

Onalaska Independent School District

Annual Financial Report

For the Fiscal Year Ended August 31, 2018

Onalaska Independent School District
 Annual Financial Report
 For the Fiscal Year Ended August 31, 2018
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Certificate of the Board

Onalaska Independent School District

Name of School District


Polk

County

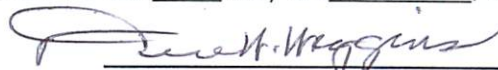
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Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and ✓ approved _____ disapproved for the fiscal year ended August 31, 2018 at a meeting of the Board of Trustees of such school district on the 15th day of October, 2018.



Signature of Board Secretary



Signature of Board President

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

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Financial Section

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Independent Auditor's Report

To the Board of Trustees of
Onalaska Independent School District
Onalaska, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Onalaska Independent School District (the District), as of and for the fiscal year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Onalaska Independent School District, as of August 31, 2018, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1.E. and Note 4.D. to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Required Responses to Selected School FIRST Indicators has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The Board of Trustees of
Onalaska Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2018 on our consideration of Onalaska Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Onalaska Independent School District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P

Conroe, Texas
October 10, 2018

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Management's Discussion and Analysis

As management of the Onalaska Independent School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2018.

Financial Highlights

- The assets and deferred outflows of resources of the District were exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$859,211 (*net position*). Of this amount, \$5,138,677 (*unrestricted net position*) was in a deficit due to the implementation of GASB 75 discussed in Notes 1.E. and 4.D.
- The District's total net position decreased by \$8,015,676 an increase from current operations of \$2,400,981 and a decrease of \$10,416,657 due to the implementation of GASB 75.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,571,377, an increase of \$3,189 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,683,476, or 34 percent of total general fund expenditures.
- The District's total net bonded debt decreased by \$489,768.

Overview of the Financial Statements

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

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

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

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and incurred but unpaid interest).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, 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.

In fiscal year 2018, the District implemented the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which superseded GASB Statement No. 45.*

Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined benefit OPEB plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the implementation of this statement has no impact on the District's governmental fund financial statements. However, implementation has resulted in certain changes to the presentation of the financial statements of the District's government-wide financial statements. More information on the implementation of this statement and the District's OPEB plan is available in Note 1. E. and Note 4.D., respectively.

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

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

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents of this report.

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

Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources by \$859,211 at the close of the most recent fiscal year.

Onalaska Independent School District's Net Position

	Governmental Activities					
	2018		2017		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 6,714,706	28	\$ 7,112,816	29	\$ (398,110)	(6)
Capital assets	17,058,903	72	17,070,151	71	(11,248)	-
Total assets	23,773,609	100	24,182,967	100	(409,358)	
Total deferred outflows of resources	1,283,164	100	1,372,028	100	(88,864)	(6)
Long-term liabilities outstanding	22,665,510	98	17,499,949	96	5,165,561	30
Other liabilities	421,076	2	754,301	4	(333,225)	(44)
Total liabilities	23,086,586	100	18,254,250	100	4,832,336	
Total deferred inflows of resources	2,829,398	100	144,280	100	2,685,118	##
Net position:						
Net investment in capital assets	3,715,340	(432)	3,204,573	45	510,767	16
Restricted for grants	306,823	(36)	112,699	2	194,124	172
Restricted for debt service	257,303	(30)	104,157	1	153,146	147
Unrestricted	(5,138,677)	598	3,735,036	52	(8,873,713)	(238)
Total net position (deficit)	\$ (859,211)	100	\$ 7,156,465	100	\$ (8,015,676)	

The net position decreased mainly from the implementation of GASB 75 which is discussed on page 8.

Investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding represents the majority of the District's positive net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net position that is restricted for debt service and grants totaled \$306,823 of net position. The *unrestricted net position* of (\$5,138,677) deficit resulted from the implementation of GASB 75 for other post employment benefit (retiree health care provided through TRS-CARE).

Governmental Activities. Governmental activities increased the District's net position by \$2,400,981 from current operations. Key elements of this change are as follows:

Onalaska Independent School District's Changes in Net Position

	Governmental Activities					
	2018		2017		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program revenues:						
Charges for services	\$ 262,639	2	\$ 329,797	3	\$ (67,158)	(20)
Operating grants and contributions	50,463	-	1,607,448	13	(1,556,985)	(97)
General revenues:						
Property taxes, levied for general purposes	5,702,569	50	5,331,053	45	371,516	7
Property taxes, levied for debt service	1,143,780	10	1,000,683	8	143,097	14
Grants and contributions not restricted to specific programs	4,226,954	37	3,679,699	30	547,255	15
Investment earnings	80,653	1	44,975	-	35,678	79
Miscellaneous	38,114	-	126,875	1	(88,761)	(70)
Total revenues	11,505,172	100	12,120,530	100	(615,358)	
Expenses:						
Instruction	4,179,992	47	6,304,559	50	(2,124,567)	(34)
Instructional resources and media services	37,402	-	50,269	-	(12,867)	(26)
Curriculum and instructional staff development	188,930	2	133,439	1	55,491	42
Instructional leadership	116,045	1	254,173	2	(138,128)	(54)
School leadership	431,891	5	622,391	5	(190,500)	(31)
Guidance, counseling, and evaluation services	112,908	1	188,940	2	(76,032)	(40)
Health services	91,297	1	113,409	1	(22,112)	(19)
Student transportation	463,502	5	526,911	4	(63,409)	(12)
Food services	517,028	6	730,872	6	(213,844)	(29)
Extracurricular activities	547,638	6	569,548	5	(21,910)	(4)
General administration	180,757	2	538,747	4	(357,990)	(66)
Plant maintenance and operations	1,117,811	12	1,181,305	9	(63,494)	(5)
Security and monitoring services	24,662	-	1,389	-	23,273	1,676
Data processing services	206,481	2	252,847	2	(46,366)	(18)
Interest on long-term debt	559,432	7	794,669	6	(235,237)	(30)
Issuance costs and fees	1,000	-	13,500	1	(12,500)	(93)
Facilities repair and maintenance	19,725	-	9,499	-	10,226	108
Payments related to shared services arrangements	192,878	2	187,927	1	4,951	3
Other intergovernmental charges	114,812	1	113,573	1	1,239	1
Total expenses	9,104,191	100	12,587,967	100	(3,483,776)	
Change in net position	2,400,981		(467,437)		2,868,418	
Net position - beginning	7,156,465		7,623,902		(467,437)	
Prior period adjustment - implement GASB 75 for OPEB (a)	(10,416,657)		-		(10,416,657)	
Net position (deficit) - beginning, as restated	(3,260,192)		7,623,902		(10,884,094)	
Net position (deficit) - ending	\$ (859,211)		\$ 7,156,465		\$ (8,015,676)	

(a) The restatement of the beginning net position is the result of the District implementing GASB Statement No. 75 in fiscal year 2018. The implementation is discussed previously in MD&A.

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$4,489,593) represent 39 percent of total revenues, and property taxes (\$6,846,349) represent 60 percent of total revenues. The remaining 1 percent is generated from investment earnings, charges for services, and miscellaneous revenues. The most significant change in revenues is the increase in state funding and the decrease in on-behalf revenue from OPEB.

The primary functional expenses of the District are instruction (\$4,179,992) and plant maintenance and operations (\$1,117,811), which represent 47 percent and 12 percent, respectively, of total expenses. The remaining functional categories of expenses are individually 10 percent or less of total expenditures. The most significant decrease in expenses was from the reduction of expenses from OPEB.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,571,377 an increase of \$3,189 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$4,121,491 and unassigned fund balance was \$3,683,476. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34 percent of total general fund expenditures, while total fund balance represents 38 percent of the same amount.

The fund balance of the District's general fund decreased by \$473,838 during the current fiscal year. The most significant change in the general fund in the current year was an increase in revenues due to increase in state funding and an increase in expenditures for track improvements.

The debt service fund has a total fund balance of \$1,084,367, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year was primarily due to the increase in tax revenue from an increase in tax rate.

The capital projects fund balance increased \$118,911 due to the District's transfer of funds to resolve the deficit in fund balance.

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year.

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

- Increased state funding \$534,999 due to the increase in foundation allotment from the increase in ADA.
- Increase of \$547,701 to appropriate instruction expenses due to the increase in personnel because of an increase in students.
- Increase of \$535,785 to appropriate facilities acquisition and construction expenses due to construction costs.

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

Capital Assets and Long-Term Liabilities

Capital Assets. The District's investment in capital assets for its governmental type activities as of August 31, 2018, amounts to \$17,058,903 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress.

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

	Governmental Activities					
	2018		2017		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 129,553	1	\$ 129,553	1	\$ -	-
Buildings and improvements	16,456,431	96	15,422,942	90	1,033,489	7
Furniture and equipment	472,919	3	287,252	2	185,667	65
Construction in progress	-	-	1,230,404	7	(1,230,404)	(100)
Totals	\$ 17,058,903	100	\$ 17,070,151	100	\$ (11,248)	

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

- Completion of track project totaling \$1,230,404.

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 year-end, the District had the following long-term liabilities:

Onalaska Independent School District's Long-Term Liabilities Outstanding

	Governmental Activities					
	2018		2017		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 13,912,400	62	\$ 14,402,168	52	\$ (489,768)	(3)
Note payable	560,413	2	595,339	2	(34,926)	(6)
Net pension liability	2,252,182	10	2,502,442	9	(250,260)	(10)
Net OPEB liability	5,940,515	26	10,487,679	37	(4,547,164)	(43)
Totals	\$ 22,665,510	100	\$ 27,987,628	100	\$ (5,322,118)	

The District's bonded debt decreased by \$489,768 (3 percent) during the current fiscal year as a result of scheduled debt payments. Note payable decreased by \$34,926 (6 percent) during the current fiscal year as a result of scheduled payments. The District's general obligation debt is backed by the full faith and credit of the District and is further guaranteed by the Texas Permanent School Fund Guarantee Program. State statutes do not limit the tax rate or amount for the support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt, net pension liability, and OPEB liability can be found in the notes to the financial statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budgets and Rates

- Current enrollment (2017-2018) totals 1,132 students, which is an increase from 1,075 students in the prior year.
- District staff totals 181 employees in 2017-2018, which includes 80 teachers and 35 teachers' aides and secretaries.
- The District maintains two campuses for instruction.
- The unemployment rate for the County is currently 5.2 percent, which is an decrease from a rate of 5.8 percent a year ago. This compares unfavorably to the state's average unemployment rate of 4.0 percent, which is a decrease from a rate of 4.3 percent a year ago.
- Property values of the District are projected to increase 12 percent in the 2018-2019 fiscal year from the prior fiscal year.
- A maintenance and operations tax rate of \$1.06 and a debt service tax rate of \$0.188900 a total of \$1.2489 were adopted for 2018-2019. Preceding year rates were \$1.04, and \$0.20890 for a total of \$1.2489, respectively.

All of these factors were considered in preparing the District's budget for the 2018-2019 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$4,121,491. 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
Statement of Net Position
August 31, 2018

Exhibit A-1

1

<u>Data Control Codes</u>		<u>Primary Governmental Governmental Activities</u>
ASSETS		
1110	Cash and cash equivalents	\$ 5,129,997
1220	Property taxes receivable	785,156
1230	Allowance for uncollectible taxes	(39,000)
1240	Due from other governments	728,894
1290	Other receivables	74,268
1300	Inventories	35,391
	Capital assets:	
1510	Land and improvements	129,553
1520	Buildings and improvements (net)	16,456,431
1530	Furniture and equipment (net)	472,919
		<hr/>
1000	Total assets	23,773,609
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred outflows - pension	991,252
1706	Deferred outflows - OPEB	85,214
1710	Deferred charge on refunding	206,698
		<hr/>
1700	Total deferred outflows of resources	1,283,164
LIABILITIES		
2110	Accounts payable	44,728
2140	Interest payable	23,903
2150	Payroll deductions and withholdings	32
2160	Accrued wages payable	352,063
2300	Unearned revenue	350
	Noncurrent liabilities:	
2501	Due within one year	437,473
2502	Due in more than one year	14,035,340
2540	Net pension liabilities	2,252,182
2545	Net OPEB liabilities	5,940,515
		<hr/>
2000	Total liabilities	23,086,586
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflows - pension	344,469
2606	Deferred inflows - OPEB	2,484,929
		<hr/>
2600	Total deferred inflows of resources	2,829,398
NET POSITION		
3200	Net investment in capital assets	3,715,340
3820	Restricted for grants	306,823
3850	Restricted for debt service	257,303
3900	Unrestricted	(5,138,677)
		<hr/>
3000	TOTAL NET POSITION (DEFICIT)	\$ (859,211)

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

Onalaska Independent School District
Statement of Activities
For the Fiscal Year Ended August 31, 2018

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 Governmental Activities
			Charges for Services			
PRIMARY GOVERNMENT						
Governmental activities:						
0011	Instruction	\$ 4,179,992	\$ -	\$ (500,459)	\$ (4,680,451)	
0012	Instructional resources and media services	37,402	-	-	(37,402)	
0013	Curriculum and instructional staff development	188,930	-	89,025	(99,905)	
0021	Instructional leadership	116,045	-	30,877	(85,168)	
0023	School leadership	431,891	-	(72,879)	(504,770)	
0031	Guidance, counseling, and evaluation services	112,908	-	(20,906)	(133,814)	
0033	Health services	91,297	-	(9,839)	(101,136)	
0034	Student transportation	463,502	-	(24,268)	(487,770)	
0035	Food services	517,028	93,415	745,686	322,073	
0036	Extracurricular activities	547,638	169,224	(30,407)	(408,821)	
0041	General administration	180,757	-	(117,872)	(298,629)	
0051	Plant maintenance and operations	1,117,811	-	(50,102)	(1,167,913)	
0052	Security and monitoring services	24,662	-	-	(24,662)	
0053	Data processing services	206,481	-	(25,070)	(231,551)	
0072	Interest on long-term debt	559,432	-	36,677	(522,755)	
0073	Issuance costs and fees	1,000	-	-	(1,000)	
0081	Facilities repair and maintenance	19,725	-	-	(19,725)	
0093	Payments related to shared services arrangements	192,878	-	-	(192,878)	
0099	Other intergovernmental charges	114,812	-	-	(114,812)	
TG	Total governmental activities	9,104,191	262,639	50,463	(8,791,089)	
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 9,104,191</u>	<u>\$ 262,639</u>	<u>\$ 50,463</u>	(8,791,089)	
General revenues:						
MT	Property taxes, levied for general purposes				5,702,569	
DT	Property taxes, levied for debt service				1,143,780	
GC	Grants and contributions not restricted to specific programs				4,226,954	
IE	Investment earnings				80,653	
MI	Miscellaneous				38,114	
TR	Total general revenues				11,192,070	
CN	Change in net position				2,400,981	
NB	Net position - beginning				7,156,465	
PA	Prior period adjustment - implement GASB 75 for OPEB				(10,416,657)	
	Net position (deficit) - beginning, as restated				(3,260,192)	
NE	NET POSITION (DEFICIT) - ENDING				<u>\$ (859,211)</u>	

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

Onalaska Independent School District

Balance Sheet – Governmental Funds

August 31, 2018

Data Control Codes		199	599
		General Fund	Debt Service Fund
ASSETS			
1110	Cash and cash equivalents	\$ 3,720,550	\$ 1,072,393
1220	Property taxes receivable	665,193	119,963
1230	Allowance for uncollectible taxes	(33,000)	(6,000)
1240	Due from other governments	595,331	-
1260	Due from other funds	111,501	-
1290	Other receivables	62,294	11,974
1300	Inventories	-	-
1000	Total assets	<u>5,121,869</u>	<u>1,198,330</u>
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,121,869</u>	<u>\$ 1,198,330</u>
LIABILITIES			
2110	Accounts payable	\$ 30,027	\$ -
2150	Payroll deductions and withholdings	32	-
2160	Accrued wages payable	338,126	-
2170	Due to other funds	-	-
2300	Unearned revenue	-	-
2000	Total liabilities	<u>368,185</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable revenue - property taxes	<u>632,193</u>	<u>113,963</u>
	Total deferred inflows of resources	632,193	113,963
FUND BALANCES			
3450	Restricted - grant funds	-	-
3480	Restricted - debt service	-	1,084,367
3545	Committed - other	438,015	-
3600	Unassigned	<u>3,683,476</u>	<u>-</u>
3000	Total fund balances	<u>4,121,491</u>	<u>1,084,367</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,121,869</u>	<u>\$ 1,198,330</u>

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

699	Total	98
Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
\$ -	\$ 337,054	\$ 5,129,997
-	-	785,156
-	-	(39,000)
-	133,563	728,894
-	-	111,501
-	-	74,268
-	35,391	35,391
-	506,008	6,826,207
<u>\$ -</u>	<u>\$ 506,008</u>	<u>\$ 6,826,207</u>
\$ -	\$ 14,701	\$ 44,728
-	-	32
-	13,937	352,063
-	111,501	111,501
-	350	350
-	140,489	508,674
-	-	746,156
-	-	746,156
-	306,823	306,823
-	-	1,084,367
-	58,696	496,711
-	-	3,683,476
-	365,519	5,571,377
<u>\$ -</u>	<u>\$ 506,008</u>	<u>\$ 6,826,207</u>

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Onalaska Independent School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 August 31, 2018

Exhibit C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1) \$ 5,571,377

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	\$ 24,452,413	
Accumulated depreciation of governmental capital assets	<u>(7,393,510)</u>	17,058,903

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. 746,156

Long-term liabilities, including bonds payable, note payable, and net pension and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds payable, at original par	\$ (11,561,479)	
Premium on bonds payable	(1,428,369)	
Accreted interest	(922,552)	
Accrued interest on the bonds	(18,475)	
Note payable	(560,413)	
Accrued interest on note payable	(5,428)	
Net pension liability	(2,252,182)	
Net OPEB liability	<u>(5,940,515)</u>	(22,689,413)

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. 206,698

Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. 991,252

Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (344,469)

Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. 85,214

Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (2,484,929)

TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1) \$ (859,211)

Onalaska Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds
For the Fiscal Year Ended August 31, 2018

Data Control Codes		199	599
		General Fund	Debt Service Fund
REVENUES			
5700	Local and intermediate sources	\$ 5,879,722	\$ 1,158,954
5800	State program revenues	4,616,006	36,677
5900	Federal program revenues	97,801	-
5020	Total revenues	10,593,529	1,195,631
EXPENDITURES			
Current:			
0011	Instruction	5,997,642	-
0012	Instructional resources and media services	14,542	-
0013	Curriculum and instructional staff development	101,973	-
0021	Instructional leadership	175,305	-
0023	School leadership	589,690	-
0031	Guidance, counseling, and evaluation services	156,688	-
0033	Health services	113,023	-
0034	Student transportation	641,620	-
0035	Food services	-	-
0036	Extracurricular activities	338,909	-
0041	General administration	458,911	-
0051	Plant maintenance and operations	1,238,416	-
0052	Security and monitoring services	29,588	-
0053	Data processing services	265,954	-
Debt service:			
0071	Principal on long-term debt	34,926	595,000
0072	Interest on long-term debt	13,728	425,795
0073	Issuance costs and fees	-	1,000
Capital outlay:			
0081	Facilities acquisition and construction	469,851	-
Intergovernmental:			
0093	Payments related to shared services arrangements	192,878	-
0099	Other intergovernmental charges	114,812	-
6030	Total expenditures	10,948,456	1,021,795
1100	Excess (deficiency) of revenues over (under) expenditures	(354,927)	173,836
OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-
8911	Transfers out	(118,911)	-
7080	Total other financing sources (uses)	(118,911)	-
1200	Net change in fund balances	(473,838)	173,836
0100	Fund balances - beginning	4,595,329	910,531
3000	FUND BALANCES - ENDING	\$ 4,121,491	\$ 1,084,367

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

699	Total	98
Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
\$ -	\$ 257,835	\$ 7,296,511
-	100,209	4,752,892
-	1,347,603	1,445,404
-	1,705,647	13,494,807
-	390,521	6,388,163
-	-	14,542
-	99,497	201,470
-	96,564	271,869
-	-	589,690
-	472	157,160
-	-	113,023
-	2,059	643,679
-	760,922	760,922
-	171,332	510,241
-	-	458,911
-	-	1,238,416
-	-	29,588
-	-	265,954
-	-	629,926
-	-	439,523
-	-	1,000
-	-	469,851
-	-	192,878
-	-	114,812
-	1,521,367	13,491,618
-	184,280	3,189
118,911	-	118,911
-	-	(118,911)
118,911	-	-
118,911	184,280	3,189
(118,911)	181,239	5,568,188
\$ -	\$ 365,519	\$ 5,571,377

Onalaska Independent School District
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended August 31, 2018

Exhibit C-3

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2) \$ 3,189

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

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

Capital assets <i>increased</i>	\$ 701,660	
Depreciation expense	<u>(712,908)</u>	(11,248)

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. (68,756)

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 629,926

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 changes reported in the statement of activities consists of the following:

Accrued interest on current interest bonds payable (increased) decreased	\$ 345	
Accrued interest on notes payable (increased) decreased	337	
Interest accreted on the capital appreciation bonds (increased) decreased	(199,114)	
Amortization of bond premium and discount (increased) decreased	93,882	
Amortization of deferred charge on refunding (increased) decreased	<u>(15,359)</u>	(119,909)

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

Deferred outflows increased (decreased)	\$ (158,719)	
Deferred inflows (increased) decreased	(200,189)	
Net pension liability (increased) decreased	<u>250,260</u>	<u>(108,648)</u>

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

Deferred outflows increased (decreased)	\$ 14,192	
Deferred inflows (increased) decreased	(2,484,929)	
Net OPEB liability (increased) decreased	<u>4,547,164</u>	<u>2,076,427</u>

CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES (EXHIBIT B-1) \$ 2,400,981

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

Onalaska Independent School District
 Statement of Assets and Liabilities
 Fiduciary Fund
 August 31, 2018

Exhibit E-1

<u>Data Control Codes</u>		<u>865 Agency Fund</u>
	ASSETS	
1110	Cash and cash equivalents	<u>\$ 52,969</u>
1000	TOTAL ASSETS	<u>\$ 52,969</u>
	LIABILITIES	
2190	Due to student groups	<u>\$ 52,969</u>
2000	TOTAL LIABILITIES	<u>\$ 52,969</u>

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

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Onalaska Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

Onalaska Independent School District

Notes to the Financial Statements

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account for the proceeds of specific revenues (other than those identified as a major fund) that are restricted or committed to expenditures for specific purposes.

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 are eliminated in governmental activities.

E. Change in Accounting Principles

In fiscal year 2018, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which supersedes GASB Statement No. 45*.

The requirements of Statement No. 75 apply to the financial statements of all state and local government employers whose employees are provided postemployment benefits other than pensions that are administered through trusts or equivalent arrangements, and to the financial statements of state and local government in which the non-employer contributing entity (State) and District have a legal obligation to make contributions directly to such OPEB plan. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to the OPEB plan. Note disclosure and RSI requirements about the OPEB plan also are addressed. The implementation of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively. The calculation of OPEB contributions is unaffected by the change. However, the implementation has resulted in the restatement of the District's beginning net position for the fiscal year 2018 government-wide financial statements to reflect the reporting of net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified OPEB plan and the recognition of OPEB expense in accordance with the provisions of the Statement. Net position as of September 1, 2017 was decreased by \$10,416,657 to reflect the cumulative effect of implementation. An aggregate net OPEB liability of \$10,487,679 offset by aggregate deferred outflows of resources of \$71,022 at August 31, 2017 were reported as a prior period adjustment to the net position on September 1, 2017. Refer to Note 4.D. for more information regarding the District's OPEB plan. At transition, a government recognizes a beginning deferred outflows of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. Since the measurement date of the OPEB plan was different than the District's fiscal year-end, the effects from the plan reported contributions to the plan subsequent to the respective measurement date as an increase in deferred outflows of resources and a decrease in net position. The beginning deferred outflows for OPEB includes contributions from September 1, 2016 through August 31, 2017, totaling \$71,022.

Onalaska Independent School District

Notes to the Financial Statements

F. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service and note payable expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

Onalaska Independent School District

Notes to the Financial Statements

3. Inventories and Prepaid Items

Inventories are valued at cost using the average cost method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

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

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

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

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and improvements	10-40
Furniture and equipment	6-15

5. Deferred Outflows/Inflows of Resources

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

Onalaska Independent School District

Notes to the Financial Statements

Deferred outflows/inflows of resources are amortized as follows:

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

6. Net Position Flow Assumption

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

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

7. Fund Balance Flow Assumptions

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

8. Fund Balance Policies

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

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

Onalaska Independent School District

Notes to the Financial Statements

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

9. Pension

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

H. 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.

Onalaska Independent School District

Notes to the Financial Statements

3. *Compensated Absences*

Vacation

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

Sick Leave

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

4. *Use of Estimates*

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

5. *Data Control Codes*

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

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

Onalaska Independent School District

Notes to the Financial Statements

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The District did not have any outstanding encumbrances at August 31, 2018.

Note 3. Detailed Notes on All Funds

A. Deposits

Cash Deposits

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2018, 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.

B. Receivables

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

Change in uncollectibles related to general fund property taxes	<u>\$ (4,000)</u>
Total change in uncollectibles of the current fiscal year	<u><u>\$ (4,000)</u></u>

Approximately 63% of the outstanding balance of property taxes receivable is anticipated to go uncollected within the next year.

Onalaska Independent School District

Notes to the Financial Statements

C. Interfund Receivables, Payables, and Transfers

1. Receivables/Payables

The composition of interfund receivable/payable balances as of August 31, 2018, is as follows:

Fund	Interfund Receivables	Interfund Payables
General fund	\$ 111,501	\$ -
Nonmajor governmental funds	-	111,501
Total	<u>\$ 111,501</u>	<u>\$ 111,501</u>

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

2. Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The summary of the District's transfers for the fiscal year ended August 31, 2018, was as follows:

Transfers Out	Transfer In	Amount
General fund	Capital projects fund	<u>\$ 118,911</u>
Total		<u>\$ 118,911</u>

Onalaska Independent School District

Notes to the Financial Statements

D. Capital Assets

Capital asset activity for the fiscal year ended August 31, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Transfers & Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 129,553	\$ -	\$ -	\$ -	\$ 129,553
Construction in progress	1,230,404	460,126	-	(1,690,530)	-
Total capital assets, not being depreciated	1,359,957	460,126	-	(1,690,530)	129,553
Capital assets, being depreciated:					
Buildings and improvements	20,922,874	-	-	1,661,031	22,583,905
Furniture and equipment	1,645,154	241,534	(177,232)	29,499	1,738,955
Total capital assets, being depreciated	22,568,028	241,534	(177,232)	1,690,530	24,322,860
Less accumulated depreciation for:					
Buildings and improvements	(5,499,932)	(627,542)	-	-	(6,127,474)
Furniture and equipment	(1,357,902)	(85,366)	177,232	-	(1,266,036)
Total accumulated depreciation	(6,857,834)	(712,908)	177,232	-	(7,393,510)
Total capital assets, being depreciated, net	15,710,194	(471,374)	-	1,690,530	16,929,350
Governmental activities capital assets, net	\$ 17,070,151	\$ (11,248)	\$ -	\$ -	\$ 17,058,903

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

Governmental activities:	
11 Instruction	\$ 392,267
12 Instructional resources and media services	22,860
13 Curriculum and staff development	12,301
23 School leadership	15,084
31 Guidance, counseling, and evaluation services	6,461
33 Health services	1,614
34 Student transportation	74,609
35 Food service	43,508
36 Extracurricular activities	119,502
41 General administration	1,464
51 Plant maintenance and operations	21,184
52 Security and monitoring services	2,054
Total depreciation expense-governmental activities	\$ 712,908

Onalaska Independent School District

Notes to the Financial Statements

E. Long-Term Liabilities

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

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended August 31, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 11,970,045	\$ -	\$ (408,566)	\$ 11,561,479	\$ 401,725
Premium on bonds	1,522,251	-	(93,882)	1,428,369	-
Accreted interest (CAB)	909,872	199,114	(186,434)	922,552	-
Total bonds payable, net	14,402,168	199,114	(688,882)	13,912,400	401,725
Note payable	595,339	-	(34,926)	560,413	35,748
Net pension liability	2,502,442	405,512	(655,772)	2,252,182	-
Net OPEB liability*	10,487,679	1,005	(4,548,169)	5,940,515	-
Governmental activities long-term liabilities	\$ 27,987,628	\$ 605,631	\$ (1,379,580)	\$ 22,665,510	\$ 437,473

*Per GASB 75, beginning balance for net OPEB liability includes the restatement of net OPEB liability September 1, 2017.

General Obligation Bonds

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

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

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

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2011 REF CAB	-	\$ 1,887,206	2025	\$ 810,045	\$ -	\$ (148,566)	\$ 661,479
2011 REF	4.0-4.2%	2,710,000	2032	2,710,000	-	-	2,710,000
2014 BLDG	2.0-4.0%	9,445,000	2039	8,450,000	-	(260,000)	8,190,000
Totals				\$ 11,970,045	\$ -	\$ (408,566)	\$ 11,561,479

Onalaska Independent School District

Notes to the Financial Statements

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

Year Ending August 31,	Principal	Interest	Total Requirements
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
Totals	\$ 11,561,479	6,806,429	\$ 18,367,908

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, 2018, there were no outstanding defeased bonds.

As of August 31, 2018, the District had \$80,000 authorized but unissued bonds from the May 10, 2014 bond election.

Note Payable

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

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

Description	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2016 Time Warrant	2.34%	\$ 612,500	2031	\$ 595,339	\$ -	\$ (34,926)	\$ 560,413
Totals				\$ 595,339	\$ -	\$ (34,926)	\$ 560,413

Onalaska Independent School District

Notes to the Financial Statements

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

Year Ending August 31,	Principal	Interest	Total Requirements
2019	\$ 35,748	\$ 12,906	\$ 48,654
2020	36,590	12,064	48,654
2021	37,451	11,203	48,654
2022	38,332	10,322	48,654
2023	39,235	9,419	48,654
2024	40,158	8,496	48,654
2025	41,103	7,551	48,654
2026	42,071	6,583	48,654
2027	43,061	5,593	48,654
2028	44,074	4,580	48,654
2029	45,112	3,542	48,654
2030	46,173	2,481	48,654
2031	47,260	1,394	48,654
2032	24,045	281	24,326
Totals	<u>\$ 560,413</u>	<u>\$ 96,415</u>	<u>\$ 656,828</u>

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

General fund - transportation	\$ 107,668
General fund - facility maintenance and capital projects	200,000
General fund - furnishings	54,847
General fund - technology	75,500
Other governmental fund - campus activity	58,696
Total other committed fund balance	<u>\$ 496,711</u>

G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Nonmajor Governmental Funds	Totals
Property taxes	\$ 5,762,970	\$ 1,152,135	\$ -	\$ 6,915,105
Investment income	69,561	6,819	4,273	80,653
Food sales	-	-	93,415	93,415
Extracurricular activities	9,097	-	160,127	169,224
Other	38,094	-	20	38,114
Totals	<u>\$ 5,879,722</u>	<u>\$ 1,158,954</u>	<u>\$ 257,835</u>	<u>\$ 7,296,511</u>

Onalaska Independent School District

Notes to the Financial Statements

Note 4. Other Information

A. Risk Management

Property/Casualty Insurance

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

Health Insurance

During the fiscal year end August 31, 2018, employees of the District were covered by TRS – Active Care (the Plan) a statewide health coverage program of Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$160 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

Workers' Compensation

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

B. Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2018, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

Onalaska Independent School District

Notes to the Financial Statements

C. Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

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

Onalaska Independent School District

Notes to the Financial Statements

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2016 through 2018. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2016 and 2017. The 85th Texas Legislature, GAA established the employer contribution rates for Plan fiscal years 2018 and 2019. Rates for such plan fiscal years are as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Member	7.7%	7.7%	7.2%
Non-employer contributing entity (state)	6.8%	6.8%	6.8%
Employers/district	6.8%	6.8%	6.8%

The contribution amounts for the District’s fiscal year 2018 are as follows:

District contributions	\$ 249,195
Member contributions	528,553
NECE on-behalf contributions (state)	352,200

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

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

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

Onalaska Independent School District

Notes to the Financial Statements

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

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

Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected rate	8.00%
Municipal bond rate	N/A*
Last year ending August 31 in the 2017 to 2116 projection period (100 years)	2116
Inflation	2.50%
Salary increases	3.50% to 9.50% including inflation
Ad hoc post-employment benefit changes	None

*If a municipal bond rate was to be used, the rate would be 3.42% as of August 2017 (i.e. the rate closest to but not later than the Measurement Date). The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

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

Onalaska Independent School District

Notes to the Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

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

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

Onalaska Independent School District

Notes to the Financial Statements

Discount Rate Sensitivity Analysis

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
TRS	\$ 3,796,734	\$ 2,252,182	\$ 966,092

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

At August 31, 2018, the District reported a liability of \$2,252,182 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the net pension liability	\$ 2,252,182
State's proportionate share of the net pension liability associated with the district	<u>3,275,411</u>
Total	<u><u>\$ 5,527,593</u></u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017, the employer's proportion of the collective net pension liability was .0070437%, which was an increase of .0004215% from its proportion measured as of August 31, 2016.

Changes since the Prior Actuarial Valuation

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

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

For the fiscal year ended August 31, 2018, the District recognized pension expense of \$358,483 and revenue of \$249,835 for support provided by the State.

Onalaska Independent School District

Notes to the Financial Statements

At August 31, 2018, the District reported the District's contributions after the measurement date and its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actuarial experience	\$ 32,950	\$ 121,457
Changes of assumptions	102,590	58,731
Net difference between projected and actual earnings on pension plan investments	-	164,135
Changes in proportion and differences between District contributions and proportionate share of contributions (cost sharing-plan)	606,517	146
District contribution after measurement date	249,195	-
Totals	<u>\$ 991,252</u>	<u>\$ 344,469</u>

\$249,195 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended August 31, 2019. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

	Year Ending August 31,
2019	\$ 60,049
2020	203,812
2021	49,001
2022	8,976
2023	61,585
Thereafter	<u>14,165</u>
Total	<u>\$ 397,588</u>

D. Defined Other Post-Employment Benefit Plan

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Onalaska Independent School District

Notes to the Financial Statements

OPEB Plan Fiduciary Net Position

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

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates
Effective September 1, 2016-December 31, 2017

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and spouse	20	175	255
Retiree* and children	41	132	182
Retiree and family	61	237	337
Surviving children only	28	62	82

* or surviving spouse

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Onalaska Independent School District

Notes to the Financial Statements

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2018</u>	<u>2017</u>
Active employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.00%
Employers/District	0.75%	0.55%
Federal/private funding remitted by employers	1.25%	1.00%

The contribution amounts for the District's fiscal year 2018 are as follows:

District contributions	\$ 84,284
Member contributions	44,618
NECE on-behalf contributions (state)	134,653

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$212 million in fiscal year 2018.

Onalaska Independent School District

Notes to the Financial Statements

Actuarial Assumptions

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions employed in the August 31, 2017 TRS annual pension actuarial valuation:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	
Additional Actuarial Methods and Assumptions:	
Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Inflation	2.50%
Discount rate*	3.42%*
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll growth rate	2.50%
Projected salary increases**	3.50% to 9.50%**
Healthcare trend rates***	4.50% to 12.00%***
Election rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

**Includes inflation at 2.50%

***Initial trend rates are 7.00% for non-Medicare retiree; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

Other information - There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

Onalaska Independent School District

Notes to the Financial Statements

Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. *The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of August 31, 2017.*

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

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

Onalaska Independent School District

Notes to the Financial Statements

Sensitivity of the Net OPEB Liability

Discount Rate

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

Sensitivity of the Net OPEB Liability
to the Single Discount Rate Assumptions

1% Decrease (2.42%)	Current Single Discount Rate (3.42%)	1% Increase (4.42%)
\$ 7,011,282	\$ 5,940,515	\$ 5,079,859

Healthcare Cost Trend Rates

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed health-care cost trend rate:

Sensitivity of the Net OPEB Liability to
the Healthcare Cost Trend Rate Assumptions

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 4,946,072	\$ 5,940,515	\$ 7,245,349

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2018, the District reported a liability of \$5,940,515 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 5,940,515
State's proportionate share of the net OPEB liability associated with the District	5,032,061
Total	\$ 10,972,576

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was .0136607% which was the same proportion measured as of August 31, 2016.

Onalaska Independent School District

Notes to the Financial Statements

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

There were no changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period.

For the year ended August 31, 2018, the District recognized a reduction of OPEB revenue and expense of \$1,683,861 from the non-employer contributing entity (NECE) and a total reduction in OPEB expense of \$3,760,288 from the current year OPEB activity and the effect of the NECE on-behalf.

At August 31, 2018, the District reported the District's contributions after the measurement date and its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 124,013
Changes of assumptions	-	2,360,916
Net difference between projected and actual earnings on pension plan investments	902	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	28	-
District contributions after measurement date	84,284	-
Totals	\$ 85,214	\$ 2,484,929

Onalaska Independent School District

Notes to the Financial Statements

\$84,284 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended August 31, 2019. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to OPEB will be recognized in OPEB expense as follows:

Year Ending	
<u>August 31,</u>	
2019	\$ (327,766)
2020	(327,766)
2021	(327,766)
2022	(327,766)
2023	(327,992)
Thereafter	<u>(844,943)</u>
Total	<u>\$ (2,483,999)</u>

E. Joint Venture-Shared Service Arrangement

The District participates in the following shared service arrangement:

Polk County Special Services Cooperative

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

F. Nonmonetary Transactions

During 2018, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$41,684. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$41,684 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

G. Net Position Deficit

The statement of net position reported a deficit unrestricted balance of \$5,138,677 at August 31, 2018 and an overall deficit net position of \$859,211 due to the implementation of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as described earlier in Note 1.E. and Note 4.D.

Onalaska Independent School District

Notes to the Financial Statements

H. Prior Period Adjustment

Net position at September 1, 2017 was restated per the following table for the implementation of GASB 75:

	<u>Governmental Activities</u>
Beginning net position, as previously reported	\$ 7,156,465
Implementation of GASB 75 for OPEB	<u>(10,416,657)</u>
Beginning net position (deficit), restated	<u>\$ (3,260,192)</u>

Required Supplementary Information

Onalaska Independent School District
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balance – Budget and Actual
 General Fund
 For the Fiscal Year Ended August 31, 2018

Exhibit G-1

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 5,746,121	\$ 5,746,121	\$ 5,879,722	\$ 133,601
5800	State program revenues	3,915,673	4,450,672	4,616,006	165,334
5900	Federal program revenues	90,000	90,000	97,801	7,801
5020	Total revenues	9,751,794	10,286,793	10,593,529	306,736
EXPENDITURES					
Current:					
0011	Instruction	5,475,029	6,022,730	5,997,642	25,088
0012	Instructional resources and media services	20,650	19,850	14,542	5,308
0013	Curriculum and instructional staff development	96,074	105,899	101,973	3,926
0021	Instructional leadership	141,116	181,116	175,305	5,811
0023	School leadership	582,869	596,370	589,690	6,680
0031	Guidance, counseling, and evaluation services	162,875	162,875	156,688	6,187
0033	Health services	117,579	117,579	113,023	4,556
0034	Student transportation	464,650	656,982	641,620	15,362
0035	Food services	800	800	-	800
0036	Extracurricular activities	334,205	346,130	338,909	7,221
0041	General administration	483,737	483,737	458,911	24,826
0051	Plant maintenance and operations	1,215,052	1,252,871	1,238,416	14,455
0052	Security and monitoring services	-	31,683	29,588	2,095
0053	Data processing services	246,003	266,008	265,954	54
Debt service:					
0071	Principal on long-term debt	34,926	34,926	34,926	-
0072	Interest on long-term debt	13,728	13,728	13,728	-
0073	Issuance costs and fees	501	501	-	501
Capital outlay:					
0081	Facilities acquisition and construction	-	535,785	469,851	65,934
Intergovernmental:					
0093	Payments related to shared services arrangements	225,000	225,000	192,878	32,122
0099	Other intergovernmental charges	137,000	137,000	114,812	22,188
6030	Total expenditures	9,751,794	11,191,570	10,948,456	243,114
1100	Excess (deficiency) of revenues over (under) expenditures	-	(904,777)	(354,927)	549,850
OTHER FINANCING SOURCES (USES)					
8911	Transfers out	-	-	(118,911)	(118,911)
7080	Total other financing sources (uses)	-	-	(118,911)	(118,911)
1200	Net change in fund balance	-	(904,777)	(473,838)	430,939
0100	Fund balance - beginning	4,595,329	4,595,329	4,595,329	-
3000	FUND BALANCE - ENDING	\$ 4,595,329	\$ 3,690,552	\$ 4,121,491	\$ 430,939

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

Onalaska Independent School District

Exhibit G-2

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0070437%	0.0066222%	0.0057989%	0.0041913%
District's proportionate share of the net pension liability	\$ 2,252,182	\$ 2,502,442	\$ 2,049,834	\$ 1,119,555
State's proportionate share of the net pension liability associated with the district	<u>3,275,411</u>	<u>3,636,219</u>	<u>3,598,759</u>	<u>3,161,613</u>
TOTALS	<u>\$ 5,527,593</u>	<u>\$ 6,138,661</u>	<u>\$ 5,648,593</u>	<u>\$ 4,281,168</u>
District's covered payroll	\$ 6,379,090	\$ 5,679,385	\$ 5,311,762	\$ 5,298,625
District's proportionate share of the net pension liability as a percentage of its covered payroll	35.31%	44.06%	38.59%	21.13%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

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

Onalaska Independent School District
 Schedule of the District's Contributions to the
 Teacher Retirement System of Texas Pension Plan
 For the Last Four Fiscal Years*

Exhibit G-3

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
TRS				
Contractually required contributions	\$ 249,195	\$ 228,877	\$ 210,311	\$ 171,426
Contributions in relation to the contractually required contributions	<u>(249,195)</u>	<u>(228,877)</u>	<u>(210,311)</u>	<u>(171,426)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	6,864,319	6,379,090	5,679,385	5,311,762
Contributions as a percentage of covered payroll	3.63%	3.59%	3.70%	3.23%

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

Onalaska Independent School District

Exhibit G-4

Schedule of the District's Proportionate Share of the Net OPEB
Liability of a Cost-Sharing Multiple-Employer OPEB Plan
Teacher Retirement System of Texas
Last Fiscal Year*

	<u>2018</u>
District's proportion of the net OPEB liability	0.0136607%
District's proportionate share of the net OPEB liability	\$ 5,940,515
State's proportionate share of the net OPEB liability	<u>5,032,061</u>
Total	<u>\$ 10,972,576</u>
District's covered payroll	\$ 6,379,090
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	93.12%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%

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

Onalaska Independent School District
 Schedule of the District's Contributions to the
 Teacher Retirement System of Texas OPEB Plan
 Last Fiscal Year*

Exhibit G-5

	<u>2018</u>
TRS	
Contractually required contributions	\$ 84,284
Contributions in relation to the contractually required contributions	<u>(84,284)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>
District's covered payroll	6,864,319
Contributions as a percentage of covered payroll	1.23%

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

Onalaska Independent School District

Notes to the Required Supplementary Information

Note 1. Budget

A. Budgetary Information

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

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

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

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

B. Excess of Expenditures over Appropriations

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

Note 2. Defined Benefit Pension Plan

TRS – Actuarial Methods and Assumptions used to Determine Contribution Rates

The information presented in Exhibit G-3 was used in the actuarial valuation for determining the actuarially determined contribution rate used for funding purposes. The methods and assumptions are as follows:

Valuation date	August 31, 2017
Actuarial cost method	Ultimate entry age normal
Amortization method	Level percentage of payroll, Floating
Remaining amortization period	34 years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Inflation	2.50%
Salary increases	3.50% to 9.50% including inflation
Investment rate of return	8.00%

**Actuarial determined contribution rates are calculated as of August 31, of the proceeding fiscal year. Members and employees are based upon statutorily fixed rates.

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Supplementary Information

Onalaska Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds – Special Revenue Funds
 August 31, 2018

<u>Data Control Codes</u>	<u>211</u>	<u>240</u>	<u>255</u>
	<u>ESEA Title I Improving Basic Programs</u>	<u>National School Breakfast/ Lunch Program</u>	<u>ESEA Title II Training and Recruiting</u>
ASSETS			
1110 Cash and cash equivalents	\$ -	\$ 278,008	\$ -
1240 Due from other governments	73,979	22,062	23,038
1300 Inventories	-	35,391	-
1000 TOTAL ASSETS	\$ 73,979	\$ 335,461	\$ 23,038
LIABILITIES			
2110 Accounts payable	\$ -	\$ 14,701	\$ -
2160 Accrued wages payable	-	13,937	-
2170 Due to other funds	73,979	-	23,038
2300 Unearned revenue	-	-	-
2000 Total liabilities	73,979	28,638	23,038
FUND BALANCES			
3450 Restricted - grant funds	-	306,823	-
3545 Committed - other	-	-	-
3000 Total fund balances	-	306,823	-
4000 TOTAL LIABILITIES AND FUND BALANCES	\$ 73,979	\$ 335,461	\$ 23,038

270	289	410	429	461	Total Nonmajor Funds (See Exhibit C-1)
Rural and Low- Income Program	Various Federal Grants	State Textbook Fund	Pre-K Grant Program	Campus Activity Funds	
\$ -	\$ -	\$ -	\$ 350	\$ 58,696	\$ 337,054
1,260	5,389	7,835	-	-	133,563
-	-	-	-	-	35,391
<u>\$ 1,260</u>	<u>\$ 5,389</u>	<u>\$ 7,835</u>	<u>\$ 350</u>	<u>\$ 58,696</u>	<u>\$ 506,008</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,701
-	-	-	-	-	13,937
1,260	5,389	7,835	-	-	111,501
-	-	-	350	-	350
<u>1,260</u>	<u>5,389</u>	<u>7,835</u>	<u>350</u>	<u>-</u>	<u>140,489</u>
-	-	-	-	-	306,823
-	-	-	-	58,696	58,696
-	-	-	-	58,696	365,519
<u>\$ 1,260</u>	<u>\$ 5,389</u>	<u>\$ 7,835</u>	<u>\$ 350</u>	<u>\$ 58,696</u>	<u>\$ 506,008</u>

Onalaska Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds – Special Revenue Funds
For the Fiscal Year Ended August 31, 2018

<u>Data Control Codes</u>	211	240	255
	<u>ESEA Title I Improving Basic Programs</u>	<u>National School Breakfast/ Lunch Program</u>	<u>ESEA Title II Training and Recruiting</u>
REVENUES			
5700 Local and intermediate sources	\$ -	\$ 96,347	\$ -
5800 State program revenues	-	2,993	-
5900 Federal program revenues	423,267	855,706	37,891
	<hr/>	<hr/>	<hr/>
5020 Total revenues	423,267	955,046	37,891
EXPENDITURES			
Current:			
0011 Instruction	263,388	-	-
0013 Curriculum and instructional staff development	61,256	-	37,891
0021 Instructional leadership	96,564	-	-
0031 Guidance, counseling, and evaluation services	-	-	-
0034 Student transportation	2,059	-	-
0035 Food services	-	760,922	-
0036 Extracurricular activities	-	-	-
	<hr/>	<hr/>	<hr/>
6030 Total expenditures	423,267	760,922	37,891
1200 Net change in fund balances	-	194,124	-
0100 Fund balances - beginning	-	112,699	-
	<hr/>	<hr/>	<hr/>
3000 FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 306,823</u>	<u>\$ -</u>

Exhibit H-2

270	289	410	429	461	Total Nonmajor Funds (See Exhibit C-2)
Rural and Low- Income Program	Various Federal Grants	State Textbook Fund	Pre-K Grant Program	Campus Activity Funds	
\$ -	\$ -	\$ -	\$ -	\$ 161,488	\$ 257,835
-	-	95,747	1,469	-	100,209
15,938	14,801	-	-	-	1,347,603
15,938	14,801	95,747	1,469	161,488	1,705,647
15,938	14,329	95,747	1,119	-	390,521
-	-	-	350	-	99,497
-	-	-	-	-	96,564
-	472	-	-	-	472
-	-	-	-	-	2,059
-	-	-	-	-	760,922
-	-	-	-	171,332	171,332
15,938	14,801	95,747	1,469	171,332	1,521,367
-	-	-	-	(9,844)	184,280
-	-	-	-	68,540	181,239
\$ -	\$ -	\$ -	\$ -	\$ 58,696	\$ 365,519

Onalaska Independent School District
 Schedule of Delinquent Taxes Receivable
 For the Fiscal Year Ended August 31, 2018

Year Ended August 31,	1		2		3	
	Tax Rates				Assessed/ Appraised Value for School Tax Purposes	
	Maintenance		Debt Service			
2009 and prior years	\$	Various	\$	Various	\$	Various
2010		1.0400		0.16010		332,946,504
2011		1.0400		0.14000		378,728,814
2012		1.0400		0.12800		386,966,695
2013		1.0400		0.12500		401,325,494
2014		1.0400		0.11600		434,566,349
2015		1.0400		0.25883		447,789,780
2016		1.0400		0.23980		480,533,599
2017		1.0400		0.19500		506,208,907
2018 (School year under audit)		1.0400		0.20890		545,051,806
1000 TOTALS						

Exhibit J-1

10	20	31	32	40	50
<u>Beginning Balance 9/1/2017</u>	<u>Current Year's Total Levy</u>	<u>Maintenance Collections</u>	<u>Debt Service Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/2018</u>
\$ 185,964	\$ -	\$ 9,934	\$ 1,531	\$ (45,802)	\$ 128,697
34,636	-	1,329	205	(2,376)	30,726
38,540	-	1,527	205	(2,304)	34,504
36,388	-	3,884	478	(2,342)	29,684
40,853	-	5,573	670	(2,147)	32,463
66,652	-	17,670	1,970	(2,242)	44,770
86,205	-	24,356	6,062	(2,091)	53,696
124,460	-	32,929	7,594	(2,203)	81,734
244,214	-	103,066	19,325	(13,941)	107,882
-	6,807,152	5,427,010	1,090,098	(49,044)	241,000
<u>\$ 857,912</u>	<u>\$ 6,807,152</u>	<u>\$ 5,627,278</u>	<u>\$ 1,128,138</u>	<u>\$ (124,492)</u>	<u>\$ 785,156</u>

Onalaska Independent School District
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 National School Breakfast and Lunch Program
 For the Fiscal Year Ended August 31, 2018

Exhibit J-2

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 130,000	\$ 130,000	\$ 96,347	\$ (33,653)
5800	State program revenues	3,000	3,000	2,993	(7)
5900	Federal program revenues	579,038	632,938	855,706	222,768
5020	Total revenues	712,038	765,938	955,046	189,108
EXPENDITURES					
Current:					
0035	Food services	732,038	785,939	760,922	25,017
6030	Total expenditures	732,038	785,939	760,922	25,017
1200	Net change in fund balance	(20,000)	(20,001)	194,124	214,125
0100	Fund balance - beginning	112,699	112,699	112,699	-
3000	FUND BALANCE - ENDING	\$ 92,699	\$ 92,698	\$ 306,823	\$ 214,125

Onalaska Independent School District
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 Debt Service Fund
 For the Fiscal Year Ended August 31, 2018

Exhibit J-3

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 987,767	\$ 987,767	\$ 1,158,954	\$ 171,187
5800	State program revenues	34,028	34,028	36,677	2,649
5020	Total revenues	1,021,795	1,021,795	1,195,631	173,836
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	595,000	595,000	595,000	-
0072	Interest on long-term debt	425,795	425,795	425,795	-
0073	Issuance costs and fees	1,000	1,000	1,000	-
6030	Total expenditures	1,021,795	1,021,795	1,021,795	-
1200	Net change in fund balance	-	-	173,836	173,836
0100	Fund balance - beginning	910,531	910,531	910,531	-
3000	FUND BALANCE - ENDING	\$ 910,531	\$ 910,531	\$ 1,084,367	\$ 173,836

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Overall Compliance, Internal Control Section and Federal Awards

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees of
Onalaska Independent School District
Onalaska, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Onalaska Independent School District (the District) as of and for the fiscal year ended August 31, 2018 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 10, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a material weakness.

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.

The Board of Trustees of
Onalaska Independent School District

The District's Response to Findings

The District's response to the finding identified in our audit was described in the accompanying schedule of findings and questioned cost. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
October 10, 2018

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

The Board of Trustees of
Onalaska Independent School District
Onalaska, Texas

Report on Compliance for Each Major Federal Program

We have audited Onalaska Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended August 31, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended August 31, 2018.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
October 10, 2018

Onalaska Independent School District
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended August 31, 2018

Section 1. Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| <i>a.</i> Material weakness(es) identified? | Yes |
| <i>b.</i> Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|--|
| 4. Internal control over major programs: | |
| <i>a.</i> Material weakness(es) identified? | No |
| <i>b.</i> Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 5. Type of auditor's report issued on compliance with major programs | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | None |
| 7. Identification of major programs | Child Nutrition Cluster
10.553 and 10.555 |
| 8. Dollar threshold used to distinguish between Type A and Type B federal programs | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |

Onalaska Independent School District

Schedule of Findings and Questioned Costs - Continued

For the Fiscal Year Ended August 31, 2018

Section 2. Financial Statement Findings

2018-001 Check Disbursement Approvals

Material Weakness

Criteria

For proper segregation of duties, the District's policy is to have the Superintendent or Business Manager sign the check as proof of authorization for the distribution of payments to vendors of the District.

Condition

The District released a check run containing 40 checks with a total dollar amount of \$136,458 without the required signatures.

Cause

The District failed to comply with existing policies in the Superintendent's absence. The District had to deviate from their normal procedures of having the Superintendent sign all checks prior to release.

Effect

Management may be unable to detect or prevent a material misstatement of cash. The potential for theft and misappropriation of funds would be increased.

Recommendation

The business administration office should review the District's policies in order to fully and clearly understand the related financial responsibilities. In addition, the administration should implement procedures to ensure that the appropriate signatories are signing all of the disbursements of checks prior to release.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan.

Section 3. Federal Awards Findings and Questioned Costs

None reported

Onalaska Independent School District
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended August 31, 2018

Prior Year Findings

None reported



Onalaska Independent School District

P.O. Box 2289, Onalaska, Texas 77360 (936) 646-1000 Fax (936) 646-2605

www.onalaskaisd.net

Corrective Action Plan

District: Onalaska ISD

District ID: 187-910

Audit Firm: Weaver Tidwell, LLP

Summary of Finding(s):

2018-001 Check Disbursement Approvals. The District released a finance check run containing (40) checks totaling \$136,458 without the three required signatures. Two signatures were all that appeared on the check run.

District Response:

On page 4 of the District's Finance Procedures Manual: Section 13- Accounts Payable, the district states the following:

"The Superintendent must approve all check payments with an original signature on each check. When unavailable, the Business Manager may sign checks."

The District clearly violated this procedure with the finance check run on September 28, 2017. Two electronic signatures were all that appeared on the checks.

Action to be taken:

The District will review its finance procedures for the Accounts Payable process and will make necessary changes to eliminate the risk of fraud. We will identify what steps we will use to monitor compliance with the amended procedures.

The Business Manager will provide additional training for the Finance Administrative Assistant with regards to the District policies and procedures in order to eliminate the potential risk of fraud or abuse.

The Business Manager has submitted the necessary revisions to the Finance Procedures Manual to the Superintendent, Lynn Redden for his review and approval. The amended version will be presented to the Board of Trustees as an action item at the next regularly scheduled school board meeting.

Defined Workflow Steps:

The Finance Administrative Assistant will prepare a check payment report to be approved by the Superintendent prior to issuing a finance check run.

The Superintendent will review and approve the finance checks to be issued.

The Administrative Assistant will issue checks with two electronic signatures present and be submitted to the Superintendent or his designee for an original physical signature to be added to the checks.

The Administrative Assistant will submit the finance checks along with the check register to the Business Manager for final review.

The Business Manager will review the check register for any newly added vendors or any changes to the existing vendor file. The Business Manager will review each check for the (3) required signatures prior to the release of a check to the vendor.

The Administrative Assistant will place postage on each check and mail them to the respective vendor.

These workflow steps will occur no less than once per week that the Business Office of the school district is in operation excluding holidays and school breaks.

Responsible Parties:

Administrative Assistant, Timmie Grace

Superintendent, Lynn Redden

Business Manager, Angela Foster

Risk Assessment:

Prior to the finding and corrective action outlined herein, the threat of risk for potential fraud was moderately high. After the implementation of the corrective action steps outline in this plan, the threat of risk for potential fraud is very minimal. The district recognizes that creating strong internal control is essential to success but also recognizes the challenge that a small organization with limited business office personnel presents. The district will continue to do its very best at working through these challenges to provide optimal separation of duties and responsibilities.

Onalaska Independent School District
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2018

Exhibit K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Project Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I, Part A-Improving Basic Programs	84.010A	18610101187910	\$ 423,267
ESEA Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	18696001187910	15,938
ESEA Title II, Part A-Teacher and Principal Training and Recruiting	84.367A	18694501187910	37,891
ESEA Title IV, Part A, Subpart 1	84.424A	18680101187910	9,468
Project Serv Hurricane Recovery Grant	84.938G	18510701187910	<u>5,333</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>491,897</u>
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture - Non Cash Assistance:			
National School Lunch Program	10.555	00917	39,991
Pass Through State Department of Education- Cash Assistance:			
School Breakfast Program	10.553	71401701	286,279
National School Lunch Program	10.555	71301701	<u>505,611</u>
Total Child Nutrition Cluster			<u>831,881</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>831,881</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,323,778</u>

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

Onalaska Independent School District

Notes to the Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Onalaska Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Single Audit Act Amendments of 1996 and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation. The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance. Presented below is a reconciliation of federal revenues:

Total expenditures of federal awards per Exhibit K-1	\$	1,323,778
General fund - federal revenue:		
Commodities revenue recognized from prior period		23,825
School health and related services (SHARS)		97,801
		<hr/>
Total federal revenues per Exhibit C-2	\$	1,445,404

Onalaska Independent School District
 Schedule of Required Responses to Selected
 School FIRST Indicators (Unaudited)
 For the Year Ending August 31, 2018

Exhibit L-1

<u>Data Control Codes</u>	<u>Responses</u>
SF2 Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4 Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5 Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	Yes
SF6 Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7 Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8 Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10 Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end?	\$ 922,552
SF11 Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12 Net Pension Liabilities (2540) at fiscal year-end.	\$ 2,252,182