ONALASKA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

AUGUST 31, 2015

ONALASKA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED AUGUST 31, 2015

CERTIFICATE OF BOARD

ONALASKA INDEPENDENT SCHOOL DISTRICT	POLK	187-910
Name of School	County	Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and

[X] APPROVED --- [ ] DISAPPROVED
(Check One)

for the year ended August 31, 2015 at a meeting of the Board of Trustees of such school district on the 19th day of October 2015.

SIGNATURE OF BOARD SECRETARY

Eric H. Wiggins
SIGNATURE OF BOARD PRESIDENT

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

FINANCIAL SECTION

HLSK

Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Onalaska Independent School District (District) as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the 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, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I.E., in 2015 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Onalaska Independent School District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015 on our consideration of the Onalaska Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Onalaska Independent School District's internal control over financial reporting and compliance.

Respectfully,

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

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

Conroe, Texas
October 19, 2015

Management's Discussion and Analysis

As management of the Onalaska Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2015.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $6,677,503 *(net position).* Of this amount, $3,953,937 *(unrestricted net position)* may be used to meet the District's ongoing obligations to students and creditors.
- The District's total net position decreased by $280,236, an increase from current year of $988,223 and a decrease of $1,268,459 from the implementation of GASB statements 68 and 71 related to pensions.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $12,981,189, a decrease of $1,414,357 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $4,359,617, or 55 percent of total general fund expenditures.
- The District's total bonded debt decreased by $678,597.

Overview of the Financial Statements

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

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

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

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

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

In fiscal year 2015, the District adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:

a. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.

b. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
c. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the District's financial statements.

Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement *No. 50, Pension Disclosures,* as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined by the state legislature for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2015 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement. Net position as of September 1, 2014 was decreased by $1,268,459 to reflect the cumulative effect of adoption. The net pension liability of $1,374,719 and the deferred outflows of resources of $106,260 at August 31, 2014 were reported as a prior period adjustment to the net position on September 1, 2014. Refer to Note IV.C for more information regarding the District's pension.

Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 69.

Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 70.

Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognizes a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the District's fiscal year-end, the effect from the District's reported contributions to the plan subsequent to the respective measurement date of the plan as an increase in deferred outflow of resources and a decrease in net position are as follows:

- TRS – The beginning deferred outflow includes contributions from September 1, 2013 through August 31, 2014, totaling $106,260.

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis
As mentioned earlier, net position may, over time, serve as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6,677,503 at the close of the most recent fiscal year.

ONALASKA INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities					
	2015		2014		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and Other Assets	$ 16,953,207	65	$ 15,501,514	68	$ 1,451,693	9
Capital Assets	9,157,262	35	7,442,369	32	1,714,893	23
Total Assets	**26,110,469**	**100**	**22,943,883**	**100**	**3,166,586**	
Total Deferred Outflows of Resources	**514,287**	**100**	**268,134**	**100**	**246,153**	92
Long-term Liabilities Outstanding	16,441,794	84	16,000,836	98	440,958	3
Other Liabilities	3,162,985	16	253,442	2	2,909,543	1,148
Total Liabilities	**19,604,779**	**100**	**16,254,278**	**100**	**3,350,501**	
Total Deferred Inflows of Resources	**342,474**	**100**	**-**	**-**	**342,474**	-
Net Investment in Capital Assets	2,652,751	40	2,136,920	31	515,831	24
Restricted for Grants	46,910	1	12,440	-	34,470	277
Restricted for Debt Service	23,905	-	225,156	3	(201,251)	(89)
Unrestricted	3,953,937	59	4,583,223	66	(629,286)	(14)
Total Net Position	**$ 6,677,503**	**100**	**$ 6,957,739**	**100**	**$ (280,236)**	

The excess of assets/deferred outflows of resources over liabilities/deferred inflows of resources reported on the government-wide Statement of Net Position of $6,677,503 at August 31, 2015 results from several factors. The net position remained stable as a result of the increase in revenues, primarily property taxes, being greater than the increase in expenses, including pension expense. The most significant change in net position resulted from the implementation of GASB statements for pensions, which decreased net position by $1,268,459.

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 40 percent of the District's net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net position that is restricted for debt service and grants totals $70,815 or 1 percent of net position.

The largest portion of the District's net position is unrestricted (59 percent). The *unrestricted net position* of $3,953,937 may be used to meet the District's ongoing obligations to students and creditors.

Governmental activities. Governmental activities decreased the District's net position by $988,223 from current operations and decreased net position by $1,268,459 from the implementation of a new accounting standard as described in the notes to the financial statements. Key elements of this change are as follows:

ONALASKA INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities					
	2015		2014		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program Revenues:						
Charges for Services	$ 283,500	3	$ 254,075	3	$ 29,425	12
Operating Grants and Contributions	1,439,252	13	1,463,218	15	(23,966)	(2)
General Revenues:						
Property Taxes, Levied for General Purpose	4,791,345	43	4,596,540	46	194,805	4
Property Taxes, Levied for Debt Service	1,180,476	11	515,123	5	665,353	129
Grants and Contributions Not Restricted to Specific Programs	3,223,640	29	3,173,641	31	49,999	2
Investment Earnings	74,291	1	16,733	-	57,558	344
Miscellaneous	101,594	-	68,102	-	33,492	49
Total Revenues	**11,094,098**	**100**	**10,087,432**	**100**	**1,006,666**	
Expenses:						
Instruction	4,944,290	51	5,054,644	52	(110,354)	(2)
Instructional Resources and Media Services	39,286	-	35,846	-	3,440	10
Curriculum and Staff Development	104,215	1	101,734	1	2,481	2
Instructional Leadership	134,264	1	138,943	1	(4,679)	(3)
School Leadership	545,619	5	490,714	5	54,905	11
Guidance, Counseling, and Evaluation Services	156,304	2	149,417	1	6,887	5
Health Services	102,953	1	98,202	1	4,751	5
Student Transportation	493,393	5	519,338	6	(25,945)	(5)
Food Service	632,278	6	652,022	6	(19,744)	(3)
Extracurricular Activities	376,987	4	347,238	3	29,749	9
General Administration	451,605	4	457,745	5	(6,140)	(1)
Plant Maintenance and Operations	1,037,975	10	998,846	10	39,129	4
Security and Monitoring Services	1,964	-	2,514	-	(550)	(22)
Data Processing Services	230,559	2	199,121	2	31,438	16
Interest on Long-term Debt	605,112	6	329,876	3	275,236	83
Issuance Costs and Fees	750	-	234,646	2	(233,896)	(100)
Facilities Repair and Maintenance	-	-	45,241	-	(45,241)	(100)
Payments Related to Shared Services Arrangements	133,688	1	100,126	1	33,562	34
Other Intergovernmental Charges	114,633	1	117,550	1	(2,917)	(2)
Total Expenses	**10,105,875**	**100**	**10,073,763**	**100**	**32,112**	
Change in Net Position	988,223		13,669		974,554	
Net Position - Beginning	6,957,739		6,944,070		13,669	
Prior Period Adjustment - Implement GASB 68 and 71 for Pension (a)	(1,268,459)		-		(1,268,459)	
Net Position - Beginning, as restated	5,689,280		6,944,070		(1,254,790)	
Net Position - Ending	**$ 6,677,503**		**$ 6,957,739**		**$ (280,236)**	

(a) The restatement of the beginning net position in fiscal year 2015 is the result of the District Implementing GASB Statement No. 68 and 71 in fiscal year 2015. The implementation is discussed above in MD&A and more information is available in Note IV.C.

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling $4,662,892) represent 42 percent of total revenues, and property taxes ($5,971,821) represent 54 percent of total revenues. The remaining 4 percent is generated from investment earnings, charges for services, and miscellaneous revenues. The most significant change in revenues is the increase in property tax revenue, which results form an increase in the tax rate as well as an increase in assessed property values.

The primary functional expense of the District is instruction ($4,944,290), which represents 51 percent of total expenses. The remaining functional categories of expenses are individually 10 percent or less of total expenditures. There were no significant increases in expenses.

The current period increase in net position primarily results from the increase in revenues (property taxes) exceeding the increase in expenses from pension expense and other operating costs.

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 $12,981,189 a decrease of $1,414,357 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 $4,359,617 and unassigned fund balance was $4,359,617. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance both represent 55 percent of total general fund expenditures.

The fund balance of the District's general fund increased by $641,471 during the current fiscal year. The most significant change in the general fund in the current year was due to an increase in property tax revenues due to increased property values.

The debt service fund has a total fund balance of $709,221, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was $109,088 and was due to an increase in debt requirements.

The Capital Projects fund balance decreased $1,980,729 primarily due to expenditures related to capital projects.

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. There were no significant differences between the originally adopted budget and the final amended budget.

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

Capital Assets and Long-term Liabilities

Capital assets. The District's investment in capital assets for its governmental type activities as of August 31, 2015, amounts to $9,157,262 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The total increase in the District's investment in capital assets for the current fiscal year was $1,714,893.

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

- Construction costs for school campuses $2,033,815

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

	Governmental Activities					
	2015		2014		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and Improvements	$ 129,553	1	$ 129,553	2	$ -	-
Buildings and Improvements	6,571,249	72	6,832,595	92	(261,346)	(4)
Furniture and Equipment	422,645	5	480,221	6	(57,576)	(12)
Construction in Progress	2,033,815	22	-	-	2,033,815	-
Totals	**$ 9,157,262**	**100**	**$ 7,442,369**	**100**	**$ 1,714,893**	

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

Construction commitments. At the end of the current fiscal year, the District's commitments with construction contractors totaled $7,352,663.

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					
	2015		2014		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	$ 15,322,239	93	$ 16,000,836	92	$ (678,597)	(4)
Net Pension Liability*	1,119,555	7	1,374,719	8	(255,164)	(19)
Totals	**$ 16,441,794**	**100**	**$ 17,375,555**	**100**	**$ (933,761)**	

*2014 Net Pension Liability was restated for implementation of GASB 68.

The District's bonded debt decreased by $678,597 (4 percent) during the current fiscal year as a result of scheduled debt 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 or by a municipal bond insurance policy.

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 can be found in the notes to the financial statements as indicated in the table of contents of this report.

The adoption of Statement No. 68 resulted in the District's reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. The decrease in the District's net pension liability (NPL) to $1,119,555 at August 31, 2015 from $1,374,719 at August 31, 2014 was the result of a significant increase in net investment income in the TRS plan during 2014.

The following table provides the District's key pension statistics related to the TRS plan as of and for the fiscal year ended August 31, 2015:

ONALASKA INDEPENDENT SCHOOL DISTRICT'S KEY PENSION STATISTICS

Net Pension Liability (NPL)	$	1,119,555
Pension Expense	$	395,769

Additional information on the District's net pension 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 (2015-2016) totals 958 students, which is a 5 percent increase from the prior year.
- District staff totals 154 employees in 2015-2016, which includes 68 teachers and 32 teachers' aides and secretaries.
- The District maintains two campuses for instruction.
- The unemployment rate for the County is currently 5.9 percent, which is a decrease from a rate of 6.1 percent a year ago. This compares unfavorably to the state's average unemployment rate of 4.2 percent, which is a decrease from a rate of 5.1 percent a year ago.
- Property values of the District are projected to increase 17.9 percent in the 2015-2016 fiscal year from the prior fiscal year.
- A maintenance and operations tax rate of $1.04 and a debt service tax rate of $.2398, a total of $1.2798 were adopted for 2015-2016. Preceding year rates were $1.29883, $1.04 and $.25883, respectively.

All of these factors were considered in preparing the District's budget for the 2015-2016 fiscal year.

During the current fiscal year, unassigned (previously unreserved) fund balance in the general fund increased to $4,359,617. The District plans to utilize unassigned fund balance to fund current expenditures prior to collecting the current year tax levy.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

ONALASKA INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION
AUGUST 31, 2015

Data Control Codes		1 Primary Government Governmental Activities
	ASSETS:	
1110	*Cash and Cash Equivalents*	$ 6,930,838
1120	*Current Investments*	8,840,285
1220	*Property Taxes Receivable*	872,412
1230	*Allowance for Uncollectible Taxes*	(44,000)
1240	*Due from Other Governments*	265,348
1250	*Accrued Interest*	26,348
1290	*Other Receivables*	33,518
1300	*Inventories*	28,458
	Capital Assets:	
1510	*Land and Improvements*	129,553
1520	*Buildings and Improvements (Net)*	6,571,249
1530	*Furniture and Equipment (Net)*	422,645
1580	*Construction in Progress*	2,033,815
1000	Total Assets	26,110,469
1700	**DEFERRED OUTFLOWS OF RESOURCES**	514,287
	LIABILITIES:	
2110	*Accounts Payable*	778,823
2140	*Interest Payable*	19,379
2165	*Accrued Liabilities*	228,520
2180	*Due to Other Governments*	2,123,650
2300	*Unearned Revenue*	12,613
	Noncurrent Liabilities:	
2501	*Due Within One Year*	438,984
2502	*Due in More than One Year*	16,002,810
2000	Total Liabilities	19,604,779
2600	**DEFERRED INFLOWS OF RESOURCES**	342,474
	NET POSITION:	
3200	*Net Investment in Capital Assets*	2,652,751
3820	*Restricted for Grants*	46,910
3850	*Restricted for Debt Service*	23,905
3900	*Unrestricted*	3,953,937
3000	**Total Net Position**	**$ 6,677,503**

The accompanying notes are an integral part of this statement.

ONALASKA INDEPENDENT SCHOOL DISTRICT

EXHIBIT B-1

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues Charges for Services	4 Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Primary Government:				
	Governmental Activities:				
0011	*Instruction*	$ 4,944,290	$ 1,588	$ 706,280	$ (4,236,422)
0012	*Instructional Resources and Media Services*	39,286	-	-	(39,286)
0013	*Curriculum and Staff Development*	104,215	-	57,922	(46,293)
0021	*Instructional Leadership*	134,264	-	49,751	(84,513)
0023	*School Leadership*	545,619	-	22,650	(522,969)
0031	*Guidance, Counseling, and Evaluation Services*	156,304	-	6,415	(149,889)
0033	*Health Services*	102,953	-	4,195	(98,758)
0034	*Student Transportation*	493,393	-	11,563	(481,830)
0035	*Food Services*	632,278	128,510	532,554	28,786
0036	*Extracurricular Activities*	376,987	148,767	5,054	(223,166)
0041	*General Administration*	451,605	-	14,697	(436,908)
0051	*Plant Maintenance and Operations*	1,037,975	4,635	19,813	(1,013,527)
0052	*Security and Monitoring Services*	1,964	-	-	(1,964)
0053	*Data Processing Services*	230,559	-	8,358	(222,201)
0072	*Interest on Long-term Debt*	605,112	-	-	(605,112)
0073	*Issuance Costs and Fees*	750	-	-	(750)
0093	*Payments Related to Shared Services Arrangements*	133,688	-	-	(133,688)
0099	*Other Intergovernmental Charges*	114,633	-	-	(114,633)
TG	Total Governmental Activities	10,105,875	283,500	1,439,252	(8,383,123)
TP	**Total Primary Government**	**$ 10,105,875**	**$ 283,500**	**$ 1,439,252**	(8,383,123)

Data Control Codes		Governmental Activities
	General Revenues:	
MT	*Property Taxes, Levied for General Purposes*	4,791,345
DT	*Property Taxes, Levied for Debt Service*	1,180,476
GC	*Grants and Contributions Not Restricted to Specific Programs*	3,223,640
IE	*Investment Earnings*	74,291
MI	*Miscellaneous*	101,594
TR	Total General Revenues	9,371,346
CN	Change in Net Position	988,223
NB	Net Position - Beginning	6,957,739
PA	*Prior Period Adjustment - Implement GASB 68 & 71 for Pensions*	(1,268,459)
	Net Position - Beginning, as restated	5,689,280
NE	**Net Position - Ending**	**$ 6,677,503**

The accompanying notes are an integral part of this statement.

ONALASKA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
AUGUST 31, 2015

Data Control Codes		199 General Fund	599 Debt Service Fund
	ASSETS:		
1110	*Cash and Cash Equivalents*	$ 6,120,499	$ 702,541
1120	*Current Investments*	-	-
1220	*Property Taxes Receivable*	751,715	120,697
1230	*Allowance for Uncollectible Taxes*	(38,000)	(6,000)
1240	*Due from Other Governments*	177,334	-
1250	*Accrued Interest*	-	-
1260	*Due from Other Funds*	414,943	-
1290	*Other Receivables*	26,838	6,680
1300	*Inventories*	-	-
1000	Total Assets	7,453,329	823,918
1000a	**Total Assets and Deferred Outflows of Resources**	**$ 7,453,329**	**$ 823,918**
	LIABILITIES:		
2110	*Accounts Payable*	$ 39,083	$ -
2160	*Accrued Wages Payable*	217,264	-
2170	*Due to Other Funds*	-	-
2180	*Due to Other Governments*	2,123,650	-
2300	*Unearned Revenue*	-	-
2000	Total Liabilities	2,379,997	-
2600	**DEFERRED INFLOWS OF RESOURCES**	713,715	114,697
	FUND BALANCES:		
3410	*Nonspendable - Inventories*	-	-
3450	*Restricted - Grant Funds*	-	-
3470	*Restricted - Capital Acquisition Program and Contractual Obligations*	-	-
3480	*Restricted - Debt Service*	-	709,221
3545	*Committed - Other*	-	-
3600	*Unassigned*	4,359,617	-
3000	Total Fund Balances	4,359,617	709,221
4000	**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**	**$ 7,453,329**	**$ 823,918**

The accompanying notes are an integral part of this statement.

699 Capital Projects Fund	Total Nonmajor Funds	98 Total Governmental Funds
$ -	$ 107,798	$ 6,930,838
8,840,285	-	8,840,285
-	-	872,412
-	-	(44,000)
-	88,014	265,348
26,348	-	26,348
-	-	414,943
-	-	33,518
-	28,458	28,458
8,866,633	224,270	17,368,150
$ 8,866,633	**$ 224,270**	**$ 17,368,150**
$ 739,740	$ -	$ 778,823
-	11,256	228,520
342,574	72,369	414,943
-	-	2,123,650
-	12,613	12,613
1,082,314	96,238	3,558,549
-	-	828,412
-	15,845	15,845
-	46,910	46,910
7,784,319	-	7,784,319
-	-	709,221
-	65,277	65,277
-	-	4,359,617
7,784,319	128,032	12,981,189
$ 8,866,633	**$ 224,270**	**$ 17,368,150**

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ONALASKA INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-1R

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2015

Total Fund Balances - Governmental Funds (Exhibit C-1)			$	12,981,189
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	$	15,352,593		
Accumulated Depreciation of Governmental Capital Assets		(6,195,331)		9,157,262
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.				828,412
Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:				
Bonds Payable, at Original Par	$	(12,831,590)		
Premium on Bonds Payable		(1,710,015)		
Accreted Interest		(780,634)		
Accrued Interest on the Bonds		(19,379)		
Net Pension Liability		(1,119,555)		(16,461,173)
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.				252,775
Deferred outflows for pension are included in the statement of net position and are not reported in the funds due to they are not current financial resources available to pay for current expenditures.				261,512
Deferred inflows for pension are included in the statement of net position and are not reported in the funds due to they are not current financial resources available to pay for current expenditures.				(342,474)
Total Net Position - Governmental Activities (Exhibit A-1)			**$**	**6,677,503**

The accompanying notes are an integral part of this statement.

ONALASKA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		199 General Fund	599 Debt Service Fund
	REVENUES:		
5700	*Local and Intermediate Sources*	$ 5,021,577	$ 1,172,420
5800	*State Program Revenues*	3,431,796	-
5900	*Federal Program Revenues*	157,345	-
5020	Total Revenues	8,610,718	1,172,420
	EXPENDITURES:		
	Current:		
0011	*Instruction*	4,444,774	-
0012	*Instructional Resources and Media Services*	34,650	-
0013	*Curriculum and Staff Development*	45,203	-
0021	*Instructional Leadership*	86,415	-
0023	*School Leadership*	522,596	-
0031	*Guidance, Counseling, and Evaluation Services*	149,418	-
0033	*Health Services*	97,144	-
0034	*Student Transportation*	407,930	-
0035	*Food Service*	198	-
0036	*Extracurricular Activities*	232,409	-
0041	*General Administration*	451,230	-
0051	*Plant Maintenance and Operations*	1,016,069	-
0052	*Security and Monitoring Services*	575	-
0053	*Data Processing Services*	221,819	-
	Debt Service:		
0071	*Principal on Long-term Debt*	-	703,144
0072	*Interest on Long-term Debt*	-	577,614
0073	*Issuance Costs and Fees*	-	750
	Capital Outlay:		
0081	*Facilities Acquisition and Construction*	10,496	-
	Intergovernmental:		
0093	*Payments Related to Shared Services Arrangements*	133,688	-
0099	*Other Intergovernmental Charges*	114,633	-
6030	Total Expenditures	7,969,247	1,281,508
1200	Net Change in Fund Balances	641,471	(109,088)
0100	Fund Balances - Beginning	3,718,146	818,309
3000	**Fund Balances - Ending**	**$ 4,359,617**	**$ 709,221**

The accompanying notes are an integral part of this statement.

699 Capital Projects Fund	Total Nonmajor Funds	98 Total Governmental Funds
$ 53,086	$ 265,004	$ 6,512,087
-	187,747	3,619,543
-	932,093	1,089,438
53,086	1,384,844	11,221,068
-	498,819	4,943,593
-	-	34,650
-	55,953	101,156
-	43,947	130,362
-	-	522,596
-	-	149,418
-	-	97,144
-	-	407,930
-	617,205	617,403
-	134,931	367,340
-	-	451,230
-	-	1,016,069
-	-	575
-	-	221,819
-	-	703,144
-	-	577,614
-	-	750
2,033,815	-	2,044,311
-	-	133,688
-	-	114,633
2,033,815	1,350,855	12,635,425
(1,980,729)	33,989	(1,414,357)
9,765,048	94,043	14,395,546
$ 7,784,319	**$ 128,032**	**$ 12,981,189**

The accompanying notes are an integral part of this statement.

ONALASKA INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-3

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2015

Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2)		$ (1,414,357)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Assets *increased*	$ 2,089,633	
Depreciation Expense	(374,740)	1,714,893
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.		(55,901)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		703,144
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The increase (decrease) in interest expense reported in the statement of activities consists of the following:		
Accrued Interest on Current Interest Bonds Payable (*increased) decreased*	$ 12,408	
Interest Accreted on the Capital Appreciation Bonds (increased) decreased	(240,285)	
Accreted Interest Paid (increased) decreased	121,856	
Amortization of Bond Premium and Discount (increased) decreased	93,882	
Amortization of Deferred Charge on Refunding	(15,359)	(27,498)
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)	$ 155,252	
Deferred Inflows (Increased) Decreased	(342,474)	
Net Pension Liability (Increased) Decreased	255,164	67,942
Change in Net Position - Governmental Activities (Exhibit B-1)		**$ 988,223**

The accompanying notes are an integral part of this statement.

ONALASKA INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-1

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AUGUST 31, 2015

Data Control Codes			865 Agency Fund
	ASSETS:		
1110	*Cash and Cash Equivalents*	$	30,740
1000	**Total Assets**	**$**	**30,740**
	LIABILITIES:		
2190	*Due to Student Groups*	$	30,740
2000	**Total Liabilities**	**$**	**30,740**

The accompanying notes are an integral part of this statement.

I. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

Additionally, the District reports the following fund types:

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

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

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

E. New Accounting Standards Adopted
In fiscal year 2015, the District adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:

1. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
2. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
3. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the District's financial statements.

Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement *No. 50, Pension Disclosures,* as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2015 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement. Net position as of September 1, 2014, was decreased by $1,268,459 to reflect the cumulative effect of adoption. The net pension liability of $1,374,719 and the deferred outflows of resources of $106,260 at August 31, 2014 were reported as a prior period adjustment to the net position on September 1, 2014. Refer to Note IV.C for more information regarding the District's pensions.

Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 69.

Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 70.

Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognizes a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the District's fiscal year-end, the effects from the District's reported contributions to the plan subsequent to the respective measurement date of the plan as an increase in deferred outflow of resources and a decrease in net position are as follows:

- TRS – The beginning deferred outflow includes contributions from September 1, 2013 through August 31, 2014, totaling $106,260

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

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

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

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

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 fair 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:

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

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.

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

	Statement of Net Position	Balance Sheet - Govemental Funds	
	Governmental Activities	General Fund	Debt Service Fund
Deferred Outflows of Resources:			
Deferred Outflows from Pension Activities	$ 261,512	$ -	$ -
Deferred Charge on Refunding	252,775	-	-
Total Deferred Outflows of Resources	$ 514,287	$ -	$ -
Deferred Inflows of Resources:			
Deferred Inflows from Pension Activities	$ 342,474	$ -	$ -
Unavailable Property Taxes	-	713,715	114,697
Deferred Gain on Refunding	-	-	-
Total Deferred Inflows of Resources	$ 342,474	$ 713,715	$ 114,697

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- 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 is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action or resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

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

9. Pension
In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.C. and the RSI section immediately following the Notes to the Financial Statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the respective pensions' fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of

resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

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.

3. Compensated Absences

Vacation

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

Sick Leave

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

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

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

II. 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 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.

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.

III. Detailed Notes on All Funds

A. Deposits and Investments

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

Investments. The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm (NRIRF) not less than A or its equivalent; 2) Certificates of deposit issued by a depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRIRF; 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act; 8) Commercial paper if it has a stated maturity of 271 days or fewer from the day of its issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit ratings agencies; or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

As of August 31, 2015, the District had the following governmental fund investments:

Investment Type	Standard & Poor's Rating	Fair Value	Percentage of Total Investments	Weighted Average Maturity (Years)
Certificates of Deposit	Not Rated	$ 8,840,285	100%	0.13
Total Fair Value		**$ 8,840,285**	**100%**	
Portfolio Weighted Average Maturity				**0.13**

Credit risk. For fiscal year 2015, the District is not exposed to credit risk.

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

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2015, the District's deposits at the local bank were insured and collateralized with securities held by the District's agent and in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are held by the District's agent in the District's name for the benefit of the District.

B. Receivables

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

Uncollectibles Related to General Fund Property Taxes	$	12,000
Uncollectibles Related to Debt Service Property Taxes		-
Total Uncollectibles of the Current Fiscal Year	**$**	**12,000**

Approximately 68% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

C. Interfund Receivables, Payables, and Transfers

1. Receivables/Payables

The composition of interfund receivable/payable balances as of August 31, 2015, is as follows:

Fund		Interfund Receivables		Interfund Payables
General Fund	$	414,943	$	-
Capital Projects Fund		-		342,574
Other Governmental Funds - Nonmajor		-		72,369
Total	**$**	**414,943**	**$**	**414,943**

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 year ended August 31, 2015, was as follows:

Transfers Out	Transfer In		Amount
None		$	-
Total		**$**	**-**

D. Capital Assets

Capital asset activity for the year ended August 31, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land and Improvements	$ 129,553	$ -	$ -	$ 129,553
Construction in Progress	-	2,033,815	-	2,033,815
Total Capital Assets, not being Depreciated	**129,553**	**2,033,815**	**-**	**2,163,368**
Capital Assets, being Depreciated:				
Buildings and Improvements	11,298,851	16,176	-	11,315,027
Furniture and Equipment	1,834,556	39,642	-	1,874,198
Total Capital Assets, being Depreciated	**13,133,407**	**55,818**	**-**	**13,189,225**
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,466,256)	(277,522)	-	(4,743,778)
Furniture and Equipment	(1,354,335)	(97,218)	-	(1,451,553)
Total Accumulated Depreciation	**(5,820,591)**	**(374,740)**	**-**	**(6,195,331)**
Total Capital Assets, being Depreciated, net	**7,312,816**	**(318,922)**	**-**	**6,993,894**
Governmental Activities Capital Assets, net	**$ 7,442,369**	**$ 1,714,893**	**$ -**	**$ 9,157,262**

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

Governmental Activities:	
11 Instruction	$ 219,790
12 Instructional Resources and Media Services	4,636
13 Curriculum and Staff Development	841
23 School Leadership	4,819
31 Guidance, Counseling, and Evaluation Services	178
33 Health Services	1,413
34 Student Transportation	100,331
35 Food Service	24,434
36 Extracurricular Activities	6,035
41 General Administration	1,464
51 Plant Maintenance and Operations	9,410
52 Security and Monitoring Services	1,389
Total Depreciation Expense-Governmental Activities	**$ 374,740**

Construction Commitments

The District has active construction projects as of August 31, 2015. The projects include the construction and equipment of school facilities. At year-end, the District's commitments with contractors are as follows:

Project	Remaining Commitment
2014 Bond Renovation	$ 7,352,663
	$ 7,352,663

The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

E. Long-term Liabilities

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

Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2015, was as follows:

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	$ 13,534,734	$ -	$ (703,144)	$ 12,831,590	$ 438,984
Premium on Bonds	1,803,897	-	(93,882)	1,710,015	-
Accreted Interest (CAB)	662,205	240,285	(121,856)	780,634	-
Total Bonds Payable, net	16,000,836	240,285	(918,882)	15,322,239	438,984
Net Pension Liability	1,374,719	768,371	(1,023,535)	1,119,555	-
Governmental Activity Long-term Liabilities	**$ 17,375,555**	**$ 1,008,656**	**$ (1,942,417)**	**$ 16,441,794**	**$ 438,984**

*Per GASB 68, beginning balance for net pension liability includes the restatement of net pension liability at September 1, 2014.

General Obligation Bonds

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

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

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

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2011 REF CAB	-	$ 1,887,206	2025	$ 1,379,734	$ -	$ (213,144)	$ 1,166,590
2011 REF	4.0-4.2%	2,710,000	2032	2,710,000	-	-	2,710,000
2014 SCH	2.0-4.0%	9,445,000	2039	9,445,000	-	(490,000)	8,955,000
Totals				**$ 13,534,734**	**$ -**	**$ (703,144)**	**$ 12,831,590**

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

Year Ending August 31	Principal	Interest	Total Requirements
2016	$ 438,985	$ 584,461	$ 1,023,446
2017	422,560	600,885	1,023,445
2018	408,566	612,229	1,020,795
2019	401,725	621,270	1,022,995
2020	396,794	628,101	1,024,895
2021	388,555	632,940	1,021,495
2022	386,817	636,128	1,022,945
2023	386,408	637,687	1,024,095
2024	387,182	637,763	1,024,945
2025	383,998	636,497	1,020,495
2026	680,000	345,795	1,025,795
2027	705,000	318,395	1,023,395
2028	735,000	289,895	1,024,895
2029	760,000	260,195	1,020,195
2030	790,000	229,295	1,019,295
2031	825,000	196,833	1,021,833
2032	860,000	162,835	1,022,835
2033	440,000	136,700	576,700
2034	460,000	119,100	579,100
2035	475,000	103,000	578,000
2036	495,000	84,000	579,000
2037	515,000	64,200	579,200
2038	535,000	43,600	578,600
2039	555,000	22,200	577,200
Totals	**$ 12,831,590**	**$ 8,604,004**	**$ 21,435,594**

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, 2015, there were no defeased bonds.

As of August 31, 2015, the District had $80,000 authorized but unissued bonds from the May 10, 2014 bond election.

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Other Governmental Fund - Campus Activity	$ 65,277
Total Other Committed Fund Balance	**$ 65,277**

G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
Property Taxes	$ 4,861,104	$ 1,166,618	$ -	$ -	$ 6,027,722
Investment Income	15,053	5,802	53,086	350	74,291
Food Sales	-	-	-	128,510	128,510
Other	145,420	-	-	136,144	281,564
Total	**$ 5,021,577**	**$ 1,172,420**	**$ 53,086**	**$ 265,004**	**$ 6,512,087**

IV. Other Information

A. Risk Management

Property/Casualty Insurance

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

Health Care Coverage

During the year ended August 31, 2015, employees of the District were covered by a health insurance plan. The District paid premiums of $150 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents.

Workers' Compensation

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

B. Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2015, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. 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). TRS's defined benefit pension plan is 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 services 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83^{rd} Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83^{rd} Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2014 and 2015.

	2015	2014
Member	6.7%	6.4%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers/District	6.8%	6.8%

The contribution amounts for the District's fiscal year 2015 are as follows:

District Contributions	$	171,426
Member Contributions		355,888
NECE On-behalf Contributions (State)		299,697

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

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

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

In addition to the employer contributions listed above, 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.

Actuarial Assumptions
The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Market Value
Discount Rate	8.00%
Long-term Expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

*Includes Inflation of 3%

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

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

return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long- Term Expected Portfolio Real Rate of Return*
Global Entity			
U.S.	18.0%	7.0%	1.4%
Non-U.S.Developed	13.0%	7.3%	1.1%
Emerging Markets	9.0%	8.1%	0.9%
Directional Hedge Funds	4.0%	5.4%	0.2%
Private Equity	13.0%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11.0%	2.9%	0.3%
Absolute Return	0.0%	4.0%	0.0%
Stable Value Hedge Funds	4.0%	5.2%	0.2%
Cash	1.0%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	3.1%	0.0%
Real Assets	16.0%	7.3%	1.5%
Energy and Natural Resources	3.0%	8.8%	0.3%
Commodities	0.0%	3.4%	0.0%
Risk Parity			
Risk Parity	5.0%	8.9%	0.4%
Alpha			1.0%
Total	**100.0%**		**8.7%**

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

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	$ 2,000,576	$ 1,119,555	$ 460,715

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

At August 31, 2015, the District reported a liability of $1,119,555 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	$ 1,119,555
State's Proportionate Share of the Net Pension Liability Associated with the District	3,161,613
Total	**$ 4,281,168**

The net pension liability was measured as of August 31, 2014 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, 2013 through August 31, 2014.

At August 31, 2014, the employer's proportion of the net pension liability was .0041913%. The change in the employer's proportion of the net pension liability was immaterial and therefore disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5 % contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, the District recognized pension expense of $395,769 and revenue of $292,285 for support provided by the state.

At August 31, 2015, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actuarial Experience	$ 17,314	$ -
Changes of Assumptions	72,772	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	342,181
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions (Cost-Sharing Plan)	-	293
District Contribution after Measurement Date	171,426	-
Totals	**$ 261,512**	**$ 342,474**

$171,426 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 year ended August 31, 2016. 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:	
2016	$ (70,397)
2017	(70,397)
2018	(70,397)
2019	(70,397)
2020	15,148
Thereafter	14,052
Totals	**$ (252,388)**

D. School District Retiree Health Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2015-2013.

Contribution Rates

	Active Member		State		School District	
Year	**Rate**	**Amount**	**Rate**	**Amount**	**Rate**	**Amount**
2015	0.65%	$ 34,526	1.00%	$ 49,461	0.55%	$ 29,215
2014	0.65%	$ 34,441	1.00%	$ 49,044	0.55%	$ 29,142
2013	0.65%	$ 34,096	0.50%	$ 24,244	0.55%	$ 28,851

In addition, the State of Texas contributed $15,513, $14,495, and $19,830 in 2015, 2014, and 2013, respectively, for on-behalf payments for Medicare Part D and Early Retiree Reinsurance Program.

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

E. Joint Venture-Shared Service Arrangement
The District participates in the following shared service arrangement.

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

F. Nonmonetary Transactions
During 2015, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of $19,773. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of $19,773 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

G. Prior Period Adjustment
Net position at September 1, 2014 was restated per the following table for the implementation of GASB 68 and 71:

	Governmental Activities
Beginning Net Position, as Previously Reported	$ 6,957,739
Implementation of GASB 68 and 71 for Pensions	(1,268,459)
Beginning Net Position, Restated	**$ 5,689,280**

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REQUIRED SUPPLEMENTARY INFORMATION

ONALASKA INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 4,749,062	$ 4,771,486	$ 5,021,577	$ 250,091
5800	*State Program Revenues*	3,094,181	3,457,536	3,431,796	(25,740)
5900	*Federal Program Revenues*	80,000	80,000	157,345	77,345
5020	Total Revenues	7,923,243	8,309,022	8,610,718	301,696
	EXPENDITURES:				
	Current:				
0011	*Instruction*	4,275,203	4,612,282	4,444,774	167,508
0012	*Instructional Resources and Media Services*	32,100	36,100	34,650	1,450
0013	*Curriculum and Staff Development*	36,903	45,903	45,203	700
0021	*Instructional Leadership*	90,588	90,588	86,415	4,173
0023	*School Leadership*	517,828	522,828	522,596	232
0031	*Guidance, Counseling, and Evaluation Services*	150,292	150,292	149,418	874
0033	*Health Services*	100,616	100,925	97,144	3,781
0034	*Student Transportation*	475,601	475,601	407,930	67,671
0035	*Food Service*	-	200	198	2
0036	*Extracurricular Activities*	243,964	246,964	232,409	14,555
0041	*General Administration*	480,201	479,892	451,230	28,662
0051	*Plant Maintenance and Operations*	1,048,397	1,048,397	1,016,069	32,328
0052	*Security and Monitoring Services*	1,200	1,200	575	625
0053	*Data Processing Services*	211,202	228,202	221,819	6,383
	Capital Outlay:				
0081	*Facilities Acquisition and Construction*	-	10,500	10,496	4
	Intergovernmental:				
0093	*Payments Related to Shared Services Arrangements*	140,148	140,148	133,688	6,460
0099	*Other Intergovernmental Charges*	119,000	119,000	114,633	4,367
6030	Total Expenditures	7,923,243	8,309,022	7,969,247	339,775
1200	Net Change in Fund Balance	-	-	641,471	641,471
0100	Fund Balance - Beginning	3,718,146	3,718,146	3,718,146	-
3000	**Fund Balance - Ending**	**$ 3,718,146**	**$ 3,718,146**	**$ 4,359,617**	**$ 641,471**

See accompanying notes to the required supplementary information.

ONALASKA INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-2

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF A COST-SHARING MULTIPLE-EMPLOYER PENSION PLAN
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
*FOR THE YEAR ENDED AUGUST 31, 2015**

		2015
District's Proportion of the Net Pension Liability		0.0041913%
District's Proportionate Share of the Net Pension Liability	$	1,119,555
State's Proportionate Share of the Net Pension Liability Associated with the District		3,161,613
Total	$	4,281,168
District's Covered- Employee Payroll	$	5,298,625
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll		21.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		83.25%

* 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 date is not available.

See accompanying notes to the required supplementary information.

ONALASKA INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-3

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS TO THE TEACHER RETIREMENT SYSTEM PENSION PLAN (TRS)
*FOR THE YEAR ENDED AUGUST 31, 2015**

		2015
TRS		
Contractually Required Contributions	$	171,426
Contributions in Relation to the Contractually Required Contributions		(171,426)
Contribution Deficiency (Excess)	**$**	**-**
District's Covered-Employee Payroll	$	5,311,762
Contributions as a Percentage of Covered-Employee Payroll		3.23%

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

See accompanying notes to the required supplementary information.

I. 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. Variances with Final Budget

The District's general fund budget differs from the original budget due to budget revisions that were made during the fiscal period:

- Amendments approved shortly after the beginning of the new fiscal year period for amounts restricted, committed, or assigned in the prior year,
- amendments in early and late spring to revise estimates for local and state revenues based on the latest information on student attendance numbers and tax collections, and
- amendments during the year for unexpected occurrences.

There were no significant variances between the original and final budget.

C. Excess of Expenditures Over Appropriations

For the year ended August 31, 2015, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following funds:

Fund	Function	Final Budget	Actual	Variance
National School Breakfast and Lunch Program	Food Service	$ 605,425	$ 617,205	$ (11,780)

II. Pension

TRS

Actuarial Assumptions – The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the net pension liability in accordance with GASB 67. Actuarial methods and assumptions used for funding purposes can be found in the Actuarial Section. The GASB 67 assumptions are as follows:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Market Value
Actuarial Assumptions:	
Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	3.00%
Salary Increases	4.25% to 7.25% Including Inflation
Ad hoc Post-Employment Benefit Changes	None*

*The COLA for the period beginning September 1, 2013 was paid starting October 1, 2013 and was included in the 2013 actuarial valuation and thus is not considered an ad hoc post-employment benefit change assumption for fiscal year 2014.

Changes in Assumptions - There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

SUPPLEMENTARY INFORMATION

ONALASKA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2015

Data Control Codes		211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant
	ASSETS:			
1110	*Cash and Cash Equivalents*	$ -	$ 42,521	$ -
1240	*Due from Other Governments*	26,381	15,645	-
1300	*Inventories*	-	28,458	-
1000	**Total Assets**	**$ 26,381**	**$ 86,624**	**$ -**
	LIABILITIES:			
2160	*Accrued Wages Payable*	$ -	$ 11,256	$ -
2170	*Due to Other Funds*	26,381	-	-
2300	*Unearned Revenue*	-	12,613	-
2000	Total Liabilities	26,381	23,869	-
	FUND BALANCES:			
3410	*Nonspendable - Inventories*	-	15,845	-
3450	*Restricted - Grant Funds*	-	46,910	-
3545	*Committed - Other*	-	-	-
3000	Total Fund Balances	-	62,755	-
4000	**Total Liabilities and Fund Balances**	**$ 26,381**	**$ 86,624**	**$ -**

255 ESEA Title II Training & Recruiting	270 Rural and Low-Income Program	410 State Textbook Fund	411 Technology Allotment	461 Campus Activity Funds	Total Nonmajor Funds (See Exhibit C-1)
$ -	$ -	$ -	$ -	$ 65,277	$ 107,798
916	17,595	27,477	-	-	88,014
-	-	-	-	-	28,458
$ 916	**$ 17,595**	**$ 27,477**	**$ -**	**$ 65,277**	**$ 224,270**
$ -	$ -	$ -	$ -	$ -	$ 11,256
916	17,595	27,477	-	-	72,369
-	-	-	-	-	12,613
916	17,595	27,477	-	-	96,238
-	-	-	-	-	15,845
-	-	-	-	-	46,910
-	-	-	-	65,277	65,277
-	-	-	-	65,277	128,032
$ 916	**$ 17,595**	**$ 27,477**	**$ -**	**$ 65,277**	**$ 224,270**

ONALASKA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant
	REVENUES:			
5700	*Local and Intermediate Sources*	$ -	$ 128,666	$ -
5800	*State Program Revenues*	-	3,095	-
5900	*Federal Program Revenues*	343,732	518,026	6,419
5020	Total Revenues	343,732	649,787	6,419
	EXPENDITURES:			
	Current:			
0011	*Instruction*	290,153	-	6,419
0013	*Curriculum and Staff Development*	31,111	-	-
0021	*Instructional Leadership*	22,468	-	-
0035	*Food Service*	-	617,205	-
0036	*Extracurricular Activities*	-	-	-
6030	Total Expenditures	343,732	617,205	6,419
1200	Net Change in Fund Balances	-	32,582	-
0100	Fund Balances - Beginning	-	30,173	-
3000	**Fund Balances - Ending**	**$ -**	**$ 62,755**	**$ -**

255 ESEA Title II Training & Recruiting	270 Rural and Low-Income Program	410 State Textbook Fund	411 Technology Allotment	461 Campus Activity Funds	Total Nonmajor Funds (See Exhibit C-2)
$ -	$ -	$ -	$ -	$ 136,338	$ 265,004
-	-	91,022	93,630	-	187,747
46,321	17,595	-	-	-	932,093
46,321	17,595	91,022	93,630	136,338	1,384,844
-	17,595	91,022	93,630	-	498,819
24,842	-	-	-	-	55,953
21,479	-	-	-	-	43,947
-	-	-	-	-	617,205
-	-	-	-	134,931	134,931
46,321	17,595	91,022	93,630	134,931	1,350,855
-	-	-	-	1,407	33,989
-	-	-	-	63,870	94,043
$ -	**$ -**	**$ -**	**$ -**	**$ 65,277**	**$ 128,032**

ONALASKA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2015

	1	2	3
Year Ended August 31	Tax Rates Maintenance	Tax Rates Debt Service	Assessed/Appraised Value For School Tax Purposes
2006 and Prior Years	$ Various	$ Various	$ Various
2007	1.3552	0.18770	254,443,710
2008	1.0400	0.16180	275,794,808
2009	1.0400	0.16020	300,401,933
2010	1.0400	0.16010	332,946,504
2011	1.0400	0.14000	378,728,814
2012	1.0400	0.12800	386,966,695
2013	1.0400	0.12500	401,325,494
2014	1.0400	0.11600	434,566,349
2015 (School Year Under Audit)	1.0400	0.25883	447,789,780
1000 Totals			
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code			

10 Beginning Balance 9/1/14	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/15
$ 192,477	$ -	$ 36,579	$ 4,628	$ (7,143)	$ 144,127
47,934	-	5,517	764	(1,601)	40,052
49,702	-	4,787	745	(1,551)	42,619
42,779	-	5,266	811	(1,669)	35,033
90,678	-	17,236	2,653	(1,667)	69,122
92,400	-	17,392	2,340	(1,895)	70,773
73,351	-	15,595	1,920	(1,881)	53,955
97,091	-	28,429	3,417	(1,430)	63,815
253,901	-	121,587	13,562	(2,710)	116,042
-	5,816,028	4,460,131	1,110,015	(9,008)	236,874
$ 940,313	**$ 5,816,028**	**$ 4,712,519**	**$ 1,140,855**	**$ (30,555)**	**$ 872,412**
		$ -	$ -		

ONALASKA INDEPENDENT SCHOOL DISTRICT **EXHIBIT J-2**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 109,400	$ 109,400	$ 128,666	$ 19,266
5800	*State Program Revenues*	3,225	3,225	3,095	(130)
5900	*Federal Program Revenues*	479,800	479,800	518,026	38,226
5020	Total Revenues	592,425	592,425	649,787	57,362
	EXPENDITURES:				
	Current:				
0035	*Food Service*	592,425	605,425	617,205	(11,780)
6030	Total Expenditures	592,425	605,425	617,205	(11,780)
1200	Net Change in Fund Balance	-	(13,000)	32,582	45,582
0100	Fund Balance - Beginning	30,173	30,173	30,173	-
3000	**Fund Balance - Ending**	**$ 30,173**	**$ 17,173**	**$ 62,755**	**$ 45,582**

ONALASKA INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 1,044,066	$ 1,044,066	$ 1,172,420	$ 128,354
5020	Total Revenues	1,044,066	1,044,066	1,172,420	128,354
	EXPENDITURES:				
	Debt Service:				
0071	*Principal on Long-term Debt*	703,144	703,144	703,144	-
0072	*Interest on Long-term Debt*	577,614	577,614	577,614	-
0073	*Issuance Costs and Fees*	999	999	750	249
6030	Total Expenditures	1,281,757	1,281,757	1,281,508	249
1200	Net Change in Fund Balance	(237,691)	(237,691)	(109,088)	128,603
0100	Fund Balance - Beginning	818,309	818,309	818,309	-
3000	**Fund Balance - Ending**	**$ 580,618**	**$ 580,618**	**$ 709,221**	**$ 128,603**

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OVERALL COMPLIANCE, INTERNAL CONTROL SECTION AND FEDERAL AWARDS

HLSK

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Onalaska Independent School District (District), as of and for the year ended August 31, 2015, 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 19, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider to be significant deficiencies.

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*.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully,

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

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

Conroe, Texas
October 19, 2015

HLSK

Hereford, Lynch, Sellars & Kirkham

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

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

Report on Compliance for Each Major Federal Program

We have audited Onalaska Independent School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Onalaska Independent School District complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully,

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

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

Conroe, Texas
October 19, 2015

ONALASKA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2015

SECTION I – SUMMARY OF AUDITORS' RESULTS	
FINANCIAL STATEMENTS	
1. Type of auditors' report issued	Unmodified
2. Internal Control over Financial Reporting:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	Finding 2015-001
3. Noncompliance material to Financial Statements noted?	No
FEDERAL AWARDS	
4. Internal control over major programs:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5. Type of auditors' report issued on compliance with major programs	Unmodified
6. Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133	No
7. Identification of Major Programs	84.010A ESEA Title I, Part A – Improving Basic Programs
8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	$300,000
9. Auditee Qualified as a Low-Risk Auditee?	Yes

SECTION II –FINANCIAL STATEMENT FINDINGS

2015-001 TEACHER CERTIFICATION

Significant Deficiency in Internal Controls

Criteria:
Internal controls should be in place that provide reasonable assurance that individuals perform instructional services in the classroom only after all appropriate certifications are obtained, as set forth in Texas Administrative Code Chapter 231.1(a) and Texas Education Code Chapter 21.003.

Condition:
Onalaska Independent School District employed a teacher who did not meet the certification requirements specified in Texas Administrative Code Chapter 231.1(a) and Texas Education Code Chapter 21.003.

Cause:
Procedures in place were not adequate to ensure that employees had obtained the appropriate certifications applicable to their respective teaching position before beginning their role as an instructor in the classroom.

Effect:
Because of the failure to obtain appropriate teacher certification, an employee performed instructional services in the classroom for Onalaska Independent School District without having the appropriate credentials.

Recommendation:
Procedures should be implemented requiring the verification of teacher certifications by Onalaska Independent School District prior to teachers beginning their job assignments, unless the appropriate permit has been issued.

Views of Responsible Officials and Planned Corrective Action:
See corrective action plan.

SECTION III –FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

ONALASKA INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2015

PRIOR YEAR FINDINGS

None reported

CURRENT YEAR FINDINGS

2015-001 TEACHER CERTIFICATION

Contact Person:
Angela Foster
Business Manager

Response:
Onalaska Independent School District has reviewed and revised its policies and procedures in order to ensure certifications are obtained prior to teachers beginning instructional services. In addition, the teacher in question received probationary certification in February 2015, and did not return to the District for the 2015-2016 school year.

Estimated Date of Completion:
August 31, 2015

ONALASKA INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Project Number	(3) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I, Part A-Improving Basic Programs	84.010A	15610101187910	$ 343,732
ESEA Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	15696001187910	17,595
ESEA Title II, Part A-Teacher and Principal Training and Recruiting	84.367A	15694501187910	46,321
Passed Through Region VI Education Service Center:			
Carl D Perkins CTE SSA	84.048A	15420006236950	6,419
TOTAL U.S. DEPARTMENT OF EDUCATION			**414,067**
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture - Non Cash Assistance:			
National School Lunch Program	10.555	00917	33,421
Pass Through State Department of Education- Cash Assistance:			
School Breakfast Program	10.553	71401501	175,920
National School Lunch Program	10.555	71301501	308,101
Total Child Nutrition Cluster			517,442
Passed Through State Department of Agriculture:			
Direct Certification Award	10.589	00917	584
TOTAL U.S. DEPARTMENT OF AGRICULTURE			**518,026**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 932,093**

The accompanying notes are an integral part of this schedule.

ONALASKA INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Onalaska Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 and *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Presented below is a reconciliation of federal revenues:

Total Expenditures of Federal Awards per Exhibit K-1	**$**	**932,093**
General Fund - Federal Revenue		
School Health and Related Services (SHARS)		157,345
Total Federal Revenues per Exhibit C-2	**$**	**1,089,438**

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ONALASKA INDEPENDENT SCHOOL DISTRICT

EXHIBIT L-1

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2015

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end?	$ 780,634
SF11	Net Pension Assets (1920) at fiscal year-end.	$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	$ 1,119,555
SF13	Pension Expense (6147) at fiscal year-end, excluding On-Behalf Pension Expense (6144).	$ 103,484