073,763</b>	<b>100</b>	<b>9,588,262</b>	<b>100</b>	<b>485,501</b>	
Change in Net Position	13,669		62,494		(48,825)	
Net Position - Beginning	6,944,070		7,005,089		(61,019)	
Prior Period Adjustment - Implement GASB 65 for Bond Issuance Costs	-		(123,513)		123,513	
Net Position - Beginning, as restated	6,944,070		6,881,576		62,494	
Net Position - Ending	<b>\$ 6,957,739</b>		<b>\$ 6,944,070</b>		<b>\$ 13,669</b>	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$4,636,859) represent 46 percent of total revenues and property taxes (\$5,111,663) represent 51 percent of total revenues. The remaining 3 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expense of the District is instruction (\$5,054,644), which represents 52 percent of total expenses. The remaining functional categories of expenses are individually 10 percent or less of total expenditures.

Although net position increased from current operations in the amount of \$13,669 no significant change in revenues or expenses were noted.

**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 \$14,395,546 an increase of \$10,063,075 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 \$3,718,146 and unassigned fund balance was \$3,718,146. 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 and total fund balance represents 47 percent and 47 percent, respectively, of total general fund expenditures.

The fund balance of the District's general fund increased by \$218,566 during the current fiscal year. The increase in fund balance was primarily due to the increases in property tax revenues and state funding exceeded the increase in instructional expenditures.

The debt service fund has a total fund balance of \$818,309, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$73,906. Although fund balance increased, no significant changes in revenues or expenses were noted.

The Capital Projects fund balance increased \$9,765,048 from the sale of bonds less the beginning of construction costs.

**General Fund Budgetary Highlights**

The District amends the budget as needed throughout the year. The significant differences between the originally-adopted budget and the final amended budget of the general fund were primarily from an increase in state program revenues of \$359,707 resulting from increased ADA expectations and an increase in expenditures for instruction of \$371,237. Amendments were approved by the governing body.

There were no significant variations between final budget and actual results.

**Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental type activities as of August 31, 2013, amounts to \$7,442,369 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and furniture and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$189,933, which resulted primarily from current year depreciation of assets exceeding the addition of capital assets.

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

- Bus \$85,612
- (2) 2014 Toyota Camry \$41,572
- 2014 Ford Expedition EL \$32,180
- High School Batting Cages \$27,000

**ONALASKA INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS**  
(net of depreciation)

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land	\$ 129,553	2	\$ 129,553	2	\$ -	-
Buildings and Improvements	6,832,595	92	7,081,372	93	(248,777)	(4)
Furniture and Equipment	480,221	6	421,377	5	58,844	14
<b>Totals</b>	<b>\$ 7,442,369</b>	<b>100</b>	<b>\$ 7,632,302</b>	<b>100</b>	<b>\$ (189,933)</b>	

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.

**Long-term Liabilities.** At the end of the current fiscal year, the District had total long-term liabilities outstanding of \$16,000,836, which is backed by the full faith and credit of the District.

**ONALASKA INDEPENDENT SCHOOL DISTRICT'S LONG-TERM LIABILITIES OUTSTANDING**

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 16,000,836	100	\$ 6,160,740	100	\$ 9,840,096	160
<b>Totals</b>	<b>\$ 16,000,836</b>	<b>100</b>	<b>\$ 6,160,740</b>	<b>100</b>	<b>\$ 9,840,096</b>	

The District's bonded debt increased by \$9,840,069 (160 percent) during the current fiscal year as a result of new debt being issued.

The District's general obligation debt is backed by the full faith and credit District and is further guaranteed by the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy.

State statutes do not limit the rate or amount for the support of school districts bonded indebtedness.

Additional information on the District's long-term debt 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 (2014-2015) totals 911 students, which is a .2 percent decrease from the prior year.
- District staff totals 161 employees in 2014-2015, which includes 69 teachers and 30 teachers' aides and secretaries.
- The District maintains two campuses for instruction.
- The unemployment rate for the County is currently 6.1 percent, which is a decrease from a rate of 8.3 percent a year ago. This compares unfavorably to the state's average unemployment rate of 5.1 percent, which is a decrease from a rate of 6.5 percent a year ago.
- Property values of the District are projected to increase 14.3 percent in the 2014-2015 fiscal year from the prior fiscal year.
- A maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$.25883, a total of \$1.29883 were adopted for 2014-2015. Preceding year rates were \$1.04, \$.116 and \$1.156, respectively.

All of these factors were considered in preparing the District's budget for the 2014-2015 fiscal year.

During the current fiscal year, unassigned (previously unreserved) fund balance in the general fund increased to \$3,718,146. 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.

## **BASIC FINANCIAL STATEMENTS**

**ONALASKA INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT A-1**

STATEMENT OF NET POSITION

AUGUST 31, 2014

Data Control Codes	Governmental Activities
<b>ASSETS:</b>	
1110 Cash and Cash Equivalents	\$ 14,402,878
1225 Property Taxes Receivables (Net)	884,313
1240 Due from Other Governments	165,838
1290 Other Receivables (Net)	10,320
1300 Inventories	38,165
Capital Assets:	
1510 Land	129,553
1520 Buildings and Improvements (Net)	6,832,595
1530 Furniture and Equipment (Net)	480,221
1000 Total Assets	<u>22,943,883</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
1700 Deferred Charge on Refunding	268,134
Total Deferred Outflows of Resources	<u>268,134</u>
<b>LIABILITIES:</b>	
2110 Accounts Payable	20,227
2140 Interest Payable	31,787
2165 Accrued Liabilities	180,996
2300 Unearned Revenue	20,432
Noncurrent Liabilities:	
2501 Due Within One Year	703,144
2502 Due in More than One Year	15,297,692
2000 Total Liabilities	<u>16,254,278</u>
<b>NET POSITION:</b>	
3200 Net Investment in Capital Assets	2,136,920
3450 Restricted for Grants	12,440
3850 Restricted for Debt Service	225,156
3900 Unrestricted	4,583,223
3000 Total Net Position	<u>\$ 6,957,739</u>

The accompanying notes are an integral part of this statement.

**ONALASKA INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT B-1

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
Governmental Activities:						
0011	<i>Instruction</i>	\$ 5,054,644	\$ -	\$ 833,941	\$ (4,220,703)	
0012	<i>Intructional Resource and Media Services</i>	35,846	-	-	(35,846)	
0013	<i>Curriculum and Staff Development</i>	101,734	-	66,396	(35,338)	
0021	<i>Instructional Leadership</i>	138,943	-	50,672	(88,271)	
0023	<i>School Leadership</i>	490,714	-	-	(490,714)	
0031	<i>Guidance, Counseling, and Evaluation Services</i>	149,417	-	-	(149,417)	
0033	<i>Health Services</i>	98,202	-	-	(98,202)	
0034	<i>Student Transportation</i>	519,338	-	-	(519,338)	
0035	<i>Food Services</i>	652,022	109,729	512,209	(30,084)	
0036	<i>Extracurricular Activities</i>	347,238	138,666	-	(208,572)	
0041	<i>General Administration</i>	457,745	-	-	(457,745)	
0051	<i>Plant Maintenance and Operations</i>	998,846	5,680	-	(993,166)	
0052	<i>Security and Monitoring Services</i>	2,514	-	-	(2,514)	
0053	<i>Data Processing Services</i>	199,121	-	-	(199,121)	
0072	<i>Interest on Long-term Debt</i>	329,876	-	-	(329,876)	
0073	<i>Issuance Costs and Fees</i>	234,646	-	-	(234,646)	
0081	<i>Facilities Repair and Maintenance</i>	45,241	-	-	(45,241)	
0093	<i>Payments Related to Shared Services Arrangements</i>	100,126	-	-	(100,126)	
0099	<i>Other Intergovernmental Charges</i>	117,550	-	-	(117,550)	
TG	Total Governmental Activities	<u>10,073,763</u>	<u>254,075</u>	<u>1,463,218</u>	<u>(8,356,470)</u>	
TP	Total Primary Government	<u>\$ 10,073,763</u>	<u>\$ 254,075</u>	<u>\$ 1,463,218</u>	<u>(8,356,470)</u>	
General Revenues:						
MT	<i>Property Taxes, Levied for General Purposes</i>				4,596,540	
DT	<i>Property Taxes, Levied for Debt Service</i>				515,123	
IE	<i>Investment Earnings</i>				16,733	
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				3,173,641	
MI	<i>Miscellaneous</i>				68,102	
TR	Total General Revenues				<u>8,370,139</u>	
CN	Change in Net Position				<u>13,669</u>	
NB	Net Position - Beginning				<u>6,944,070</u>	
NE	Net Position - Ending				<u>\$ 6,957,739</u>	

The accompanying notes are an integral part of this statement.

**ONALASKA INDEPENDENT SCHOOL DISTRICT**

*BALANCE SHEET – GOVERNMENTAL FUNDS*

AUGUST 31, 2014

Data Control Codes	199	599
	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS:</b>		
1110 <i>Cash and Cash Equivalents</i>	\$ 3,751,048	\$ 817,256
1225 <i>Property Taxes Receivable (Net)</i>	783,474	100,839
1240 <i>Due from Other Governments</i>	95,244	-
1260 <i>Due from Other Funds</i>	57,650	-
1290 <i>Other Receivables (Net)</i>	9,267	1,053
1300 <i>Inventories</i>	-	-
1000 Total Assets	<u>\$ 4,696,683</u>	<u>\$ 919,148</u>
<b>LIABILITIES:</b>		
2110 <i>Accounts Payable</i>	\$ 20,227	\$ -
2160 <i>Accrued Wages Payable</i>	170,488	-
2170 <i>Due to Other Funds</i>	4,348	-
2300 <i>Unearned Revenue</i>	-	-
2000 Total Liabilities	<u>195,063</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
2600 <i>Unavailable Revenue - Property Taxes</i>	783,474	100,839
Total Deferred Inflows of Resources	<u>783,474</u>	<u>100,839</u>
<b>FUND BALANCES:</b>		
3410 <i>Nonspendable - Inventories</i>	-	-
3450 <i>Restricted - Grant Funds</i>	-	-
3470 <i>Restricted - Capital Acquisition Program and Contractual Obligations</i>	-	-
3480 <i>Restricted - Debt Service</i>	-	818,309
3545 <i>Committed - Other</i>	-	-
3600 <i>Unassigned</i>	3,718,146	-
3000 Total Fund Balances	<u>3,718,146</u>	<u>818,309</u>
4000 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,696,683</u>	<u>\$ 919,148</u>

The accompanying notes are an integral part of this statement.



EXHIBIT C-1

699	Nonmajor Governmental Funds	98 Total Governmental Funds
<u>Capital Projects Fund</u>		
\$ 9,765,048	\$ 69,526	\$ 14,402,878
-	-	884,313
-	70,594	165,838
-	4,348	61,998
-	-	10,320
-	38,165	38,165
<u>\$ 9,765,048</u>	<u>\$ 182,633</u>	<u>\$ 15,563,512</u>
\$ -	\$ -	\$ 20,227
-	10,508	180,996
-	57,650	61,998
-	20,432	20,432
<u>-</u>	<u>88,590</u>	<u>283,653</u>
-	-	884,313
<u>-</u>	<u>-</u>	<u>884,313</u>
-	17,733	17,733
-	12,440	12,440
9,765,048	-	9,765,048
-	-	818,309
-	63,870	63,870
-	-	3,718,146
<u>9,765,048</u>	<u>94,043</u>	<u>14,395,546</u>
<u>\$ 9,765,048</u>	<u>\$ 182,633</u>	<u>\$ 15,563,512</u>

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**ONALASKA INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 AUGUST 31, 2014*

**EXHIBIT C-1R**

**Total Fund Balances - Governmental Funds (Exhibit C-1)** \$ 14,395,546

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	\$ 13,262,960	
Accumulated Depreciation of Governmental Capital Assets	(5,820,591)	7,442,369

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. 884,313

Long-term liabilities, which includes bonds payable, 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 liabilities, consist of:

Bonds Payable, at Original Par	\$ (13,534,734)	
Premium on Bonds Payable	(1,803,897)	
Accreted Interest	(662,205)	
Accrued Interest on the Bonds	(31,787)	(16,032,623)

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. 268,134

**Total Net Position - Governmental Activities (Exhibit A-1)** \$ 6,957,739

The accompanying notes are an integral part of this statement.

**ONALASKA INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

Data Control Codes	199	599
	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 4,654,617	\$ 519,101
5800 <i>State Program Revenues</i>	3,447,024	-
5900 <i>Federal Program Revenues</i>	<u>80,819</u>	<u>-</u>
5020 <i>Total Revenues</i>	<u>8,182,460</u>	<u>519,101</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	4,352,652	-
0012 <i>Instructional Resources and Media Services</i>	31,210	-
0013 <i>Curriculum and Staff Development</i>	34,497	-
0021 <i>Instructional Leadership</i>	88,271	-
0023 <i>School Leadership</i>	485,895	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	149,239	-
0033 <i>Health Services</i>	96,789	-
0034 <i>Student Transportation</i>	580,182	-
0035 <i>Food Service</i>	188	-
0036 <i>Extracurricular Activities</i>	224,005	-
0041 <i>General Administration</i>	456,281	-
0051 <i>Plant Maintenance and Operations</i>	988,800	-
0052 <i>Security and Monitoring Services</i>	1,125	-
0053 <i>Data Processing Services</i>	199,121	-
Debt Service:		
0071 <i>Principal on Long-term Debt</i>	-	240,393
0072 <i>Interest on Long-term Debt</i>	-	204,802
0073 <i>Issuance Costs and Fees</i>	-	-
Capital Outlay:		
0081 <i>Facilities Acquisition and Construction</i>	72,241	-
Intergovernmental:		
0093 <i>Payments Related to Shared Services Arrangements</i>	100,126	-
0099 <i>Other Intergovernmental Charges</i>	<u>117,550</u>	<u>-</u>
6030 <i>Total Expenditures</i>	<u>7,978,172</u>	<u>445,195</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>		
1100 <i>Expenditures</i>	<u>204,288</u>	<u>73,906</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
7911 <i>Issuance of Bonds</i>	-	-
7912 <i>Sale of Real and Personal Property</i>	14,278	-
7916 <i>Premium or Discount on Issuance of Bonds</i>	-	-
7080 <i>Total Other Financing Sources (Uses)</i>	<u>14,278</u>	<u>-</u>
1200 <i>Net Change in Fund Balances</i>	218,566	73,906
0100 <i>Fund Balances - Beginning</i>	<u>3,499,580</u>	<u>744,403</u>
3000 <i>Fund Balances - Ending</i>	<u>\$ 3,718,146</u>	<u>\$ 818,309</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

699	Nonmajor Governmental Funds	98 Total Governmental Funds
Capital Projects Fund		
\$ 2,004	\$ 239,175	\$ 5,414,897
-	114,628	3,561,652
-	992,888	1,073,707
<u>2,004</u>	<u>1,346,691</u>	<u>10,050,256</u>
-	478,239	4,830,891
-	-	31,210
-	66,396	100,893
-	50,672	138,943
-	-	485,895
-	-	149,239
-	-	96,789
-	-	580,182
-	627,506	627,694
-	118,323	342,328
-	-	456,281
-	-	988,800
-	-	1,125
-	-	199,121
-	-	240,393
-	-	204,802
234,646	-	234,646
-	-	72,241
-	-	100,126
-	-	117,550
<u>234,646</u>	<u>1,341,136</u>	<u>9,999,149</u>
<u>(232,642)</u>	<u>5,555</u>	<u>51,107</u>
9,445,000	-	9,445,000
-	-	14,278
552,690	-	552,690
<u>9,997,690</u>	<u>-</u>	<u>10,011,968</u>
9,765,048	5,555	10,063,075
-	88,488	4,332,471
<u>\$ 9,765,048</u>	<u>\$ 94,043</u>	<u>\$ 14,395,546</u>

**ONALASKA INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT C-3**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2014*

**Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2)** \$ 10,063,075

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 allocated over their estimated useful lives as depreciation expense.

Capital Assets <i>increased</i>	\$ 186,364	
Depreciation Expense	<u>(376,297)</u>	(189,933)

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. 22,898

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Par Value	\$ (9,445,000)	
(Premium) Discount	<u>(552,690)</u>	(9,997,690)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 240,393

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 consist of the following:

Accrued Interest on Current Interest Bonds Payable ( <i>increased</i> ) <i>decreased</i>	\$ (26,916)	
Interest Accreted on the Capital Appreciation Bonds (increased) <i>decreased</i>	(251,022)	
Accreted Interest Paid (increased) <i>decreased</i>	94,607	
Amortization of Bond Premium and Discount (increased) <i>decreased</i>	73,616	
Amortization of Deferred Charge on Refunding	<u>(15,359)</u>	<u>(125,074)</u>

**Change in Net Position for Governmental Activities (Exhibit B-1)** \$ 13,669

# ONALASKA INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-4

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 4,548,148	\$ 4,548,148	\$ 4,654,617	\$ 106,469
5800	State Program Revenues	3,127,083	3,486,790	3,447,024	(39,766)
5900	Federal Program Revenues	83,000	83,000	80,819	(2,181)
5020	Total Revenues	<u>7,758,231</u>	<u>8,117,938</u>	<u>8,182,460</u>	<u>64,522</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	4,096,868	4,468,105	4,352,652	115,453
0012	Instructional Resources and Media Services	50,980	39,419	31,210	8,209
0013	Curriculum and Staff Development	43,924	43,924	34,497	9,427
	Total Instruction & Instructional Related Services	<u>4,191,772</u>	<u>4,551,448</u>	<u>4,418,359</u>	<u>133,089</u>
Instructional and School Leadership:					
0021	Instructional Leadership	93,213	93,213	88,271	4,942
0023	School Leadership	503,926	502,457	485,895	16,562
	Total Instructional & School Leadership	<u>597,139</u>	<u>595,670</u>	<u>574,166</u>	<u>21,504</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling, and Evaluation Services	152,107	152,107	149,239	2,868
0033	Health Services	99,112	99,112	96,789	2,323
0034	Student Transportation	457,153	617,153	580,182	36,971
0035	Food Service	-	189	188	1
0036	Extracurricular Activities	234,875	236,375	224,005	12,370
	Total Support Services - Student (Pupil)	<u>943,247</u>	<u>1,104,936</u>	<u>1,050,403</u>	<u>54,533</u>
Administrative Support Services:					
0041	General Administration	460,979	459,665	456,281	3,384
	Total Administrative Support Services	<u>460,979</u>	<u>459,665</u>	<u>456,281</u>	<u>3,384</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,002,673	1,002,673	988,800	13,873
0052	Security and Monitoring Services	-	1,125	1,125	-
0053	Data Processing Services	205,252	205,252	199,121	6,131
	Total Support Services - Nonstudent Based	<u>1,207,925</u>	<u>1,209,050</u>	<u>1,189,046</u>	<u>20,004</u>
Capital Outlay:					
0081	Facilities Acquisition and Construction	101,560	128,560	72,241	56,319
	Total Capital Outlay	<u>101,560</u>	<u>128,560</u>	<u>72,241</u>	<u>56,319</u>
Intergovernmental Charges:					
0093	Payments Related to Shared Services Arrangements	136,609	136,609	100,126	36,483
0099	Other Intergovernmental Charges	119,000	119,000	117,550	1,450
	Total Intergovernmental Charges	<u>255,609</u>	<u>255,609</u>	<u>217,676</u>	<u>37,933</u>
6030	Total Expenditures	<u>7,758,231</u>	<u>8,304,938</u>	<u>7,978,172</u>	<u>326,766</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(187,000)</u>	<u>204,288</u>	<u>391,288</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	-	-	14,278	14,278
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>14,278</u>	<u>14,278</u>
1200	Net Change in Fund Balance	-	(187,000)	218,566	405,566
0100	Fund Balance - Beginning	3,499,580	3,499,580	3,499,580	-
3000	Fund Balance - Ending	<u>\$ 3,499,580</u>	<u>\$ 3,312,580</u>	<u>\$ 3,718,146</u>	<u>\$ 405,566</u>

**ONALASKA INDEPENDENT SCHOOL DISTRICT**  
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 AUGUST 31, 2014

EXHIBIT E-1

Data Control Codes		865 Agency Fund
	<b>ASSETS:</b>	
1110	<i>Cash and Cash Equivalents</i>	\$ 32,257
1000	Total Assets	<u>\$ 32,257</u>
	<b>LIABILITIES:</b>	
2190	<i>Due to Student Groups</i>	\$ 32,257
2000	Total Liabilities	<u>\$ 32,257</u>



# ONALASKA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

### I. 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 (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 (District) is governed by a seven-member board of trustees (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.

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 included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

# ONALASKA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

### **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 under accrual accounting. However, debt service 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 90 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.

### **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, demand or time deposits with original maturities of three months or less from the date of acquisition.

#### **2. Investments**

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in investment pools. In accordance with state law, the pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as a 2a7-like pool and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

#### **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.

# ONALASKA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

### 4. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, 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 fair value at the date of donation.

Land 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:

Capital Asset Classes	Lives
Buildings and Improvements	10-40
Furniture and Equipment	5-15

### 5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue - property taxes*, is reported only in the governmental funds balance sheet. The amount is deferred and recognized as an inflow of resources in the period that 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

# ONALASKA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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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.

### **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 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 of trustees (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 only 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.

## **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 does not allow a carryover of vacation not taken at August 31.

#### Sick Leave

Accumulated sick leave lapses when employees leave the employment of 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.

# ONALASKA INDEPENDENT SCHOOL DISTRICT

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### II. Stewardship, Compliance, and Accountability

#### A. Data Control Codes

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

#### B. 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.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a 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. The District made several supplemental budgetary appropriations for the general fund throughout the year which were primarily to increase instruction.

#### C. 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.

#### D. Excess of Expenditures Over Appropriations

For the year ended August 31, 2014, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following funds:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
None		\$	\$	\$

### III. Detailed Notes on All Funds

#### A. Deposits and Investments

*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.

*Investments.* The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm (NRIRF) not less than A or its equivalent; 2) Certificates of deposit issued by a depository located in Texas

# ONALASKA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRIRF; 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act; 8) Commercial paper if it has a stated maturity of 271 days or fewer from the day of its issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit ratings agencies; or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

As of August 31, 2014, the District's investments were deposited under the terms of the depository contract.

*Credit risk.* For fiscal year 2014, the District is not exposed to credit risk.

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the maturity of any individual investment from the time of purchase shall not exceed one year.

*Concentration of credit risk.* The District's investment policy does not limit an investment in any one issuer.

*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, 2014, 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.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District had no investments at August 31, 2014.

### B. Receivables

Receivables as of year-end for the District's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Nonmajor Governmental Funds	Total
<b>Receivables:</b>				
Property Taxes	\$ 833,474	\$ 106,839	\$ -	\$ 940,313
Due From Other Governments	95,244	-	70,594	165,838
Other	9,267	1,053	-	10,320
Gross Receivables	<u>937,985</u>	<u>107,892</u>	<u>70,594</u>	<u>1,116,471</u>
Less: Allowance for Uncollectibles	(50,000)	(6,000)	-	(56,000)
<b>Net Total Receivables</b>	<b><u>\$ 887,985</u></b>	<b><u>\$ 101,892</u></b>	<b><u>\$ 70,594</u></b>	<b><u>\$ 1,060,471</u></b>

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

Uncollectibles Related to General Fund Property Taxes	\$ (1,511)
Uncollectibles Related to Debt Service Property Taxes	494
<b>Total Uncollectibles of the Current Fiscal Year</b>	<b><u>\$ (1,017)</u></b>

Approximately 75% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

# ONALASKA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Receivables/Payables

The composition of interfund receivable/payable balances as of August 31, 2014, is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 57,650	\$ 4,348
Other Governmental Funds - Nonmajor	4,348	57,650
<b>Total</b>	<b>\$ 61,998</b>	<b>\$ 61,998</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.

#### 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 year ended August 31, 2014, was as follows:

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

### D. Capital Assets

Capital asset activity for the year ended August 31, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Governmental Activities:</b>				
<b>Capital Assets, not being Depreciated:</b>				
Land	\$ 129,553	\$ -	\$ -	\$ 129,553
<b>Total Capital Assets, not being Depreciated</b>	<b>129,553</b>	<b>-</b>	<b>-</b>	<b>129,553</b>
<b>Capital Assets, being Depreciated:</b>				
Buildings and Improvements	11,271,851	27,000	-	11,298,851
Furniture and Equipment	1,675,192	159,364	-	1,834,556
<b>Total Capital Assets, being Depreciated</b>	<b>12,947,043</b>	<b>186,364</b>	<b>-</b>	<b>13,133,407</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(4,190,479)	(275,777)	-	(4,466,256)
Furniture and Equipment	(1,253,815)	(100,520)	-	(1,354,335)
<b>Total Accumulated Depreciation</b>	<b>(5,444,294)</b>	<b>(376,297)</b>	<b>-</b>	<b>(5,820,591)</b>
<b>Total Capital Assets, being Depreciated, net</b>	<b>7,502,749</b>	<b>(189,933)</b>	<b>-</b>	<b>7,312,816</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 7,632,302</b>	<b>\$ (189,933)</b>	<b>\$ -</b>	<b>\$ 7,442,369</b>

# ONALASKA INDEPENDENT SCHOOL DISTRICT

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

<b>Governmental Activities:</b>		
11 Instruction		\$ 223,753
12 Instructional Resources and Media Services		4,636
13 Curriculum and Staff Development		841
23 School Leadership		4,819
31 Guidance, Counseling, and Evaluation Services		178
33 Health Services		1,413
34 Student Transportation		98,520
35 Food Service		24,328
36 Extracurricular Activities		4,910
41 General Administration		1,464
51 Plant Maintenance and Operations		10,046
52 Security and Monitoring Services		1,389
<b>Total Depreciation Expense-Governmental Activities</b>		<b>\$ 376,297</b>

### E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund.

### Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 4,330,127	\$ 9,445,000	\$ (240,393)	\$ 13,534,734	\$ 703,144
Premium on Bonds	1,324,823	552,690	(73,616)	1,803,897	-
Accreted Interest (CAB)	505,790	251,022	(94,607)	662,205	-
<b>Total Bonds Payable, net</b>	<u>6,160,740</u>	<u>10,248,712</u>	<u>(408,616)</u>	<u>16,000,836</u>	<u>703,144</u>
<b>Governmental Activity Long-term Liabilities</b>	<b>\$ 6,160,740</b>	<b>\$ 10,248,712</b>	<b>\$ (408,616)</b>	<b>\$ 16,000,836</b>	<b>\$ 703,144</b>

### General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities (SCH) 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:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2011 REF CAB	-	\$ 1,887,206	2025	\$ 1,620,127	\$ -	\$ (240,393)	\$ 1,379,734
2011 REF	4.0-4.2%	2,710,000	2032	2,710,000	-	-	2,710,000
2014 SCH	2.0-4.0%	9,445,000	2039	-	9,445,000	-	9,445,000
<b>Totals</b>				<b>\$ 4,330,127</b>	<b>\$ 9,445,000</b>	<b>\$ (240,393)</b>	<b>\$ 13,534,734</b>



# ONALASKA INDEPENDENT SCHOOL DISTRICT

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

Year Ending August 31	Principal	Interest	Total Requirements
2015	\$ 703,144	\$ 577,612	\$ 1,280,756
2016	438,985	584,461	1,023,446
2017	422,560	600,885	1,023,445
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>	<b>\$ 13,534,734</b>	<b>\$ 9,181,616</b>	<b>\$ 22,716,350</b>

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, 2014, there were no defeased bonds.

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

### F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Other Governmental Fund - Campus Activity	\$ 63,870
<b>Total Other Committed Fund Balance</b>	<b>\$ 63,870</b>

### 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	\$ 4,572,735	\$ 516,030	\$ -	\$ -	\$ 5,088,765
Investment Income	11,059	3,071	2,004	599	16,733
Food Sales	-	-	-	109,729	109,729
Other	70,823	-	-	128,847	199,670
<b>Total</b>	<b>\$ 4,654,617</b>	<b>\$ 519,101</b>	<b>\$ 2,004</b>	<b>\$ 239,175</b>	<b>\$ 5,414,897</b>

# ONALASKA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

### IV. 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 Care Coverage

During the year ended August 31, 2014, employees of the District were covered by a health insurance plan. The District paid premiums of \$225 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents.

##### 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, 2014, 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.

#### C. Joint Venture-Shared Service Arrangement

The District participates in the following shared service arrangements.

##### 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.

# ONALASKA INDEPENDENT SCHOOL DISTRICT

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AUGUST 31, 2014

## D. Defined Benefit Pension Plan

### Pension Plan for Employees Participating in Teacher Retirement System

*Plan Description.* The Onalaska Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS Internet website, [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 TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute 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.

*Contributions.* Contribution rates and contributions for fiscal years 2014-2012 are shown in the table below. State law establishes the contribution rates for the member and state. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum.

Contribution Rates and Contribution Amounts

Year	Member		State		School District Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2014	6.4%	\$ 339,112	6.800%	\$ 289,011	\$ 30,875
2013	6.4%	\$ 335,716	6.400%	\$ 273,648	\$ 28,615
2012	6.4%	\$ 335,600	6.000%	\$ 259,221	\$ 30,427

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. 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 Web site 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

AUGUST 31, 2014

*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 2014-2012.

**Contribution Rates**

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	0.65%	\$ 34,441	1.00%	\$ 49,044	0.55%	\$ 29,142
2013	0.65%	\$ 34,096	0.50%	\$ 24,244	0.55%	\$ 28,851
2012	0.65%	\$ 34,084	1.00%	\$ 48,203	0.55%	\$ 28,841

In addition, the State of Texas contributed \$14,495, \$19,830, and \$24,179 in 2014, 2013, and 2012, 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.

**F. Nonmonetary Transactions**

During 2014, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$17,925. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$17,925 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

**COMBINING FUNDS FINANCIAL STATEMENTS**

**ONALASKA INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AUGUST 31, 2014

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant
<b>ASSETS:</b>			
1110	-	10,004	-
1240	5,888	12,944	-
1260	-	-	-
1300	-	38,165	-
1000	<u>5,888</u>	<u>61,113</u>	<u>-</u>
<b>LIABILITIES:</b>			
2160	-	10,508	-
2170	5,888	-	-
2300	-	20,432	-
2000	<u>5,888</u>	<u>30,940</u>	<u>-</u>
<b>FUND BALANCES:</b>			
3410	-	17,733	-
3450	-	12,440	-
3545	-	-	-
3000	<u>-</u>	<u>30,173</u>	<u>-</u>
4000	<u>\$ 5,888</u>	<u>\$ 61,113</u>	<u>\$ -</u>

255	270	410	461	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ESEA Title II Training & Recruiting	Rural and Low-Income Program	State Textbook Fund	Campus Activity Funds	
\$ -	\$ -	\$ -	\$ 59,522	\$ 69,526
6,128	17,483	28,151	-	70,594
-	-	-	4,348	4,348
-	-	-	-	38,165
<u>6,128</u>	<u>17,483</u>	<u>28,151</u>	<u>63,870</u>	<u>182,633</u>
-	-	-	-	10,508
6,128	17,483	28,151	-	57,650
-	-	-	-	20,432
<u>6,128</u>	<u>17,483</u>	<u>28,151</u>	<u>-</u>	<u>88,590</u>
-	-	-	-	17,733
-	-	-	-	12,440
-	-	-	63,870	63,870
-	-	-	<u>63,870</u>	<u>94,043</u>
\$ <u>6,128</u>	\$ <u>17,483</u>	\$ <u>28,151</u>	\$ <u>63,870</u>	\$ <u>182,633</u>

**ONALASKA INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ 110,152	\$ -
5800 <i>State Program Revenues</i>	-	3,276	-
5900 <i>Federal Program Revenues</i>	416,841	508,933	3,426
5020 <i>Total Revenues</i>	<u>416,841</u>	<u>622,361</u>	<u>3,426</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	345,978	-	3,426
0013 <i>Curriculum and Staff Development</i>	44,450	-	-
0021 <i>Instructional Leadership</i>	26,413	-	-
0035 <i>Food Service</i>	-	627,506	-
0036 <i>Extracurricular Activities</i>	-	-	-
6030 <i>Total Expenditures</i>	<u>416,841</u>	<u>627,506</u>	<u>3,426</u>
1200 <i>Net Change in Fund Balances</i>	-	(5,145)	-
0100 <i>Fund Balances - Beginning</i>	-	35,318	-
3000 <i>Fund Balances - Ending</i>	<u>\$ -</u>	<u>\$ 30,173</u>	<u>\$ -</u>



255	270	410	461	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
ESEA Title II Training & Recruiting	Rural and Low- Income Program	State Textbook Fund	Campus Activity Funds	
\$ -	\$ -	\$ -	\$ 129,023	\$ 239,175
-	-	111,352	-	114,628
46,205	17,483	-	-	992,888
<u>46,205</u>	<u>17,483</u>	<u>111,352</u>	<u>129,023</u>	<u>1,346,691</u>
-	17,483	111,352	-	478,239
21,946	-	-	-	66,396
24,259	-	-	-	50,672
-	-	-	-	627,506
-	-	-	118,323	118,323
<u>46,205</u>	<u>17,483</u>	<u>111,352</u>	<u>118,323</u>	<u>1,341,136</u>
-	-	-	10,700	5,555
-	-	-	53,170	88,488
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,870</u>	<u>\$ 94,043</u>

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**SUPPLEMENTARY INFORMATION**

**ONALASKA INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2014*

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2005 and Prior Years	\$	Various	\$	Various	\$	Various
2006		1.4833		0.1877		231,261,066
2007		1.3552		0.1877		254,443,710
2008		1.04		0.1618		275,794,808
2009		1.04		0.1602		300,401,933
2010		1.04		0.1601		332,946,504
2011		1.04		0.1400		378,728,814
2012		1.04		0.1280		386,966,695
2013		1.04		0.1250		401,325,494
2014 (School Year Under Audit)		1.04		0.1160		434,566,349

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

EXHIBIT J-1

10 Beginning Balance 9/1/13	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/14
\$ 167,194	\$ -	\$ 5,476	\$ 694	\$ (9,819)	\$ 151,205
46,509	-	2,763	349	(2,125)	41,272
53,507	-	3,100	429	(2,044)	47,934
55,038	-	3,194	497	(1,645)	49,702
49,102	-	3,742	576	(2,005)	42,779
106,097	-	11,766	1,811	(1,842)	90,678
112,852	-	16,676	2,244	(1,532)	92,400
108,119	-	31,065	3,824	121	73,351
217,980	-	108,011	12,982	104	97,091
-	5,023,587	4,278,150	477,178	(14,358)	253,901
<u>\$ 916,398</u>	<u>\$ 5,023,587</u>	<u>\$ 4,463,943</u>	<u>\$ 500,584</u>	<u>\$ (35,145)</u>	<u>\$ 940,313</u>
		\$ -	\$ -		

**ONALASKA INDEPENDENT SCHOOL DISTRICT**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT J-2

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 173,792	\$ 173,792	\$ 110,152	\$ (63,640)
5800 <i>State Program Revenues</i>	3,225	3,225	3,276	51
5900 <i>Federal Program Revenues</i>	500,000	500,000	508,933	8,933
5020 Total Revenues	<u>677,017</u>	<u>677,017</u>	<u>622,361</u>	<u>(54,656)</u>
<b>EXPENDITURES:</b>				
Current:				
Support Services - Student (Pupil):				
0035 <i>Food Service</i>	<u>677,017</u>	<u>677,017</u>	<u>627,506</u>	<u>49,511</u>
Total Support Services - Student (Pupil)	<u>677,017</u>	<u>677,017</u>	<u>627,506</u>	<u>49,511</u>
6030 Total Expenditures	<u>677,017</u>	<u>677,017</u>	<u>627,506</u>	<u>49,511</u>
1200 Net Change in Fund Balance	-	-	(5,145)	(5,145)
0100 Fund Balance - Beginning	<u>35,318</u>	<u>35,318</u>	<u>35,318</u>	-
3000 Fund Balance - Ending	<u>\$ 35,318</u>	<u>\$ 35,318</u>	<u>\$ 30,173</u>	<u>\$ (5,145)</u>

**ONALASKA INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 445,195	\$ 445,195	\$ 519,101	\$ 73,906
5020 Total Revenues	<u>445,195</u>	<u>445,195</u>	<u>519,101</u>	<u>73,906</u>
<b>EXPENDITURES:</b>				
Debt Service:				
0071 <i>Principal on Long-term Debt</i>	240,393	240,393	240,393	-
0072 <i>Interest on Long-term Debt</i>	204,802	204,802	204,802	-
Total Debt Service	<u>445,195</u>	<u>445,195</u>	<u>445,195</u>	<u>-</u>
6030 Total Expenditures	<u>445,195</u>	<u>445,195</u>	<u>445,195</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	73,906	73,906
0100 Fund Balance - Beginning	<u>744,403</u>	<u>744,403</u>	<u>744,403</u>	<u>-</u>
3000 Fund Balance - Ending	<u>\$ 744,403</u>	<u>\$ 744,403</u>	<u>\$ 818,309</u>	<u>\$ 73,906</u>

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**OVERALL COMPLIANCE, INTERNAL CONTROL SECTION AND FEDERAL AWARDS**

# HLSK

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## **INDEPENDENT AUDITORS' 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Onalaska Independent School District (District), as of and for the year ended August 31, 2014, 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 7, 2014.

### **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 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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.

Respectfully,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**October 7, 2014**

# HLSK

*Hereford, Lynch, Sellars & Kirkham*

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2014. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, Onalaska Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014.

### **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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**October 7, 2014**

**ONALASKA INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

*FOR THE YEAR ENDED AUGUST 31, 2014*

<b>SECTION I – SUMMARY OF AUDITORS’ RESULTS</b>	
<b>FINANCIAL STATEMENTS</b>	
1. Type of auditors’ 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
<b>FEDERAL AWARDS</b>	
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 auditors’ report issued on compliance with major programs	Unmodified
6. Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133	No
7. Identification of Major Programs	Child Nutrition Cluster
8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	\$300,000
9. Auditee Qualified as a Low-Risk Auditee?	Yes
<b>SECTION II –FINANCIAL STATEMENT FINDINGS</b>	
None reported	
<b>SECTION III –FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS</b>	
None reported	

**ONALASKA INDEPENDENT SCHOOL DISTRICT**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2014

**PRIOR YEAR FINDINGS**

**2013-001 CHILD NUTRITION CLUSTER – CFDA No. 10.553 and No. 10.555; Grant No. 71301301 and 71401301**

*Statement of Condition:* The District expended \$17,550 to purchase and install a freezer without prior approval from the Texas Department of Agriculture (TDA).

*Criteria:* Allowable cost per the 2 CFR 225 Appendix B.

*Cause:* Procedures are in place to approve expenditures; however, additional prior approval was not obtained from TDA.

*Effect:* District has unallowable cost.

*Recommendation:* We recommend that the District revise procedures to insure approval for future capital purchases equal to or greater than \$5,000 prior to purchase and to obtain an after-the-fact approval from TDA for the purchase as noted above.

*Responsible Party:* Angela Foster

*Status:* In September 2013, the District revised procedures and implemented a cross check of capital expenditures to insure compliance with allowable cost guidelines and the District filed for approval of the capital expenditures via TX-UNPS for the purchase of capital outlay in the Child Nutrition Cluster. The District received such approval on September 13, 2013.

**ONALASKA INDEPENDENT SCHOOL DISTRICT**

*CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2014*

***CURRENT YEAR FINDINGS***

None reported



**ONALASKA INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

**EXHIBIT K-1**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Project Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<b>Passed Through State Department of Education:</b>			
<i>ESEA Title I, Part A-Improving Basic Programs</i>	84.010A	14610101187910	\$ 416,841
<i>ESEA Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358B	14696001187910	17,483
<i>ESEA Title II, Part A-Teacher and Principal Training and Recruiting</i>	84.367A	14694501187910	46,205
<b>Passed Through Region VI Education Service Center:</b>			
<i>Carl D Perkins CTE SSA</i>	84.048A	14420006236950	3,426
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b><u>483,955</u></b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<b>Child Nutrition Cluster:</b>			
<b>Passed Through State Department of Agriculture - Non Cash Assistance:</b>			
<i>National School Lunch Program</i>	10.555	00917	37,848
<b>Pass Through State Department of Education- Cash Assistance:</b>			
<i>School Breakfast Program</i>	10.553	71401401	175,724
<i>National School Lunch Program</i>	10.555	71301401	295,361
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER</b>			<b><u>508,933</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>992,888</u></b>

The accompanying notes are an integral part of this schedule.

**ONALASKA INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED AUGUST 31, 2014*

**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 OMB Circular A-133 and *Audits of States, Local Governments, and Non-Profit Organizations*. 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:

<b>Total Expenditures of Federal Awards per Exhibit K-1</b>	<b>\$ 992,888</b>
<b>General Fund - Federal Revenue</b>	
School Health and Related Services (SHARS)	80,819
<b>Total Federal Revenues per Exhibit C-2</b>	<b>\$ <u>1,073,707</u></b>

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**ONALASKA INDEPENDENT SCHOOL DISTRICT****SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2014****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 default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 662,205