

Onalaska Independent School District

Annual Financial Report

For the Fiscal Year Ended August 31, 2020

Onalaska Independent School District
 Annual Financial Report
 For the Fiscal Year Ended August 31, 2020
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Certificate of the Board

Onalaska Independent School District
Name of School District

Polk
County

187-910
Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and ✓ approved _____ disapproved for the fiscal year ended August 31, 2020 at a meeting of the Board of Trustees of such school district on the 19th day of October, 2020.



Signature of Board Secretary



Signature of Board President

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

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Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Onalaska Independent School District (the District), as of and for the fiscal year ended August 31, 2020, 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

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Onalaska Independent School District, as of August 31, 2020, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America

Weaver and Tidwell, L.L.P.
1406 Wilson Road, Suite 100 / Conroe, Texas 77304
Main: 936.756.8127

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

The Board of Trustees of
Onalaska Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Onalaska Independent School District's internal control over financial reporting and compliance

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
October 13, 2020

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Management's Discussion and Analysis

As management of the Onalaska Independent School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2020.

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 \$849,707 (*net position*). Of this amount, \$3,445,388 (*unrestricted net position*) was in a deficit due to the District's net pension and OPEB liability.
- The District's total net position increased by \$817,519.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,175,746, an increase of \$1,493,713 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,340,841, or 37 percent of total general fund expenditures.
- The District's total net bonded debt decreased by \$2,047.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The District maintained twelve 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 and debt service fund, which are considered to be major funds. Data from the other ten 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, debt service fund and national school breakfast and lunch program special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison statement has been provided for the general fund and national school breakfast and lunch program special revenue funds to demonstrate compliance with its 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 \$849,707 at the close of the most recent fiscal year.

Onalaska Independent School District's Net Position

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 9,557,713	37	\$ 8,030,023	33	\$ 1,527,690	19
Capital assets	16,262,637	63	16,601,822	67	(339,185)	(2)
Total assets	25,820,350	100	24,631,845	100	1,188,505	
Total deferred outflows of resources	2,641,298	100	3,077,088	100	(435,790)	(14)
Long-term liabilities outstanding	22,314,185	97	24,224,965	97	(1,910,780)	(8)
Other liabilities	730,133	3	655,432	3	74,701	11
Total liabilities	23,044,318	100	24,880,397	100	(1,836,079)	
Total deferred inflows of resources	4,567,623	100	2,796,348	100	1,771,275	63
Net position:						
Net investment in capital assets	3,946,977	465	3,774,255	11,725	172,722	5
Restricted for grants	190,918	22	309,926	963	(119,008)	(38)
Restricted for debt service	157,200	18	492,368	1,530	(335,168)	(68)
Unrestricted (deficit)	(3,445,388)	(405)	(4,544,361)	(14,118)	1,098,973	(24)
Total net position	\$ 849,707	100	\$ 32,188	100	\$ 817,519	

Investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding represents the majority of the District's positive net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position that is restricted for debt service and grants totaled \$348,118 of net position. The *unrestricted net position* is a deficit (\$3,445,388) resulting from the liability for pension and OPEB.

Governmental Activities. Governmental activities increased the District's net position by \$817,519 from current operations. Key elements of this change are as follows:

Onalaska Independent School District's Changes in Net Position

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program revenues:						
Charges for services	\$ 194,657	1	\$ 279,785	2	\$ (85,128)	(30)
Operating grants and contributions	2,381,365	15	2,403,868	16	(22,503)	(1)
General revenues:						
Property taxes, levied for general purposes	5,973,123	36	5,974,256	40	(1,133)	-
Property taxes, levied for debt service	1,138,060	7	1,065,056	7	73,004	7
Grants and contributions not restricted to specific programs	6,406,267	39	5,191,412	34	1,214,855	23
Investment earnings	90,638	1	124,074	1	(33,436)	(27)
Miscellaneous	125,816	1	73,318	-	52,498	72
Total revenues	16,309,926	100	15,111,769	100	1,198,157	
Expenses:						
Instruction	7,933,731	51	7,454,889	52	478,842	6
Instructional resources and media services	33,628	-	35,736	-	(2,108)	(6)
Curriculum and instructional staff development	254,879	2	199,346	1	55,533	28
Instructional leadership	385,214	2	395,893	3	(10,679)	(3)
School leadership	786,681	5	752,492	5	34,189	5
Guidance, counseling, and evaluation services	195,919	1	189,725	1	6,194	3
Health services	113,968	1	113,853	1	115	-
Student transportation	674,599	4	551,406	4	123,193	22
Food services	994,875	6	978,141	7	16,734	2
Extracurricular activities	619,725	4	667,237	5	(47,512)	(7)
General administration	494,843	3	483,032	3	11,811	2
Plant maintenance and operations	1,193,817	8	1,244,693	9	(50,876)	(4)
Security and monitoring services	87,906	1	85,618	1	2,288	3
Data processing services	285,029	2	302,715	2	(17,686)	(6)
Interest on long-term debt	1,049,545	7	401,693	3	647,852	161
Issuance costs and fees	999	-	1,000	-	(1)	-
Payments related to shared services arrangements	233,834	2	214,278	2	19,556	9
Other intergovernmental charges	153,215	1	148,623	1	4,592	3
Total expenses	15,492,407	100	14,220,370	100	1,272,037	
Change in net position	817,519		891,399		(73,880)	
Net position (deficit) - beginning	32,188		(859,211)		891,399	
Net position - ending	\$ 849,707		\$ 32,188		\$ 817,519	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$8,787,632) represent 54 percent of total revenues, and property taxes (\$7,111,183) represent 43 percent of total revenues. The remaining 3 percent is generated from investment earnings, charges for services, and miscellaneous revenues. The most significant change in revenues is the increase in state funding from an increase in students and special one-time allocations.

The primary functional expenses of the District are instruction (\$7,933,731) which represents 51 percent of total expenses. The remaining functional categories of expenses are individually 8 percent or less of total expenditures.

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 \$8,175,746 an increase of \$1,493,713 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 \$6,582,074 and unassigned fund balance was \$4,340,841. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37 percent of total general fund expenditures, while total fund balance represents 56 percent of the same amount. The fund balance of the District's general fund increased by \$1,458,187 during the current fiscal year primarily due to increase in state allotment.

The debt service fund has a total fund balance of \$1,330,850, all of which is restricted for the payment of debt service. No significant changes occurred in the debt service fund.

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 variances between the final budget and actual amounts.

Capital Assets and Long-term Liabilities

Capital Assets. The District's investment in capital assets for its governmental type activities as of August 31, 2020, amounts to \$16,262,637 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress.

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

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 129,553	1	\$ 129,553	1	\$ -	-
Buildings and improvements	15,233,820	94	15,859,870	95	(626,050)	(4)
Furniture and equipment	899,264	5	612,399	4	286,865	47
Totals	\$ 16,262,637	100	\$ 16,601,822	100	\$ (339,185)	

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

- Purchase of two 77 passenger buses \$195,474.
- Purchase of network switch \$45,370.
- Purchase of two combo oven steamers \$35,441.

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

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

Onalaska Independent School District's Long-term Liabilities Outstanding

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds	\$ 13,261,490	59	\$ 13,263,537	55	\$ (2,047)	-
Note payable from direct placement	488,075	2	524,665	2	(36,590)	(7)
Net pension liability	3,488,690	16	4,142,789	17	(654,099)	(16)
Net OPEB liability	5,075,930	23	6,293,974	26	(1,218,044)	(19)
Totals	\$ 22,314,185	100	\$ 24,224,965	100	\$ (1,910,780)	

The District's net bonded debt decreased by \$2,047 during the current fiscal year as a result of scheduled debt payments. Note payable from direct placement decreased by \$36,590 (7 percent) during the current fiscal year as a result of scheduled payments. The District's general obligation debt is backed by the full faith and credit of the District and is further guaranteed by the Texas Permanent School Fund Guarantee Program. State statutes do not limit the tax rate or amount for the support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

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

Economic Factors and Next Year's Budgets and Rates

- Current enrollment (2019-2020) totals 1,143 students, which is a increase from 1,125 students in the prior year.
- District staff totals 193 employees in 2019-2020, which includes 85 teachers and 37 teachers' aides and secretaries.
- The District maintains two campuses for instruction.
- The unemployment rate for the County is currently 9.3 percent, which is a increase from a rate of 5.0 percent a year ago. This compares unfavorably to the state's average unemployment rate of 8.0 percent, which is a increase from a rate of 3.5 percent a year ago.
- Property values of the District are projected to increase 28 percent in the 2020-2021 fiscal year from the prior fiscal year.
- A maintenance and operations tax rate of \$.976400 and a debt service tax rate of \$.188900 a total of \$1.1653 were adopted for 2020-2021. Preceding year rates were \$.9900, and \$.188900 for a total of \$1.1789, respectively.

All of these factors were considered in preparing the District's budget for the 2020-2021 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$4,340,841. The District plans to utilize unassigned fund balance to fund current expenditures prior to collecting the current year tax levy.

Requests for Information

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

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Basic Financial Statements

Onalaska Independent School District
Statement of Net Position
August 31, 2020

Exhibit A-1

1

<u>Data Control Codes</u>		<u>Primary Government Governmental Activities</u>
ASSETS		
1110	Cash and cash equivalents	\$ 8,197,586
1220	Property taxes receivable	709,797
1230	Allowance for uncollectible taxes	(35,490)
1240	Due from other governments	602,783
1290	Other receivables	10,464
1300	Inventories	72,573
	Capital assets, not being depreciated:	
1510	Land and improvements	129,553
1520	Buildings and improvements (net)	15,233,820
1530	Furniture and equipment (net)	899,264
		<hr/>
1000	Total assets	25,820,350
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred outflows - pension	1,855,968
1706	Deferred outflows - OPEB	609,350
1710	Deferred charge on refunding	175,980
		<hr/>
1700	Total deferred outflows of resources	2,641,298
LIABILITIES		
2110	Accounts payable	107,491
2140	Interest payable	22,473
2150	Payroll deductions and withholdings	224
2160	Accrued wages payable	597,324
2180	Due to other governments	2,621
	Noncurrent liabilities:	
2501	Due within one year - bonds and notes payable	657,451
2502	Due in more than one year - bonds and notes payable	13,092,114
2540	Net pension liabilities	3,488,690
2545	Net OPEB liabilities	5,075,930
		<hr/>
2000	Total liabilities	23,044,318
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflows - pension	828,670
2606	Deferred inflows - OPEB	3,738,953
		<hr/>
2600	Total deferred inflows of resources	4,567,623
NET POSITION		
3200	Net investment in capital assets	3,946,977
3820	Restricted for grants	190,918
3850	Restricted for debt service	157,200
3900	Unrestricted (deficit)	(3,445,388)
		<hr/>
3000	TOTAL NET POSITION	<u>\$ 849,707</u>

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

Onalaska Independent School District
Statement of Activities
For the Fiscal Year Ended August 31, 2020

Exhibit B-1

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
			Charges for Services			
PRIMARY GOVERNMENT						
Governmental activities:						
0011	Instruction	\$ 7,933,731	\$ -	\$ 1,025,757		\$ (6,907,974)
0012	Instructional resources and media services	33,628	-	-		(33,628)
0013	Curriculum and instructional staff development	254,879	-	133,430		(121,449)
0021	Instructional leadership	385,214	-	126,656		(258,558)
0023	School leadership	786,681	-	65,180		(721,501)
0031	Guidance, counseling, and evaluation services	195,919	-	15,571		(180,348)
0033	Health services	113,968	-	5,944		(108,024)
0034	Student transportation	674,599	-	29,927		(644,672)
0035	Food services	994,875	51,274	810,197		(133,404)
0036	Extracurricular activities	619,725	143,383	34,728		(441,614)
0041	General administration	494,843	-	30,577		(464,266)
0051	Plant maintenance and operations	1,193,817	-	40,955		(1,152,862)
0052	Security and monitoring services	87,906	-	10,550		(77,356)
0053	Data processing services	285,029	-	20,119		(264,910)
0072	Interest on long-term debt	1,049,545	-	31,774		(1,017,771)
0073	Issuance costs and fees	999	-	-		(999)
0093	Payments related to shared services arrangements	233,834	-	-		(233,834)
0099	Other intergovernmental charges	153,215	-	-		(153,215)
TG	Total governmental activities	15,492,407	194,657	2,381,365		(12,916,385)
TP	TOTAL PRIMARY GOVERNMENT	\$ 15,492,407	\$ 194,657	\$ 2,381,365		(12,916,385)
General revenues:						
MT	Property taxes, levied for general purposes					5,973,123
DT	Property taxes, levied for debt service					1,138,060
GC	Grants and contributions not restricted to specific programs					6,406,267
IE	Investment earnings					90,638
MI	Miscellaneous					125,816
TR	Total general revenues					13,733,904
CN	Change in net position					817,519
NB	Net position - beginning					32,188
NE	NET POSITION - ENDING					\$ 849,707

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

Onalaska Independent School District

Balance Sheet
 Governmental Funds
 August 31, 2020

Data Control Codes		199	599
		General Fund	Debt Service Fund
ASSETS			
1110	Cash and cash equivalents	\$ 6,661,221	\$ 1,331,868
1220	Property taxes receivable	602,406	107,391
1230	Allowance for uncollectible taxes	(30,120)	(5,370)
1240	Due from other governments	482,608	-
1260	Due from other funds	65,125	-
1290	Other receivables	8,861	1,603
1300	Inventories	-	-
1000	Total assets	<u>7,790,101</u>	<u>1,435,492</u>
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 7,790,101</u>	<u>\$ 1,435,492</u>
LIABILITIES			
2110	Accounts payable	\$ 75,054	\$ -
2150	Payroll deductions and withholdings	224	-
2160	Accrued wages payable	560,463	-
2170	Due to other funds	-	-
2180	Due to other governments	-	2,621
2000	Total liabilities	<u>635,741</u>	<u>2,621</u>
DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable revenue - property taxes	<u>572,286</u>	<u>102,021</u>
	Total deferred inflows of resources	572,286	102,021
FUND BALANCES			
3450	Restricted - grant funds	-	-
3480	Restricted - debt service	-	1,330,850
3545	Committed - other	2,241,233	-
3600	Unassigned	<u>4,340,841</u>	<u>-</u>
3000	Total fund balances	<u>6,582,074</u>	<u>1,330,850</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,790,101</u>	<u>\$ 1,435,492</u>

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

<u>Nonmajor Other Governmental</u>	<u>98 Total Governmental Funds</u>
\$ 204,497	\$ 8,197,586
-	709,797
-	(35,490)
120,175	602,783
-	65,125
-	10,464
72,573	72,573
<u>397,245</u>	<u>9,622,838</u>
<u>\$ 397,245</u>	<u>\$ 9,622,838</u>
\$ 32,437	\$ 107,491
-	224
36,861	597,324
65,125	65,125
-	2,621
<u>134,423</u>	<u>772,785</u>
-	674,307
-	674,307
190,918	190,918
-	1,330,850
71,904	2,313,137
-	4,340,841
<u>262,822</u>	<u>8,175,746</u>
<u>\$ 397,245</u>	<u>\$ 9,622,838</u>

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Onalaska Independent School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 August 31, 2020

Exhibit C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1) \$ 8,175,746

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	\$ 25,104,215	
Accumulated depreciation of governmental capital assets	<u>(8,841,578)</u>	16,262,637

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.		674,307
---	--	---------

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

Bonds payable, at original par	\$ (10,762,960)	
Premium on bonds payable	(1,240,605)	
Accreted interest	(1,257,925)	
Accrued interest on the bonds	(17,746)	
Note payable	(488,075)	
Accrued interest on note payable	(4,727)	
Net pension liability	(3,488,690)	
Net OPEB liability	<u>(5,075,930)</u>	(22,336,658)

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.		175,980
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Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.		1,855,968
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Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		(828,670)
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Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.		609,350
--	--	---------

Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		<u>(3,738,953)</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1) **\$ 849,707**

Onalaska Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances
Governmental Funds
For the Fiscal Year Ended August 31, 2020

<u>Data Control Codes</u>	199	599
	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
5700 Local and intermediate sources	\$ 6,223,104	\$ 1,152,663
5800 State program revenues	6,864,652	31,774
5900 Federal program revenues	174,031	-
	<hr/>	<hr/>
5020 Total revenues	13,261,787	1,184,437
EXPENDITURES		
Current:		
0011 Instruction	6,931,177	-
0012 Instructional resources and media services	10,768	-
0013 Curriculum and instructional staff development	102,410	-
0021 Instructional leadership	242,915	-
0023 School leadership	685,738	-
0031 Guidance, counseling, and evaluation services	168,947	-
0033 Health services	104,525	-
0034 Student transportation	788,746	-
0035 Food services	-	-
0036 Extracurricular activities	317,651	-
0041 General administration	453,101	-
0051 Plant maintenance and operations	1,148,413	-
0052 Security and monitoring services	85,609	-
0053 Data processing services	327,897	-
Debt service:		
0071 Principal on long-term debt	36,590	396,794
0072 Interest on long-term debt	12,064	628,101
0073 Issuance costs and fees	-	999
Intergovernmental:		
0093 Payments related to shared services arrangements	233,834	-
0099 Other intergovernmental charges	153,215	-
	<hr/>	<hr/>
6030 Total expenditures	11,803,600	1,025,894
1200 Net change in fund balances	1,458,187	158,543
0100 Fund balances - beginning	5,123,887	1,172,307
	<hr/>	<hr/>
3000 FUND BALANCES - ENDING	\$ 6,582,074	\$ 1,330,850

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

<u>Nonmajor Other Governmental</u>	<u>98 Total Governmental Funds</u>
\$ 187,977	\$ 7,563,744
98,289	6,994,715
1,200,241	1,374,272
<hr/>	<hr/>
1,486,507	15,932,731
395,885	7,327,062
-	10,768
112,192	214,602
77,347	320,262
-	685,738
-	168,947
-	104,525
2,844	791,590
879,212	879,212
136,602	454,253
-	453,101
4,142	1,152,555
1,300	86,909
-	327,897
-	433,384
-	640,165
-	999
-	233,834
-	153,215
<hr/>	<hr/>
1,609,524	14,439,018
(123,017)	1,493,713
385,839	6,682,033
<hr/>	<hr/>
\$ 262,822	\$ 8,175,746

Onalaska Independent School District
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended August 31, 2020

Exhibit C-3

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2) \$ 1,493,713

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

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

Capital assets <i>increased</i>	\$ 428,642	
Depreciation expense	<u>(767,827)</u>	(339,185)

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. (41,450)

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 433,384

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

Accrued interest on current interest bonds payable (increased) decreased	\$ 371	
Accrued interest on notes payable (increased) decreased	355	
Interest accreted on the capital appreciation bonds (increased) decreased	(488,629)	
Amortization of bond premium and discount (increased) decreased	93,882	
Amortization of deferred charge on refunding (increased) decreased	<u>(15,359)</u>	(409,380)

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)	\$ (513,452)	
Deferred inflows (increased) decreased	(601,642)	
Net pension liability (increased) decreased	<u>654,099</u>	(460,995)

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

Deferred outflows increased (decreased)	\$ 93,021	
Deferred inflows (increased) decreased	(1,169,633)	
Net OPEB liability (increased) decreased	<u>1,218,044</u>	<u>141,432</u>

CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES (EXHIBIT B-1) \$ 817,519

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

Onalaska Independent School District
 Statement of Assets and Liabilities
 Fiduciary Fund
 August 31, 2020

Exhibit E-1

<u>Data Control Codes</u>	865
	<u>Agency Fund</u>
ASSETS	
1110 Cash and cash equivalents	<u>\$ 74,088</u>
1000 TOTAL ASSETS	<u><u>\$ 74,088</u></u>
LIABILITIES	
2190 Due to student groups	<u>\$ 74,088</u>
2000 TOTAL LIABILITIES	<u><u>\$ 74,088</u></u>

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

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Onalaska Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

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.

Additionally, the District reports the following fund types:

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

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

Onalaska Independent School District

Notes to the Financial Statements

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

Onalaska Independent School District

Notes to the Financial Statements

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

1. Cash and Cash Equivalents

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

2. Investments

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

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

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

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

Onalaska Independent School District

Notes to the Financial Statements

5. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

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

6. Compensated Absences

Vacation

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

Sick Leave

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

7. 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.

8. 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.

9. 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).

Onalaska Independent School District

Notes to the Financial Statements

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

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

Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

10. Pension

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

11. Other Postemployment Benefits

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

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

Onalaska Independent School District

Notes to the Financial Statements

H. 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.

I. Data Control Codes

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

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The District did not have any outstanding encumbrances at August 31, 2020.

Onalaska Independent School District

Notes to the Financial Statements

Note 3. Detailed Notes on All Funds

A. Deposits

Cash Deposits

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2020, the District's banks' balances at the local bank were insured and collateralized with securities held by the District's agent and in the District's name.

B. Receivables

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

Change in uncollectibles related to general fund property taxes	\$	1,895
Change in uncollectibles related to debt service property taxes		<u>287</u>
Total change in uncollectibles of the current fiscal year	\$	<u>2,182</u>

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

C. Interfund Receivables, Payables, and Transfers

1. Receivables/Payables

The composition of interfund receivable/payable balances as of August 31, 2020, is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 65,125	\$ -
Nonmajor governmental funds	<u>-</u>	<u>65,125</u>
Total	<u>\$ 65,125</u>	<u>\$ 65,125</u>

Interfund balances consist of short-term lending/borrowing arrangements that generally result 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.

Onalaska Independent School District

Notes to the Financial Statements

D. Capital Assets

Capital asset activity for the fiscal year ended August 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 129,553	\$ -	\$ -	\$ 129,553
Total capital assets, not being depreciated	129,553	-	-	129,553
Capital assets, being depreciated:				
Buildings and improvements	22,612,413	-	-	22,612,413
Furniture and equipment	1,967,171	428,642	(33,564)	2,362,249
Total capital assets, being depreciated	24,579,584	428,642	(33,564)	24,974,662
Less accumulated depreciation for:				
Buildings and improvements	(6,752,543)	(626,050)	-	(7,378,593)
Furniture and equipment	(1,354,772)	(141,777)	33,564	(1,462,985)
Total accumulated depreciation	(8,107,315)	(767,827)	33,564	(8,841,578)
Total capital assets, being depreciated, net	16,472,269	(339,185)	-	16,133,084
Governmental activities capital assets, net	\$ 16,601,822	\$ (339,185)	\$ -	\$ 16,262,637

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

Governmental activities:	
11 Instruction	\$ 411,088
12 Instructional resources and media services	22,860
13 Curriculum and staff development	12,301
23 School leadership	15,084
31 Guidance, counseling, and evaluation services	6,461
33 Health services	1,614
34 Student transportation	90,908
35 Food service	61,230
36 Extracurricular activities	119,727
41 General administration	1,464
51 Plant maintenance and operations	24,093
52 Security and monitoring services	997
Total depreciation expense-governmental activities	\$ 767,827

Onalaska Independent School District

Notes to the Financial Statements

E. Long-term Liabilities

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

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended August 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds, par	\$ 11,159,754	\$ -	\$ (396,794)	\$ 10,762,960	\$ 388,555
Premium on bonds	1,334,487	-	(93,882)	1,240,605	-
Accreted interest (CAB)	769,296	706,835	(218,206)	1,257,925	231,445
Total bonds payable	13,263,537	706,835	(708,882)	13,261,490	620,000
Note payable from direct placement	524,665	-	(36,590)	488,075	37,451
Net pension liability	4,142,789	434,606	(1,088,705)	3,488,690	-
Net OPEB liability	6,293,974	423,351	(1,641,395)	5,075,930	-
Governmental activities long-term liabilities	\$ 24,224,965	\$ 1,564,792	\$ (3,475,572)	\$ 22,314,185	\$ 657,451

General Obligation Bonds

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

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

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

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2011 REF CAB	2.85-4.20%	\$ 1,887,206	2025	\$ 529,754	\$ -	\$ (116,794)	\$ 412,960
2011 REF	4.00-4.20%	2,710,000	2032	2,710,000	-	-	2,710,000
2014 BLDG	2.00-4.00%	9,445,000	2039	7,920,000	-	(280,000)	7,640,000
Totals				\$ 11,159,754	\$ -	\$ (396,794)	\$ 10,762,960

Onalaska Independent School District

Notes to the Financial Statements

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

Year Ending August 31,	Principal	Interest	Total Requirements
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	\$ 10,762,960	5,557,058	\$ 16,320,018

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, 2020, there were no outstanding defeased bonds.

As of August 31, 2020, the District had \$80,000 authorized but unissued bonds from the May 10, 2014 bond election.

Note Payable

The District issued a direct placement note to provide funds for the construction and equipment of school facilities. The direct placement note is secured by maintenance and operations property tax revenues. The note issued as a 15 year current interest note. The direct placement note contains a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

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

Description	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2016 Direct Placement Note	2.34%	\$ 612,500	2031	\$ 524,665	\$ -	\$ (36,590)	\$ 488,075
Totals				\$ 524,665	\$ -	\$ (36,590)	\$ 488,075

Onalaska Independent School District

Notes to the Financial Statements

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

Notes Payable from Direct Placement				
Year Ending August 31,	Principal	Interest	Total	
			Requirements	
2021	\$ 37,451	\$ 11,203	\$ 48,654	
2022	38,332	10,322	48,654	
2023	39,235	9,419	48,654	
2024	40,158	8,496	48,654	
2025	41,103	7,551	48,654	
2026	42,071	6,583	48,654	
2027	43,061	5,593	48,654	
2028	44,074	4,580	48,654	
2029	45,112	3,542	48,654	
2030	46,173	2,481	48,654	
2031	47,260	1,394	48,654	
2032	24,045	281	24,326	
Totals	\$ 488,075	\$ 71,445	\$ 559,520	

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

General fund - transportation	\$ 335,240
General fund - facility maintenance and capital projects	910,493
General fund - furnishings	100,000
General fund - technology	425,500
General fund - debt retirement	470,000
Other governmental fund - campus activity	71,904
Total other committed fund balance	\$ 2,313,137

G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Nonmajor Governmental Funds	Totals
Property taxes	\$ 6,009,120	\$ 1,143,513	\$ -	\$ 7,152,633
Investment income	77,678	9,150	3,810	90,638
Food sales	-	-	51,274	51,274
Extracurricular activities	11,825	-	131,558	143,383
Other	124,481	-	1,335	125,816
Totals	\$ 6,223,104	\$ 1,152,663	\$ 187,977	\$ 7,563,744

Onalaska Independent School District

Notes to the Financial Statements

Note 4. Other Information

A. Risk Management

Property/Casualty Insurance

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

Health Insurance

During the fiscal year end August 31, 2020, employees of the District were covered by TRS Active-Care (the Plan) a statewide health coverage program of Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$171 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

Workers' Compensation

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

B. Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2020, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

Onalaska Independent School District

Notes to the Financial Statements

C. Defined Benefit Pension Plan

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) and 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.texas.gov/Pages/about_archive_cafr.aspx; 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% (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 where the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

Contributions

Employee contribution rates are set in state statute, Texas Government Code 825.402. Contribution requirements are established or amended pursuant to Article XVI, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Onalaska Independent School District

Notes to the Financial Statements

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2020	2019
Member	7.7%	7.7%
Non-employer contributing entity (State)	7.5%	6.8%
Employers (District)	7.5%	6.8%
Employers (District - Non-OASDI)*	1.5%	1.5%

*SB12 requires an increase in employer contributions by public school districts, charter schools and regional education service centers. Prior to SB12, only those employers not participating in social security were required to pay a 1.5% contributions (Non-OASDI surcharge). Beginning September 1, 2019 all employers are required to pay the Public Education Employer contribution irrespective of participation in social security.

The contribution amounts for the District’s fiscal year 2020 are as follows:

District contributions	\$	267,725
Member contributions		628,367
NECE on-behalf contributions (State)		468,187

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.

As the non-employer contributing entity, 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 the 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, local or non-educational and general funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

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

Onalaska Independent School District

Notes to the Financial Statements

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

At August 31, 2020, the District reported a liability of \$3,488,690 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	\$ 3,488,690
State's proportionate share of the net pension liability associated with the District	<u>5,280,650</u>
Total	<u>\$ 8,769,340</u>

The net pension liability was measured as of August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2018 rolled forward to August 31, 2019. 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, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the District's proportion of the collective net pension liability was 0.0067112% which was a decrease of 0.0008153% from its proportion measured as of August 31, 2018.

For the fiscal year ended August 31, 2020, the District recognized pension expense of \$1,558,236 and revenue of \$829,516 for support provided by the State.

At August 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,656	\$ 121,133
Changes of assumptions	1,082,363	447,284
Difference between projected and actual earnings on pension plan investments	35,030	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	456,194	260,253
District contributions paid subsequent to the measurement date	<u>267,725</u>	<u>-</u>
Totals	<u>\$ 1,855,968</u>	<u>\$ 828,670</u>

Onalaska Independent School District

Notes to the Financial Statements

\$267,725 reported as deferred outflows of resources 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending August 31,	
2021	\$ 214,413
2022	176,001
2023	222,993
2024	170,518
2025	25,361
Thereafter	<u>(49,713)</u>
Total	<u>\$ 759,573</u>

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected rate of return	7.25%
Municipal bond rate as of August 2019	2.63%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc postemployment benefit changes	None
Active mortality rates	Based on 90% of the RP 2014 Employing Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2018 and adopted in July 2018.

Onalaska Independent School District

Notes to the Financial Statements

Discount Rate and Long-Term Expected Rate of Return

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. 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 arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2019 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Arithmetic Real Rate of Return
Global equity:		
U.S.	18.00%	5.70%
Non-U.S. developed	13.00%	6.90%
Emerging markets	9.00%	8.95%
Directional hedge funds	4.00%	3.53%
Private equity	13.00%	10.18%
Stable value:		
U.S. treasuries	11.00%	1.11%
Stable value hedge funds	4.00%	3.09%
Real return:		
Global inflation linked bonds	3.00%	0.70%
Real estate	14.00%	5.21%
Energy, natural resources and infrastructure	5.00%	7.48%
Risk parity:		
Risk parity	5.00%	3.70%
Asset allocation leverage cash	1.00%	(0.30)
Totals	100.0%	

*FY 2019 target allocation based on the strategic asset allocation dated 10/1/2018

Onalaska Independent School District

Notes to the Financial Statements

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 5,362,624	\$ 3,488,690	\$ 1,970,442

Change of Assumptions Since the Prior Measurement Date

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

Change of Benefit Terms Since the Prior Measurement Date

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

D. Defined Other Postemployment Benefit Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

Onalaska Independent School District

Notes to the Financial Statements

The premium rates for retirees are reflected in the following table:

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-medicare</u>
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

Contributions

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

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2019</u>
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

*Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District's fiscal year 2020 are as follows:

District contributions	\$ 77,837
Member contributions	52,856
NECE on-behalf contributions (State)	120,448

In addition, the State of Texas contributed \$34,530, \$21,966, and \$25,568 in 2020, 2019, and 2018, respectively, for on-behalf payments for Medicare Part D.

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

Onalaska Independent School District

Notes to the Financial Statements

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019.

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

At August 31, 2020, the District reported a liability of \$5,075,930 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	\$ 5,075,930
State's proportionate share of the net OPEB liability associated with the District	<u>6,744,773</u>
Total	<u>\$ 11,820,703</u>

The net OPEB liability was measured as of August 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2018 rolled forward to August 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.0107333% which was a decrease of 0.0018720% from its proportion measured as of August 31, 2018.

For the fiscal year ended August 31, 2020, the District recognized OPEB expense of \$114,170 and revenue of \$177,765 for support provided by the State.

At August 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 249,017	\$ 830,622
Changes of assumptions	281,928	1,365,300
Net difference between projected and actual earnings on OPEB plan investments	548	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	20	1,543,031
District contributions paid subsequent to the measurement date	<u>77,837</u>	<u>-</u>
Totals	<u>\$ 609,350</u>	<u>\$ 3,738,953</u>

Onalaska Independent School District

Notes to the Financial Statements

\$77,837 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending August 31,</u>	
2021	\$ (481,046)
2022	(481,046)
2023	(481,223)
2024	(481,324)
2025	(481,297)
Thereafter	<u>(801,504)</u>
Total	<u>\$ (3,207,440)</u>

Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2018. Update procedures were used to roll forward the total OPEB liability to August 31, 2019.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increases
Rates of disability	

See Note 4.C. for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50 % over a period of 13 years.

Onalaska Independent School District

Notes to the Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	2.63%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

The impact of the Cadillac Tax that is returning in fiscal year 2023 has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability at August 31, 2019. This was a decrease of 1.06% in the discount rate since the August 31, 2018 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

Onalaska Independent School District

Notes to the Financial Statements

Sensitivity Analysis of Rates

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the net OPEB liability.

	<u>1% Decrease (1.63%)</u>	<u>Current Discount Rate (2.63%)</u>	<u>1% Increase (3.63%)</u>
District's proportionate share of the net OPEB liability	\$ 6,128,274	\$ 5,075,930	\$ 4,252,677

Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 4,140,764	\$ 5,075,930	\$ 6,328,618

Change of Assumptions Since the Prior Measurement Date

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

Onalaska Independent School District

Notes to the Financial Statements

Change of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

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 2020, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$43,376. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$43,376 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

G. Subsequent Event

In August 2020, the District authorized the issuance of unlimited tax refunding bonds, Series 2020A and unlimited tax refunding bonds, Series 2020B, respectively. The proceeds of the refunding bonds will be used to legally defease previously issued District bonds in order to lower its overall debt service requirements.

Required Supplementary Information

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Onalaska Independent School District
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balance – Budget and Actual
 General Fund
 For the Fiscal Year Ended August 31, 2020

Exhibit G-1

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 6,030,821	\$ 6,089,991	\$ 6,223,104	\$ 133,113
5800	State program revenues	6,152,680	6,775,844	6,864,652	88,808
5900	Federal program revenues	150,000	150,000	174,031	24,031
5020	Total revenues	12,333,501	13,015,835	13,261,787	245,952
EXPENDITURES					
Current:					
0011	Instruction	6,908,753	7,519,592	6,931,177	588,415
0012	Instructional resources and media services	16,300	16,300	10,768	5,532
0013	Curriculum and instructional staff development	118,077	118,552	102,410	16,142
0021	Instructional leadership	247,608	247,608	242,915	4,693
0023	School leadership	694,905	694,905	685,738	9,167
0031	Guidance, counseling, and evaluation services	184,107	187,957	168,947	19,010
0033	Health services	110,731	110,731	104,525	6,206
0034	Student transportation	788,606	832,406	788,746	43,660
0035	Food services	1	1	-	1
0036	Extracurricular activities	378,585	378,585	317,651	60,934
0041	General administration	487,320	485,320	453,101	32,219
0051	Plant maintenance and operations	1,540,103	1,510,103	1,148,413	361,690
0052	Security and monitoring services	77,911	85,911	85,609	302
0053	Data processing services	309,139	354,509	327,897	26,612
Debt service:					
0071	Principal on long-term debt	36,590	36,590	36,590	-
0072	Interest on long-term debt	12,065	12,065	12,064	1
0073	Issuance costs and fees	500	500	-	500
Intergovernmental:					
0093	Payments related to shared services arrangements	270,000	270,000	233,834	36,166
0099	Other intergovernmental charges	152,200	154,200	153,215	985
6030	Total expenditures	12,333,501	13,015,835	11,803,600	1,212,235
1200	Net change in fund balance	-	-	1,458,187	1,458,187
0100	Fund balance - beginning	5,123,887	5,123,887	5,123,887	-
3000	FUND BALANCE - ENDING	\$ 5,123,887	\$ 5,123,887	\$ 6,582,074	\$ 1,458,187

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

Onalaska Independent School District

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

	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.0067112%	0.0075265%
District's proportionate share of the net pension liability	\$ 3,488,690	\$ 4,142,789
State's proportionate share of the net pension liability associated with the District	<u>5,280,650</u>	<u>5,650,413</u>
TOTALS	<u>\$ 8,769,340</u>	<u>\$ 9,793,202</u>
District's covered payroll	\$ 7,178,324	\$ 6,864,319
District's proportionate share of the net pension liability as a percentage of its covered payroll	48.60%	60.35%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0070437%	0.0066222%	0.0057989%	0.0041913%
\$ 2,252,182	\$ 2,502,442	\$ 2,049,834	\$ 1,119,555
<u>3,275,411</u>	<u>3,636,219</u>	<u>3,598,759</u>	<u>3,161,613</u>
<u>\$ 5,527,593</u>	<u>\$ 6,138,661</u>	<u>\$ 5,648,593</u>	<u>\$ 4,281,168</u>
\$ 6,379,090	\$ 5,679,385	\$ 5,311,762	\$ 5,298,625
35.31%	44.06%	38.59%	21.13%
82.17%	78.00%	78.43%	83.25%

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

	<u>2020</u>	<u>2019</u>
Contractually required contributions	\$ 267,725	\$ 234,900
Contributions in relation to the contractually required contributions	<u>(267,725)</u>	<u>(234,900)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,146,190	\$ 7,178,324
Contributions as a percentage of covered payroll	3.29%	3.27%

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

Exhibit G-3

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 249,195	\$ 228,877	\$ 210,311	\$ 171,426
<u>(249,195)</u>	<u>(228,877)</u>	<u>(210,311)</u>	<u>(171,426)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,864,319	\$ 6,379,090	\$ 5,679,385	\$ 5,311,762
3.63%	3.59%	3.70%	3.23%

Onalaska Independent School District

Exhibit G-4

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.01073333%	0.0126054%	0.0136607%
District's proportionate share of the net OPEB liability	\$ 5,075,930	\$ 6,293,974	\$ 5,940,515
State's proportionate share of the net OPEB liability associated with the District	<u>6,744,773</u>	<u>5,790,672</u>	<u>5,032,061</u>
TOTALS	<u>\$ 11,820,703</u>	<u>\$ 12,084,646</u>	<u>\$ 10,972,576</u>
District's covered payroll	\$ 7,178,324	\$ 6,864,319	\$ 6,379,090
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	70.71%	91.69%	93.12%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

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

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

Exhibit G-5

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 77,837	\$ 76,177	\$ 84,284
Contributions in relation to the contractually required contributions	<u>(77,837)</u>	<u>(76,177)</u>	<u>(84,284)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,146,190	\$ 7,178,324	\$ 6,864,319
Contributions as a percentage of covered payroll	0.96%	1.06%	1.23%

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

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Onalaska Independent School District
Notes to the Required Supplementary Information

Note 1. Budget

A. Budgetary Information

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

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

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

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

Note 2. Net Pension Liability and Net OPEB Liability

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

Changes in actuarial assumptions and inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

Onalaska Independent School District
Notes to the Required Supplementary Information

Changes in demographic and economic assumptions

For Measurement Dates August 31, 2019 and 2014-2017 – No changes in assumptions.

For Measurement Date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

Supplementary Information

Onalaska Independent School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 August 31, 2020

Data Control Codes		211	240	255	266
		ESSA Title I Improving Basic Programs	National School Breakfast/ Lunch Program	ESSA Title II Training and Recruiting	Elementary and Secondary School Emergency Relief Fund
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ 129,268	\$ -	\$ -
1240	Due from other governments	58,351	29,493	750	13,089
1300	Inventories	-	72,573	-	-
1000	TOTAL ASSETS	<u>\$ 58,351</u>	<u>\$ 231,334</u>	<u>\$ 750</u>	<u>\$ 13,089</u>
LIABILITIES					
2110	Accounts payable	\$ 8,815	\$ 17,181	\$ 750	\$ 579
2160	Accrued wages payable	8,801	23,235	-	4,825
2170	Due to other funds	40,735	-	-	7,685
2000	Total liabilities	58,351	40,416	750	13,089
FUND BALANCES					
3450	Restricted - grant funds	-	190,918	-	-
3545	Committed - other	-	-	-	-
3000	Total fund balances	-	190,918	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 58,351</u>	<u>\$ 231,334</u>	<u>\$ 750</u>	<u>\$ 13,089</u>

Exhibit H-1

270	276	289	410	429	461	Total
Rural and Low- Income Program	Title I School Improvement Program Academy Grant	Federally Funded Special Revenue Funds	State Textbook Fund	State Funded Special Revenue Funds	Campus Activity Funds	Nonmajor Funds (See Exhibit C-1)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,229	\$ 204,497
8,245	-	4,195	6,052	-	-	120,175
-	-	-	-	-	-	72,573
<u>\$ 8,245</u>	<u>\$ -</u>	<u>\$ 4,195</u>	<u>\$ 6,052</u>	<u>\$ -</u>	<u>\$ 75,229</u>	<u>\$ 397,245</u>
\$ -	\$ -	\$ -	\$ 1,787	\$ -	\$ 3,325	\$ 32,437
-	-	-	-	-	-	36,861
8,245	-	4,195	4,265	-	-	65,125
8,245	-	4,195	6,052	-	3,325	134,423
-	-	-	-	-	-	190,918
-	-	-	-	-	71,904	71,904
-	-	-	-	-	71,904	262,822
<u>\$ 8,245</u>	<u>\$ -</u>	<u>\$ 4,195</u>	<u>\$ 6,052</u>	<u>\$ -</u>	<u>\$ 75,229</u>	<u>\$ 397,245</u>

Onalaska Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Fiscal Year Ended August 31, 2020

Data Control Codes		211	240	255	266
		ESSA Title I Improving Basic Programs	National School Breakfast/ Lunch Program	ESSA Title II Training and Recruiting	Elementary and Secondary School Emergency Relief Fund
REVENUES					
5700	Local and intermediate sources	\$ -	\$ 55,384	\$ -	\$ -
5800	State program revenues	-	3,711	-	-
5900	Federal program revenues	404,338	701,109	27,758	13,089
5020	Total revenues	404,338	760,204	27,758	13,089
EXPENDITURES					
Current:					
0011	Instruction	233,111	-	13,923	4,826
0013	Curriculum and instructional staff development	92,007	-	13,835	1,850
0021	Instructional leadership	77,347	-	-	-
0034	Student transportation	1,873	-	-	971
0035	Food services	-	879,212	-	-
0036	Extracurricular activities	-	-	-	-
0051	Plant maintenance and operations	-	-	-	4,142
0052	Security and monitoring services	-	-	-	1,300
6030	Total expenditures	404,338	879,212	27,758	13,089
1200	Net change in fund balances	-	(119,008)	-	-
0100	Fund balances - beginning	-	309,926	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ 190,918	\$ -	\$ -

Exhibit H-2

270	276	289	410	429	461	Total
Rural and Low- Income Program	Title I School Improvement Program Academy Grant	Federally Funded Special Revenue Funds	State Textbook Fund	State Funded Special Revenue Funds	Campus Activity Funds	Nonmajor Funds (See Exhibit C-2)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,593	\$ 187,977
-	-	-	91,569	3,009	-	98,289
22,376	4,500	27,071	-	-	-	1,200,241
22,376	4,500	27,071	91,569	3,009	132,593	1,486,507
22,376	-	27,071	91,569	3,009	-	395,885
-	4,500	-	-	-	-	112,192
-	-	-	-	-	-	77,347
-	-	-	-	-	-	2,844
-	-	-	-	-	-	879,212
-	-	-	-	-	136,602	136,602
-	-	-	-	-	-	4,142
-	-	-	-	-	-	1,300
22,376	4,500	27,071	91,569	3,009	136,602	1,609,524
-	-	-	-	-	(4,009)	(123,017)
-	-	-	-	-	75,913	385,839
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,904	\$ 262,822

Onalaska Independent School District
 Schedule of Delinquent Taxes Receivable
 For the Fiscal Year Ended August 31, 2020

Year Ended August 31,	1		2		3	
	Tax Rates				Assessed/ Appraised Value for School Tax Purposes	
	Maintenance		Debt Service			
2011 and prior years	\$	Various	\$	Various	\$	Various
2012		1.0400		0.12800		386,966,695
2013		1.0400		0.12500		401,325,494
2014		1.0400		0.11600		434,566,349
2015		1.0400		0.25883		447,789,780
2016		1.0400		0.23980		480,533,599
2017		1.0400		0.19500		506,208,907
2018		1.0400		0.20890		545,051,806
2019		1.0600		0.18890		555,868,044
2020		0.9900		0.18890		600,502,926
1000 TOTALS						

Exhibit J-1

10	20	31	32	40	50
<u>Beginning Balance 9/1/2019</u>	<u>Current Year's Total Levy</u>	<u>Maintenance Collections</u>	<u>Debt Service Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/2020</u>
\$ 157,018	\$ -	\$ 7,224	\$ 972	\$ (37,040)	\$ 111,782
26,460	-	1,956	241	(3,244)	21,019
27,074	-	2,436	293	(3,733)	20,612
33,798	-	3,000	334	(5,901)	24,563
39,729	-	3,433	855	(6,421)	29,020
62,224	-	6,100	1,407	(7,061)	47,656
73,191	-	10,386	1,948	(6,967)	53,890
111,793	-	27,411	5,507	(6,583)	72,292
222,142	-	95,269	16,978	(12,469)	97,426
-	7,079,329	5,726,275	1,092,618	(28,899)	231,537
<u>\$ 753,429</u>	<u>\$ 7,079,329</u>	<u>\$ 5,883,490</u>	<u>\$ 1,121,153</u>	<u>\$ (118,318)</u>	<u>\$ 709,797</u>

Onalaska Independent School District
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 National School Breakfast and Lunch Program
 For the Fiscal Year Ended August 31, 2020

Exhibit J-2

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 78,702	\$ 78,702	\$ 55,384	\$ (23,318)
5800	State program revenues	3,000	3,000	3,711	711
5900	Federal program revenues	815,000	815,000	701,109	(113,891)
5020	Total revenues	896,702	896,702	760,204	(136,498)
EXPENDITURES					
Current:					
0035	Food services	896,702	1,056,702	879,212	177,490
6030	Total expenditures	896,702	1,056,702	879,212	177,490
1200	Net change in fund balance	-	(160,000)	(119,008)	40,992
0100	Fund balance - beginning	309,926	309,926	309,926	-
3000	FUND BALANCE - ENDING	\$ 309,926	\$ 149,926	\$ 190,918	\$ 40,992

Onalaska Independent School District
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 Debt Service Fund
 For the Fiscal Year Ended August 31, 2020

Exhibit J-3

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 1,025,895	\$ 1,025,895	\$ 1,152,663	\$ 126,768
5800	State program revenues	-	-	31,774	31,774
5020	Total revenues	1,025,895	1,025,895	1,184,437	158,542
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	396,794	396,794	396,794	-
0072	Interest on long-term debt	628,101	628,101	628,101	-
0073	Issuance costs and fees	1,000	1,000	999	1
6030	Total expenditures	1,025,895	1,025,895	1,025,894	1
1200	Net change in fund balance	-	-	158,543	158,543
0100	Fund balance - beginning	1,172,307	1,172,307	1,172,307	-
3000	FUND BALANCE - ENDING	\$ 1,172,307	\$ 1,172,307	\$ 1,330,850	\$ 158,543

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Overall Compliance, Internal Control Section and Federal Awards

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Onalaska Independent School District (the District) as of and for the year ended August 31, 2020 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 13, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Trustees of
Onalaska Independent School District

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
October 13, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited Onalaska Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control over Compliance

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

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
October 13, 2020

Onalaska Independent School District
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended August 31, 2020

Section 1. Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Section 2. Financial Statement Findings

None reported

Section 3. Federal Awards Findings and Questioned Costs

None reported

Onalaska Independent School District
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended August 31, 2020

Prior Year Findings

None reported

Onalaska Independent School District
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2020

Exhibit K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Project Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I, Part A-Improving Basic Programs	84.010A	20610101187910	\$ 404,338
ESEA Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	20696001187910	22,376
ESEA Title II, Part A-Teacher and Principal Training and Recruiting	84.367A	20694501187910	27,758
Title I School Improvement Program Academy Grant	84.377A	17610740187910	4,500
ESEA Title IV, Part A, Subpart 1	84.424A	20680101187910	27,071
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	20521001187910	13,089
TOTAL U.S. DEPARTMENT OF EDUCATION			499,132
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture - Non Cash Assistance:			
National School Lunch Program	10.555	806780706	52,543
Pass Through State Department of Education- Cash Assistance:			
School Breakfast Program	10.553	71401901	33,671
School Breakfast Program	10.553	71402001	168,550
COVID-19 - School Breakfast Program	10.553	71402001	22,942
Total School Breakfast Program			225,163
National School Lunch Program	10.555	71301901	63,140
National School Lunch Program	10.555	71302001	323,753
COVID-19 - National School Lunch Program	10.555	71302001	36,510
Total National School Lunch Program			423,403
Total Child Nutrition Cluster			701,109
TOTAL U.S. DEPARTMENT OF AGRICULTURE			701,109
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,200,241</u>

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

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Onalaska Independent School District

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Summary of Significant Accounting Policies

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

National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

Note 2. De Minimis Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3. Reconciliation to Basic Financial Statements

Presented below is a reconciliation of federal revenues:

Total expenditures of federal awards per Exhibit K-1	\$ 1,200,241
General fund - federal revenue:	
School health and related services (SHARS)	<u>174,031</u>
Total federal revenues per Exhibit C-2	<u>\$ 1,374,272</u>

Onalaska Independent School District
 Schedule of Required Responses to Selected
 School FIRST Indicators (Unaudited)
 For the Year Ending August 31, 2020

Exhibit L-1

<u>Data Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
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?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the school district submit its biennial pupil projections to the TEA? If not, did the school district certify TEA's pupil projections created for the school district?	Yes
SF6	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
SF7	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
SF8	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF9	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 1,257,925