

OAKWOOD INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2018

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2018

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CERTIFICATE OF BOARD

Oakwood Independent School District
Name of School District

Leon
County

145-907
Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and _____ approved _____ disapproved for the year ended August 31, 2018 at a meeting of the board of school trustees of such school district on the _____ day of _____, 2019.

Signature of Board Secretary

Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is(are):

(attach list as necessary)

SMITH, LAMBRIGHT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Marlin R. Smith, CPA
J. W. Lambright, CPA

Cheri E. Kirkland, CPA
David N. Hopkins, CPA

P. O. Box 912
505 E. Tyler
Athens, Texas 75751
(903) 675-5674
FAX (903) 675-5676
smithlambright.com

**Unmodified Opinions on Basic Financial Statements
Accompanied by Required Supplementary Information and Other Information**

Independent Auditor's Report

Board of School Trustees
Oakwood Independent School District
631 North Holly Street
Oakwood, Texas 75855

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 Oakwood Independent School District (the "District"), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Required Supplementary Information and Other Information

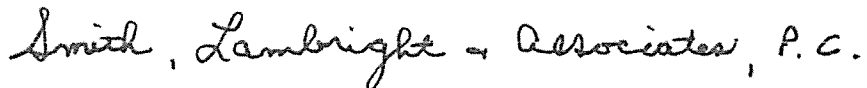
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule - general fund, schedule of district's proportionate share of the net pension liability - TRS, schedule of district contributions - TRS, schedule of the District's proportionate share of the net OPEB liability - TRS, schedule of District contributions for other post-employment benefits - TRS, combining and individual nonmajor fund financial statements, required TEA schedules and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule - general fund, schedule of district's proportionate share of the net pension liability - TRS, schedule of district contributions - TRS, schedule of the District's proportionate share of the net OPEB liability - TRS, schedule of District contributions for other post-employment benefits - TRS, combining and individual nonmajor fund financial statements, required TEA schedules and 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule - general fund, schedule of district's proportionate share of the net pension liability - TRS, schedule of district contributions - TRS, combining and individual nonmajor fund financial statements, required TEA schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2019 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 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 the District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Smith, Lambright & Associates, P.C.".

SMITH, LAMBRIGHT & ASSOCIATES, P. C.
Certified Public Accountants
Athens, Texas

February 21, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oakwood Independent School District
631 NORTH HOLLY STREET * OAKWOOD, TEXAS * 75855

Management's Discussion and Analysis

In this section of the Annual Financial and Compliance Report, we, the managers of Oakwood Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2018. Please read it in conjunction with the independent auditors' report and the District's Basic Financial Statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operation in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The sections labeled Required TEA Schedules and Compliance, Internal Control and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations is located in this section. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the US Department of Education to assist children with disabilities from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we report only the District's Governmental activity, since the District has no business activities.

Governmental activities-Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the US Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

Governmental funds-Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and basic services it provides.

We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds (reported in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances) in reconciliation schedules following each of the fund financial statements.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District continues to use GASB Statement #34 this year. Our analysis of comparative balances and changes will present both current and prior years data and discuss significant changes in the accounts. Our analysis focuses on the net position (Table 1) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activity decreased from \$4,732,780 to \$4,172,573.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - were \$575,034 at August 31, 2018. This decrease in governmental net position was the result of several factors. The requirements of GASB 68 and 75, the TRS pension liability and TRS OPEB liability. Requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. The District's revenues were in deficiency of the expenditures by \$26,059 and the District recorded total depreciation in the amount of \$228,977.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$1,106,519, which is above last year's total of \$725,419. Over the course of the year, the Board of Trustees revised the District's budget. The budget amendments were necessary due to moving funds from departments/programs that did not need all appropriated resources to programs with additional needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the District had \$9,931,345 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents no change over last year due to no additional investment in capital assets.

Debt

At the end of the year, the District had \$2,295,000 of bonds outstanding.

For more detail about capital assets and debt, please refer to the notes in the audit report.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2017-2018 budget and tax rates. The factors include the needs of the students, staff and taxpayers of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Oakwood Independent School District, 631 North Holly Street, Oakwood, Texas 75855.

Table I
Oakwood Independent School District

NET POSITION

	Governmental Activities 2017	Governmental Activities 2018
Current and other assets	\$ 2167668	\$ 2305750
Capital assets	5020167	4791190
Total Assets	<u>7,187,835</u>	<u>7,096,940</u>
Deferred Outflows-TRS	<u>155299</u>	<u>149,324</u>
 Long-term liabilities	 206480	 207562
Other liabilities	2076783	2551627
Total liabilities	<u>\$ 2590740</u>	<u>\$ 2759189</u>
Deferred Inflow-TRS	<u>19614</u>	<u>314502</u>
 Net Assets:		
Net Investments in Capital Assets	\$ 3077092	\$ 3054595
Restricted	573483	542944
Unrestricted	<u>1082205</u>	<u>575034</u>
 Total net position	 <u>\$ 4732780</u>	 <u>\$ 4172573</u>

Table II
Oakwood Independent School District

CHANGES IN NET POSITION

	Governmental Activities 2017	Governmental Activities 2018
Revenues:		
Program revenues:		
Charges for services	\$ 14151	16218
Operating grants and contributions	380825	(293)
General Revenues:		
Maintenance and operations taxes	1198203	1435663
Debt service taxes	238470	278306
State aid — formula grants	676287	834221
Grants and contributions not restricted to specific functions	1845	0
Investments earnings	3547	12532
Miscellaneous	85812	177192
Total Revenue	<u>\$ 2204164</u>	<u>2737914</u>
Expenses:		
Instruction, curriculum and media services	\$ 1309550	1002085
Instructional and school leadership	150439	112822
Student support services	197243	197243
Child nutrition	128190	111746
Co-curricular activities	145192	153999
General administration	222230	200898
Plant maintenance, security & data processing	274180	412141
Debt services	58048	16009
Capital Outlay	59591	0
Intergovernmental Charges	37716	41996
Total Expenses	<u>\$ 2582379</u>	<u>2195115</u>
Increase in net assets before transfers and special items	\$ 16761	558724
Transfers	0	0
Prior Period Adjustments – GASB 68	0	(1118931)
Net Position, September 1	4716019	4732780
Net Position, August 31	<u>\$ 4732780</u>	<u>4172573</u>

FINANCIAL STATEMENTS

OAKWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2018

EXHIBIT A-1

Data Control Codes		Primary Government	
		Governmental Activities	
ASSETS			
1110	Cash and Cash Equivalents	\$	804,241
1120	Current Investments		680,771
1220	Property Taxes - Delinquent		614,220
1230	Allowance for Uncollectible Taxes		(30,711)
1240	Due from Other Governments		237,229
	Capital Assets:		
1510	Land		30,850
1520	Buildings, Net		4,477,568
1530	Furniture and Equipment, Net		282,772
1000	Total Assets		7,096,940
DEFERRED OUTFLOWS OF RESOURCES			
1703	Deferred Resource Outflow Related to TRS OPEB		11,499
1705	Deferred Resource Outflow Related to TRS Pension		137,825
1700	Total Deferred Outflows of Resources		149,324
LIABILITIES			
2140	Interest Payable		630
2160	Accrued Wages Payable		70,745
2200	Accrued Expenses		2,033
	Noncurrent Liabilities:		
2501	Due Within One Year		207,562
2502	Due in More Than One Year		1,529,033
2540	Net Pension Liability (District's Share)		311,071
2545	Net OPEB Liability (District's Share)		638,115
2000	Total Liabilities		2,759,189
DEFERRED INFLOWS OF RESOURCES			
2603	Deferred Resource Inflow Related to TRS OPEB		266,924
2605	Deferred Resource Inflow Related to TRS Pension		47,578
2600	Total Deferred Inflows of Resources		314,502
NET POSITION			
3200	Net Investment in Capital Assets		3,054,595
3820	Restricted for Federal and State Programs		73,253
3850	Restricted for Debt Service		260,764
3860	Restricted for Capital Projects		208,927
3900	Unrestricted		575,034
3000	Total Net Position	\$	4,172,573

The notes to the financial statements are an integral part of this statement.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT B-1

FOR THE YEAR ENDED AUGUST 31, 2018

Data		Program Revenues		Net (Expense)
Control	1	3	4	Revenue and
Codes			Operating	Changes in Net
			Grants and	Position
	Expenses	Charges for	Contributions	Primary Gov.
		Services		Governmental
				Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11	Instruction	\$ 982,140	\$ -	\$ (1,048,507)
12	Instructional Resources and Media Services	19,562	-	12,130
13	Curriculum and Instructional Staff Development	383	-	-
23	School Leadership	112,822	-	(138,722)
31	Guidance, Counseling and Evaluation Services	25,050	-	(31,879)
33	Health Services	1,163	-	(1,171)
34	Student (Pupil) Transportation	107,165	-	(114,721)
35	Food Services	111,746	10,586	30,435
36	Extracurricular Activities	153,999	5,632	(161,763)
41	General Administration	200,898	-	(230,191)
51	Facilities Maintenance and Operations	355,699	-	(372,071)
52	Security and Monitoring Services	352	-	(352)
53	Data Processing Services	56,090	-	(54,366)
72	Debt Service - Interest on Long-Term Debt	15,549	-	(15,515)
73	Debt Service - Bond Issuance Cost and Fees	460	-	(460)
93	Payments Related to Shared Services Arrangements	10,041	-	(10,041)
99	Other Intergovernmental Charges	41,996	-	(41,996)
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 2,195,115	\$ 16,218	\$ (2,179,190)
Data	General Revenues:			
Control	Taxes:			
Codes				
MT	Property Taxes, Levied for General Purposes			1,435,663
DT	Property Taxes, Levied for Debt Service			278,306
SF	State Aid - Formula Grants			834,221
IE	Investment Earnings			12,532
MI	Miscellaneous Local and Intermediate Revenue			177,192
TR	Total General Revenues			2,737,914
CN	Change in Net Position			558,724
NB	Net Position - Beginning			4,732,780
PA	Prior Period Adjustment			(1,118,931)
NE	Net Position--Ending			\$ 4,172,573

The notes to the financial statements are an integral part of this statement.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS				
1110	Cash and Cash Equivalents	\$ 502,709	\$ 257,489	\$ (3,425)
1120	Investments - Current	468,419	-	212,352
1220	Property Taxes - Delinquent	560,075	54,145	-
1230	Allowance for Uncollectible Taxes	(28,004)	(2,707)	-
1240	Due from Other Governments	200,977	3,275	-
1000	Total Assets	<u>\$ 1,704,176</u>	<u>\$ 312,202</u>	<u>\$ 208,927</u>
LIABILITIES				
2160	Accrued Wages Payable	\$ 64,212	\$ -	\$ -
2200	Accrued Expenditures	1,374	-	-
2000	Total Liabilities	<u>65,586</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	532,071	51,438	-
2600	Total Deferred Inflows of Resources	<u>532,071</u>	<u>51,438</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3480	Retirement of Long-Term Debt	-	260,764	-
3490	Other Restricted Fund Balance	-	-	208,927
3600	Unassigned Fund Balance	1,106,519	-	-
3000	Total Fund Balances	<u>1,106,519</u>	<u>260,764</u>	<u>208,927</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,704,176</u>	<u>\$ 312,202</u>	<u>\$ 208,927</u>

The notes to the financial statements are an integral part of this statement.

		Total	
Other		Governmental	
Funds		Funds	
\$	47,468	\$	804,241
	-		680,771
	-		614,220
	-		(30,711)
	32,977		237,229
<u>\$</u>	<u>80,445</u>	<u>\$</u>	<u>2,305,750</u>
\$	6,533	\$	70,745
	659		2,033
	7,192		72,778
	-		583,509
	-		583,509
	73,253		73,253
	-		260,764
	-		208,927
	-		1,106,519
	73,253		1,649,463
<u>\$</u>	<u>80,445</u>	<u>\$</u>	<u>2,305,750</u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2018

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 1,649,463
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$9,931,345 and the accumulated depreciation was (\$4,911,178). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The long term debt was (\$1,943,075. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position. Note: Beginning Balances related to TRS are NOT included in this amount.	3,077,092
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2018 capital outlays and debt principal payments is to increase (decrease) net position.	206,480
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$137,825, a deferred resource inflow in the amount of \$47,578, and a net pension liability in the amount of \$311,071. This resulted in an increase (decrease) in net position.	(220,824)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$11,499, a deferred resource inflow in the amount of \$266,924, and a net OPEB liability in the amount of \$638,115. This resulted in an increase (decrease) in net position.	(893,540)
5 The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(228,977)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	582,879
19 Net Position of Governmental Activities	\$ 4,172,573

The notes to the financial statements are an integral part of this statement.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 1,558,217	\$ 317,307	\$ 9,643
5800	State Program Revenues	933,268	34	-
5900	Federal Program Revenues	-	-	-
5020	Total Revenues	2,491,485	317,341	9,643
EXPENDITURES:				
Current:				
0011	Instruction	1,065,362	-	-
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-
0023	School Leadership	168,577	-	-
0031	Guidance, Counseling and Evaluation Services	39,542	-	-
0033	Health Services	1,277	-	-
0034	Student (Pupil) Transportation	83,489	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	154,704	-	-
0041	General Administration	260,936	-	-
0051	Facilities Maintenance and Operations	229,985	-	150,937
0053	Data Processing Services	54,476	-	-
Debt Service:				
0071	Principal on Long-Term Debt	-	206,480	-
0072	Interest on Long-Term Debt	-	15,650	-
0073	Bond Issuance Cost and Fees	-	460	-
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	10,041	-	-
0099	Other Intergovernmental Charges	41,996	-	-
6030	Total Expenditures	2,110,385	222,590	150,937
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	381,100	94,751	(141,294)
OTHER FINANCING SOURCES (USES):				
7949	Other Resources	-	134,108	-
8949	Other (Uses)	-	(134,108)	-
7080	Total Other Financing Sources (Uses)	-	-	-
1200	Net Change in Fund Balances	381,100	94,751	(141,294)
0100	Fund Balance - September 1 (Beginning)	725,419	166,013	350,221
3000	Fund Balance - August 31 (Ending)	\$ 1,106,519	\$ 260,764	\$ 208,927

The notes to the financial statements are an integral part of this statement.

	Other Funds	Total Governmental Funds
\$	13,255	\$ 1,898,422
	1,478	934,780
	246,834	246,834
	261,567	3,080,036
	88,001	1,153,363
	31,697	31,697
	383	383
	-	168,577
	-	39,542
	-	1,277
	-	83,489
	123,868	123,868
	-	154,704
	-	260,936
	-	380,922
	1,614	56,090
	-	206,480
	-	15,650
	-	460
	-	10,041
	-	41,996
	245,563	2,729,475
	16,004	350,561
	-	134,108
	-	(134,108)
	-	-
	16,004	350,561
	57,249	1,298,902
\$	73,253	\$ 1,649,463

OAKWOOD INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 350,561
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2018 capital outlays and debt principal payments is to increase (decrease) net position.	206,480
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(228,977)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	21,590
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$34,544. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability. This caused a decrease in net position totaling \$31,885. Finally, the proportionate share of the pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$18,980. The net result is an increase (decrease) in the change in net position.	(16,321)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$11,401. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$7,628. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by (\$221,618). The net result is an increase (decrease) in the change in net position.	225,391
Change in Net Position of Governmental Activities	\$ 558,724

The notes to the financial statements are an integral part of this statement.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2018

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 43,766
Total Assets	<u>\$ 43,766</u>
LIABILITIES	
Due to Student Groups	\$ 43,766
Total Liabilities	<u>\$ 43,766</u>

The notes to the financial statements are an integral part of this statement.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Oakwood Independent School District (“The District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *GASB Statement No. 56*; and it complies with the requirements of the appropriate version of Texas Education Agency’s *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

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

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

A. REPORTING ENTITY

The Board of Trustees (the “Board”) has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public, has the authority to make decisions, appoint administrators and managers, significantly influence operations, and has primary accountability for fiscal matters. As such, the District is not included in any other governmental “reporting entity” as defined by *GASB Statement No. 14, The Financial Reporting Entity*. There are no component units included within the reporting entity. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. Direct costs are identifiable with a specific function. Program revenues of the District include charges for services and operating grants and contributions. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

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 and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The Agency funds apply the accrual basis of accounting but do not have a measurement focus. All assets and all liabilities associated with operation of these funds are included on the Statement of Net Position. The total net position is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

The fiduciary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

The Agency funds apply the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

D. FUND ACCOUNTING

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues, and expenditures or expenses.

The District reports the following fund types:

Governmental Funds:

1. General Fund - The general fund is the District's primary operating fund and is always reported as a major fund. It accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds - The District accounts for resources restricted to, or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

3. Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

4. Capital Projects Fund - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Fiduciary Funds:

5. Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the student activity fund.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and highly liquid investments such as certificates of deposits, money market funds, local government investment pools, Treasury bills, and commercial paper that have a maturity from time of purchase of three months or less.

F. INVENTORIES

The District records purchases of supplies as expenditures. Inventory on the balance sheet, when present, is recorded at cost and represents supplies and materials purchased for the subsequent school year. Food service commodities are recorded at fair market value as supplied by the Texas Department of Human Services.

G. PREPAYMENTS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

H. CAPITAL ASSETS

Capital assets, which include land, buildings, furniture and equipment are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 50
Vehicles	8 - 10
Furniture and Equipment	8 - 10

Land and construction in progress are not depreciated.

I. DEFERRED OUTFLOWS / DEFERRED INFLOWS OF RESOURCES

GASB No. 63 and GASB No. 65 provide guidance on financial reporting related to deferred outflows of resources and deferred inflows of resources. The objective of these statements is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

In addition to assets, the Balance Sheet and Statement of Net Position may report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Balance Sheet and Statement of Net Position may report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resource (revenue) until that time.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

J. LONG TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as current year debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. FUND BALANCE

The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

1. Nonspendable fund balance - includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable.
2. Restricted Fund Balance - includes amounts that are restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions of enabling legislation.
3. Committed Fund Balance - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. Those committed amounts cannot be used for any other purposes unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
4. Assigned Fund Balance - includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Board or by other officials to which the Board has delegated the authority to assign amounts to be used for specific purposes. When it is appropriate for fund balance to be assigned, the Board delegates the responsibility to assign funds to the Superintendent or his/her designee.
5. Unassigned Fund Balance - is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The District will utilize funds in the following spending order: Restricted, Committed, Assigned and Unassigned.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

L. 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.

M. DATA CONTROL CODES

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

N. TEACHER RETIREMENT SYSTEM

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

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the year</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Assets</u>
Land	\$ 30 850	\$	\$ 30 850	
Buildings & Improvements	7 916 643	3 264 318	4 652 325	
Furniture & Equipment	1 213 388	1 006 032	207 356	
Vehicles	<u>770 464</u>	<u>640 828</u>	<u>129 636</u>	
Totals	<u>\$ 9 931 345</u>	<u>\$ 4 911 178</u>		
Change in Net Position				<u>\$ 5 020 167</u>
<u>Long-term Liabilities at the Beginning of the Year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			<u>\$ 1 943 075</u>	
Change in Net Position				<u>(1 943 075)</u>
Net Adjustment to Net Position				<u>\$ 3 077 092</u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Assets</u>	<u>Adjustments to Net Position</u>
Current Year Capital Outlay:			
Buildings & Improvements	\$	\$	\$
Furniture & Equipment	<u> </u>		
Total Capital Outlay	<u> 0</u>	<u> 0</u>	<u> 0</u>
Debt Payments:			
Bond Principal	<u> 206 480</u>		
Total Principal Payments	\$ <u> 206 480</u>	<u> 206 480</u>	<u> 206 480</u>
Total Adjustment to Net Position		<u><u> 206 480</u></u>	<u><u> 206 480</u></u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

C. EXPLANATION OF OTHER DIFFERENCES

Another element of the reconciliation on Exhibits C-2 and C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Assets	Adjustments to Net Position
	<u> </u>	<u> </u>	<u> </u>
Adjustments to Revenue and Deferred Revenue:			
Taxes Collected from Prior Year Levies	\$ 70 158	\$ (70 158)	\$
Uncollected taxes(assumed collectible) from Current Year Levy	91 647	91 647	91 647
Uncollected Taxes (assumed collectible) from Prior Year Levy	491 862		491 862
Accrued Interest on Debt:			
Prior Year	731	731	
Current Year	630	(630)	(630)
		<u> </u>	<u> </u>
 Total		 <u><u>\$ 21 590</u></u>	 <u><u>\$ 582 879</u></u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Fund). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1 and the other two reports are in Exhibits J-4 and J-5.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20 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. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The budget was amended as necessary during the year.

Each budget is controlled at the organizational level by the administration, appropriate department head or campus principal within Board allocations at the revenue and expenditure function /object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	<u>August 31, 2018</u> <u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 64 331
Nonappropriated Budget Funds	<u>8 922</u>
All Special Revenue Funds	<u><u>\$ 73 253</u></u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District made expenditures in excess of budgeted amounts in the General Fund and in the Child Nutrition Program.

C. ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrance accounting is utilized to ensure effective budgetary control and accountability. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities. Since appropriations lapse at the end of each fiscal year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. There were no outstanding encumbrances at the end of the fiscal year that were subsequently provided for in the 2018-2019 budget.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The Public funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar - weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

State statutes and Board policy authorize the District to invest in 1) Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.; 2) Certificates of deposit and share certificates as permitted by Government Code 2256.010.; 3) Fully collateralized repurchase agreements permitted by Government Code 2256.011.; 4) A securities lending program as permitted by Government Code 2256.0115.; 5) Banker's acceptances as permitted by Government Code 2256.012.; 6) Commercial paper as permitted by Government Code 2256.013.; 7) No load money market mutual funds and no load mutual funds as permitted by Government Code 2256.014.; 8) A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.; and 9) Public funds investment pools as permitted by Government Code 2256.016.

In compliance with the Public Funds Investment Act, the District has adopted an investment policy. The District is in substantial compliance with the requirements of the Act and with local policies. The risks that the District may be subject are:

- a. Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the District's deposits, including checking, money market accounts and certificates of deposit, may not be returned to it.

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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. During 2017-2018 the District's combined deposits were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

The largest combined balances of cash, savings and time deposit accounts amounted to \$1,377,628 and occurred on February 28, 2018. The amount of bond or market value of securities pledged as of the date of the highest combined balance on deposit was \$1,136,090. The total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

- b. Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Any investment that is both uninsured and unregistered is exposed to custodial credit risk if the investment is held by the counterparty, or if the investment is held by the counterparty's trust department or agent, but not in the name of the investor government. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Positions in external investment pools are not subject to custodial credit risk.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

- c. Interest Rate Risk: Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.
- d. Concentration of Credit Risk: Concentration risk is defined as positions of five percent or more in the securities of a single issuer. This is the issuer of the underlying investment, and not a pool. This does not apply to U.S. Government securities.

CASH DEPOSITS

At August 31, 2018, the amount of the District's cash balance in checking accounts was \$848,007.

INVESTMENTS - CASH EQUIVALENTS

The District's investments - cash equivalents at August 31, 2018, are shown below:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
First Public / Lone Star Investment Pool	\$ 680 771	\$ 680 700	.18174
Total Investments	<u>\$ 680 771</u>	<u>\$ 680 700</u>	

INVESTMENTS - OTHER

The District's investments - other at August 31, 2018, are shown below:

	<u>Cost</u>	<u>Fair Value</u>	<u>Weighed Average Maturity (Years)</u>
N/A	\$ _____	\$ _____	
Total Investments	<u>\$ _____</u>	<u>\$ _____</u>	

Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices. Accordingly the market value of the position in these pools is the same as the value of the shares in each pool, which approximates the carrying amount. The investment pools are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

For the purpose of the statement of cash flows for proprietary fund types, if any, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid by February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Delinquent taxes not paid by June 30 are subject to penalty and interest charges plus delinquent collection fees for attorney costs. Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible taxes are periodically reviewed and written off by the District as provided by specific statutory authority from the Texas Legislature.

The assessed value of the property tax roll on January 1, 2017 upon which the levy for the 2017-2018 fiscal year was based, was \$140,515,927. The tax rates assessed for the year ended August 31, 2018 to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$.2044 per \$100 valuation, respectively, for a total of \$1.2444 per \$100 valuation. Current tax collections for the year ended August 31, 2018 were 94.4% of the year end adjusted tax levy. As of August 31, 2018, property taxes receivable totaled \$560,075 and \$54,145 for the General and Debt Service Funds respectively.

C. RECEIVABLES FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2018 are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Receivables from Other Governments.

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total
State Foundation	\$ 200 977	\$	\$	\$	\$ 200 977
State Grants					
Federal Grants				32 977	32 977
Other District		3 275			3 275
Total	<u>\$ 200 977</u>	<u>\$ 3 275</u>	<u>\$ 0</u>	<u>\$ 32 977</u>	<u>\$ 237 229</u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2018 consisted of the following individual fund amounts:

<u>Fund</u>	<u>Due From</u>	<u>Due to</u>
General Fund:		
Debt Service Fund	\$ _____	\$ _____
Debt Service Fund:		
General Fund	\$ _____	\$ _____
Totals	<u>\$ 0</u>	<u>\$ 0</u>

Interfund transfers for the year ended August 31, 2018 consisted of the following individual fund amounts:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Debt Service Fund	\$ _____	\$ _____
Debt Service Fund:		
General Fund	\$ _____	\$ _____
Totals	<u>\$ 0</u>	<u>\$ 0</u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2018, were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total
Property Taxes (Net)	\$ 532 071	\$ 51 438	\$	\$	\$ 583 509
Other Governments	<u>200 977</u>	<u>3 275</u>	<u></u>	<u>32 977</u>	<u>237 229</u>
Totals	<u>\$ 733 048</u>	<u>\$ 54 713</u>	<u>\$ 0</u>	<u>\$ 32 977</u>	<u>\$ 820 738</u>

Payables at August 31, 2018, were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total
Accounts Payable	\$	\$		\$	\$
Accrued Wages	<u>64 212</u>	<u></u>	<u></u>	<u>6 533</u>	<u>70 745</u>
Totals	<u>\$ 64 212</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 6 533</u>	<u>\$ 70 745</u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

F. CAPITAL ASSET ACTIVITY

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

	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Nondepreciable Capital Assets				
Land	\$ 30 850	\$	\$	\$ 30 850
Other Non Depreciable Assets	597			597
Subtotal Nondepreciable Assets	<u>31 447</u>			<u>31 447</u>
Depreciable Capital Assets				
Building & Improvements	7 916 643			7 916 643
Furniture & Equipment	1 212 791			1 212 791
Vehicles	770 464			770 464
Subtotal Depreciable Assets	<u>9 899 898</u>			<u>9 899 898</u>
Total at Historical Cost	<u>9 931 345</u>			<u>9 931 345</u>
Less Accumulated Depreciation for:				
Buildings & Improvements	3 264 318	174 757		3 439 075
Furniture & Equipment	1 006 032	20 068		1 026 100
Vehicles	640 828	34 152		674 980
Total Accumulated Depreciation	<u>4 911 178</u>	<u>228 977</u>		<u>5 140 155</u>
Governmental Activities Capital Assets, Net	<u>\$ 5 020 167</u>	<u>\$ (228 977)</u>	<u>\$</u>	<u>\$ 4 791 190</u>

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$ 150 565
34	Student (Pupil) Transportation	38 882
35	Food Services	1603
36	Cocurricular/Extracurricular Activities	26 945
41	General Administration	3 943
51	Plant Maintenance and Operations	6 687
52	Security and Monitoring	<u>352</u>
	Total Depreciation Expense	<u>\$ 228 977</u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

G. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the Long-Term Debt Account Group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in bonds payable for the year ended August 31, 2018 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 9/1/17	Issued	Retired	Amounts Outstanding 8/31/18	Interest Current Year
Unlimited Tax Qualified School Construction Bonds Series 2010	0.5%	\$ 4 500 000	\$ 2 575 000	\$	\$ 280 000	\$ 2 295 000	\$ 12 175
Less:							
Allocated to Buffalo ISD			(1 181 925)		(128 520)	(1 053 405)	(5 588)
Net			1 393 075		151 480	1 241 595	6 587
Unlimited Tax School Building Bonds, Series 2017	1.05% to 2.1%	550 000	550 000		55 000	495 000	9 063
Totals			<u>\$ 1 943 075</u>	<u>\$ 0</u>	<u>\$ 206 480</u>	<u>\$ 1 736 595</u>	<u>\$ 15 650</u>

Debt service requirements for Oakwood ISD are as follows:

Year Ended August 31	General Obligations		
	Principal	Interest	Total Requirements
2019	\$ 207 562	\$ 13 793	\$ 221 355
2020	213 103	12 323	225 426
2021	214 185	10 744	224 929
2022	214 726	9 072	223 798
2023	220 808	7 231	228 039
2024 - 2026	<u>666 211</u>	<u>9 522</u>	<u>675 733</u>
Totals	<u>\$ 1 736 595</u>	<u>\$ 62 685</u>	<u>\$ 1 799 280</u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Debt service requirements for the Series 2010 Bond Issue allocated to Buffalo ISD are as follows:

Year Ended August 31	General Obligations		Total Requirements
	Principal	Interest	
2019	\$ 129 438	\$ 4 943	\$ 134 381
2020	129 897	4 295	134 192
2021	130 815	3 643	134 458
2022	131 274	2 988	134 262
2023	132 192	2 329	134 521
2024-2026	<u>399 789</u>	<u>3 006</u>	<u>402 795</u>
Totals	<u>\$ 1 053 405</u>	<u>\$ 21 204</u>	<u>\$ 1 074 609</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2018.

The final decision of the State Commissioner of Education in TEA Docket No. 095-R6-0711, Barbara S. Johnson, et al. V. Oakwood Independent School District detached territory consisting of the former Lone Star Rural High School District from Oakwood ISD and annexed it to Buffalo ISD with an effective date of July 1, 2013. Under Section 13.004, Texas Education Code, the Commissioners' Courts of Leon and Freestone Counties agreed to an equitable allocation of indebtedness, taking into consideration the value of the properties involved and the taxable values of the districts involved. The agreed allocation is shown above.

H. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Issued	Reduction	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable					
Qualified School Construction Bonds	\$ 2 575 000	\$	\$ 280 000	\$ 2 295 000	\$ 282 000
Less:					
Allocated to					
Buffalo ISD	(1 181 925)		(128 520)	(1 053 405)	(129 438)
Net	<u>1 393 075</u>		<u>151 480</u>	<u>1 241 595</u>	<u>152 562</u>
General Obligation Bonds	550 000		55 000	495 000	55 000
Total Governmental Activities Long-term Liabilities	<u>\$ 1 943 075</u>	<u>\$</u>	<u>\$ 206 480</u>	<u>\$ 1 736 595</u>	<u>\$ 207 562</u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

I. UNEARNED REVENUE AND UNAVAILABLE REVENUE

Unearned revenue at the fiscal year-end consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total
State Foundation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Unavailable revenue at the fiscal year end consisted of the following:

Net Property Taxes	\$ 532 071	\$ 51 438	\$ 0	\$ 0	\$ 583 509
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OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

J. FUND BALANCE

Fund Balance is classified as nonspendable, restricted, committed, assigned and/or unassigned. The individual fund balances of the District are:

<u>Fund Balance</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Funds</u>	<u>Total</u>
Nonspendable:					
Inventory	\$	\$	\$	\$	\$
Prepaid Items					
Restricted:					
Federal Grants				64 331	64 331
State Grants				8 922	8 922
Debt Service		260 764			260 764
Capital Projects			208 927		208 927
Other					
Committed:					
Construction					
Assigned:					
Campus Activity					
Unassigned	<u>1 106 519</u>				<u>1 106 519</u>
Total Fund Balances	<u>\$ 1 106 519</u>	<u>\$ 260 764</u>	<u>\$ 208 927</u>	<u>\$ 73 253</u>	<u>\$ 1 649 463</u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

K. LOCAL AND INTERMEDIATE SOURCES OF REVENUES

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total
Property Taxes	\$ 1 413 085	\$ 279 395	\$	\$	\$ 1 692 480
Penalties, Interest & Other					
Tax Related Income	52 315	4 880			57 195
Food Sales				10 586	10 586
Investment Income	7 889		4 643		12 532
Co-curricular Student Activities	5 632				5 632
Other	<u>79 296</u>	<u>33 032</u>	<u>5 000</u>	<u>2 669</u>	<u>119 997</u>
Totals	<u>\$ 1 558 217</u>	<u>\$ 317 307</u>	<u>\$ 9 643</u>	<u>\$ 13 255</u>	<u>\$ 1 898 422</u>

L. JOINT VENTURE SHARED SERVICE ARRANGEMENT

The District participates in a shared services arrangement for special education services with four other school districts. Although a portion of the shared services arrangement is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. 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 services arrangement. The District made payments to the fiscal agent of \$8,031.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

M. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued 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/TRS%20Documents/cafr2016.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates		
	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2018 Current Year Employer Contributions	\$	<u>34 544</u>
District's 2018 Current Year Member Contributions	\$	<u>105 766</u>
District's 2017 Measurement Year NECE On-Behalf Contributions	\$	<u>65 285</u>

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public 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 source, a privately sponsored source, from non-educational and general, or local funds.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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

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

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

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age, Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases Including Inflation	3.5% to 9.5%
Ad hoc Post Employment Benefit Changes	None

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

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns *
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflations Expectations			2.2%
Alpha			1.0%
Total	<u>100%</u>		<u>8.7%</u>

**The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.*

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$ <u>524 405</u>	\$ <u>311 071</u>	\$ <u>133 437</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2018, the District reported a liability of \$311,071 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 were as follows:

District's proportionate share of the collective net pension liability	\$ 311 071
State's proportionate share that is associated with the District	<u>638 263</u>
Total	<u><u>\$ 949 334</u></u>

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

At August 31, 2017 the employer's proportion of the collective net pension liability was .00097287%, which was an increase (decrease) of .000072627% from its proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation - There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:.

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

For the year ended August 31, 2018, the District recognized pension expense of \$ 48,684 and revenue of \$48,684 for support provided by the State.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4 551	\$ 16 776
Changes in actuarial assumptions	14 170	8 112
Difference between projected and actual investment earnings		22 670
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	84 560	20
Total as of August 31, 2017 measurement date	\$ 103 281	\$ 47 578
Contributions paid to TRS subsequent to the measurement date	34 544	
Total as of fiscal year end	<u>\$ 137 825</u>	<u>\$ 47 578</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2019	\$ 9 461
2020	29 318
2021	7 935
2022	1 787
2023	4 689
Thereafter	2 513

Long-Term Liability Disclosure

	Beginning Balance	Additions	Retirements	Ending Balance
Net Pension Liability	\$ 340 188	\$ 2 768	\$ 31 885	\$ 311 071

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

N. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

Benefits Provided

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

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

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

TRS-Care Plan Premium Rates
Effective Sept. 1, 2016 - Dec. 31, 2017

	TRS-Care 1	TRS-Care 2	TRS-Care 3
	Basic Plan	Optional Plan	Optional Plan
Retiree	\$ 0	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82
* or surviving spouse			

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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

CONTRIBUTION RATES		
	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private Funding remitted by Employers	1.00%	1.25%
District's 2018 Employer Contributions		\$ 11 401
District's 2018 Member Contributions		\$ 8 928
District's 2017 NECE On-behalf Contributions		\$ 10 712

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2016 and \$182.6 million in fiscal year 2018.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2017 TRS CAFR, Note 10, page 82.*

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

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.5%
Discount Rate	3.42%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.5%
Projected Salary Increases	3.5% - 9.5%
Healthcare Trend Rates	4.5% to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Other Information

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

Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. *The Discount Rate can be found in the 2017 TRS CAFR on page 83.* Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected *to not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. **The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20 -year Municipal GO AA Index” as of August 31, 2017.**

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District’s proportionate share of the Net OPEB liability:	\$ 753 134	\$ 638 115	\$ 545 665

Healthcare Cost Trend Rates Sensitivity Analysis

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase in
Proportionate share of net OPEB liability:	\$ 531 294	\$ 638 115	\$ 778 277

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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

At August 31, 2018, the District reported a liability of \$638,115 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 total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB Liability	\$ 638 115
State's proportionate share that is associated with the District	\$ 896 005
Total	<u>\$ 1 534 120</u>

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

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was .0014673944%.

Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statement for August 31, 2016 for TRS stated that the change in proportions was immaterial and, therefore, disregarded this year.

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

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

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$(299,827) and revenue of \$(299,827) for support provided by the State. (Refer to the 2017 Schedule of On-Behalf Contributions for this information posted on the TRS website under GASB Statements 74 & 75.)

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$	\$ 13 321
Changes in actuarial assumptions		253 603
Difference between projected and actual investment earnings	97	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1	
Total as of August 31, 2017 measurement date	98	266 924
Contributions paid to TRS subsequent to the measurement date	11 401	
Total as of fiscal year end	\$ 11 499	\$ 266 924

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2019	\$ (35 207)
2020	(35 208)
2021	(35 208)
2022	(35 208)
2023	(35 232)
Thereafter	(90 763)

Long-Term Liability Disclosure

	Beginning Balance	Additions	Retirements	Ending Balance
Net OPEB Liability	\$ 1 126 559	\$ (480 815)	\$ 7 629	\$ 638 115

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

O. HEALTH CARE

During the year ended August 31, 2018 employees of the Oakwood Independent School District were covered by the state sponsored health insurance plan. The District paid premiums of \$225 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents.

All premiums were paid to TRS-ActiveCare, the statewide health coverage program for public education employees administered by Aetna. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and TRS ActiveCare is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Aetna are available for the most recent year and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

P. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description

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

Medicare Part D:

Federal Government Retiree Drug Subsidy - Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by the District. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire payroll reported by all reporting entities. The amount allocated on-behalf for the year ended August 31, 2018 is estimated by TRS at \$5,559.

Q. COMPENSATED ABSENCES

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying general purpose financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest for most employees. Therefore, a liability for unused sick leave has not been recorded in the accompanying general purpose financial statements for these employees.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

R. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (noncapitalized) lease agreements for equipment provided for minimum future rental payments as of August 31, 2018, as follows:

<u>Year Ended</u> <u>August 31</u>	<u>Total</u>
2019	\$ 3 491
2020	<u>2 618</u>
Total Minimum Rentals	<u>\$ 6 109</u>
Rental Expenditures in Fiscal Year 2018	<u>\$ 3 491</u>

S. CONSTRUCTION AND OTHER COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectibility of any related receivable at August 31, 2018 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

T. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. During fiscal year 2018 the district purchased commercial insurance from the TASB Risk Management Fund to cover general liabilities. 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.

U. DETACHMENT AND ANNEXATION

The final decision of the State Commissioner of Education in TEA Docket No. 095-R6-0711, Barbara S. Johnson, et al. V. Oakwood Independent School District detached territory consisting of the former Lone Star Rural High School District from Oakwood ISD and annexed it to Buffalo ISD with an effective date of July 1, 2013. Under Section 13.004, Texas Education Code, the Commissioners' Courts of Leon and Freestone Counties agreed to an equitable allocation of indebtedness, taking into consideration the value of the properties involved and the taxable values of the districts involved. The allocation of debt is described in Note G.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

V. SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 21, 2019; the date which the financial statements were available for distribution. There were none noted.

W. PRIOR PERIOD ADJUSTMENT

During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. With GASB 75, the District must assume their proportionate share of the Net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled \$(1,118,931) which resulted in a restated beginning net position balance of \$3,613,849.

REQUIRED SUPPLEMENTARY INFORMATION

OAKWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,390,692	\$ 1,390,692	\$ 1,558,217	\$ 167,525
5800	State Program Revenues	681,614	693,634	933,268	239,634
5020	Total Revenues	2,072,306	2,084,326	2,491,485	407,159
EXPENDITURES:					
Current:					
0011	Instruction	1,022,479	1,032,508	1,065,362	(32,854)
0012	Instructional Resources and Media Services	250	250	-	250
0023	School Leadership	75,288	157,390	168,577	(11,187)
0031	Guidance, Counseling and Evaluation Services	50,608	42,755	39,542	3,213
0033	Health Services	500	1,300	1,277	23
0034	Student (Pupil) Transportation	99,352	88,852	83,489	5,363
0036	Extracurricular Activities	144,573	148,738	154,704	(5,966)
0041	General Administration	242,147	260,197	260,936	(739)
0051	Facilities Maintenance and Operations	214,155	231,455	229,985	1,470
0052	Security and Monitoring Services	7,500	200	-	200
0053	Data Processing Services	60,500	60,500	54,476	6,024
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	11,600	13,031	10,041	2,990
0099	Other Intergovernmental Charges	41,000	47,150	41,996	5,154
6030	Total Expenditures	1,969,952	2,084,326	2,110,385	(26,059)
1200	Net Change in Fund Balances	102,354	-	381,100	381,100
0100	Fund Balance - September 1 (Beginning)	725,419	725,419	725,419	-
3000	Fund Balance - August 31 (Ending)	\$ 827,773	\$ 725,419	\$ 1,106,519	\$ 381,100

OAKWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.00097287%	0.000900243%	0.000926%	0.0005461%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 311,071	\$ 340,188	\$ 327,329	\$ 145,872
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	638,263	746,777	693,382	676,567
Total	<u>\$ 949,334</u>	<u>\$ 1,086,965</u>	<u>\$ 1,020,711</u>	<u>\$ 822,439</u>
District's Covered Payroll	\$ 1,187,046	\$ 1,098,895	\$ 1,038,470	\$ 1,136,224
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	26.21%	30.96%	31.52%	12.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

OAKWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 34,544	\$ 31,885	\$ 28,602	\$ 27,421
Contribution in Relation to the Contractually Required Contribution	(34,544)	(31,885)	(28,602)	(27,421)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 1,373,589	\$ 1,187,046	\$ 1,098,895	\$ 1,038,470
Contributions as a Percentage of Covered Payroll	2.51%	2.69%	2.60%	2.64%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

OAKWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.001467394%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 638,115
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) Associated with the District	896,005
Total	<u>\$ 1,534,120</u>
District's Covered Payroll	\$ 1,187,046
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	53.76%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2018

	<u>2018</u>
Contractually Required Contribution	\$ 11,401
Contribution in Relation to the Contractually Required Contribution	(11,401)
	<u>\$ -0-</u>
Contribution Deficiency (Excess)	
District's Covered Payroll	\$ 1,373,589
Contributions as a Percentage of Covered Payroll	0.83%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2018

PENSIONS:

Changes of Benefit Terms

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

Changes of Assumptions

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

OTHER POST-EMPLOYMENT BENEFITS:

Changes of Benefit Term

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

Changes of Assumptions

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

COMBINING STATEMENTS

OAKWOOD INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes		211	240	255	288
		ESEA I, A Improving Basic Program	National Breakfast and Lunch Program	ESEA II,A Training and Recruiting	REAP Grant
ASSETS					
1110	Cash and Cash Equivalents	\$ (14,122)	\$ 60,843	\$ (5,043)	\$ -
1240	Due from Other Governments	19,563	5,239	5,043	-
1000	Total Assets	<u>\$ 5,441</u>	<u>\$ 66,082</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
2160	Accrued Wages Payable	\$ 4,945	\$ 1,588	\$ -	\$ -
2200	Accrued Expenditures	496	163	-	-
2000	Total Liabilities	<u>5,441</u>	<u>1,751</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	64,331	-	-
3000	Total Fund Balances	<u>-</u>	<u>64,331</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 5,441</u>	<u>\$ 66,082</u>	<u>\$ -</u>	<u>\$ -</u>

289 Title IV Part A	410 State Textbook Fund	Total Nonmajor Governmental Funds
\$ (3,132)	\$ 8,922	\$ 47,468
3,132	-	32,977
<u>\$ -</u>	<u>\$ 8,922</u>	<u>\$ 80,445</u>
\$ -	\$ -	\$ 6,533
-	-	659
<u>-</u>	<u>-</u>	<u>7,192</u>
-	8,922	73,253
<u>-</u>	<u>8,922</u>	<u>73,253</u>
<u>\$ -</u>	<u>\$ 8,922</u>	<u>\$ 80,445</u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	288 REAP Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 10,586	\$ -	\$ 2,669
5800 State Program Revenues	-	973	-	-
5900 Federal Program Revenues	88,572	133,257	6,485	8,520
5020 Total Revenues	88,572	144,816	6,485	11,189
EXPENDITURES:				
Current:				
0011 Instruction	56,880	-	6,102	11,184
0012 Instructional Resources and Media Services	31,692	-	-	5
0013 Curriculum and Instructional Staff Development	-	-	383	-
0035 Food Services	-	123,868	-	-
0053 Data Processing Services	-	1,614	-	-
6030 Total Expenditures	88,572	125,482	6,485	11,189
1200 Net Change in Fund Balance	-	19,334	-	-
0100 Fund Balance - September 1 (Beginning)	-	44,997	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 64,331	\$ -	\$ -

289 Title IV Part A	410 State Textbook Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 13,255
-	505	1,478
10,000	-	246,834
10,000	505	261,567
10,000	3,835	88,001
-	-	31,697
-	-	383
-	-	123,868
-	-	1,614
10,000	3,835	245,563
-	(3,330)	16,004
-	12,252	57,249
\$ -	\$ 8,922	\$ 73,253

REQUIRED TEA SCHEDULES

OAKWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2018

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	Various	Various	\$ Various
2010	1.040000	0.000000	190,650,690
2011	1.040000	0.185000	172,322,380
2012	1.040000	0.179000	166,543,058
2013	1.040000	0.178000	165,603,785
2014	1.040000	0.204400	82,392,673
2015	1.040000	0.204400	75,745,001
2016	1.040000	0.204400	102,729,227
2017	1.040000	0.204400	115,076,207
2018 (School year under audit)	1.040000	0.204400	140,515,927
1000 TOTALS			

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 211,296	\$ -	\$ 9,346	\$ -	\$ (17,429)	\$ 184,521
30,378	-	1,382	-	(575)	28,421
39,869	-	1,685	237	(677)	37,270
44,651	-	2,526	212	(674)	41,239
48,598	-	3,003	144	(674)	44,777
42,731	-	2,299	452	(700)	39,280
47,146	-	4,228	831	(876)	41,211
53,487	-	5,278	1,038	(1,625)	45,546
73,445	-	12,433	2,556	(2,972)	55,484
-	1,748,580	1,370,905	273,925	(7,279)	96,471
<u>\$ 591,601</u>	<u>\$ 1,748,580</u>	<u>\$ 1,413,085</u>	<u>\$ 279,395</u>	<u>\$ (33,481)</u>	<u>\$ 614,220</u>

OAKWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 7,000	\$ 7,000	\$ 10,586	\$ 3,586
5800	State Program Revenues	2,000	2,000	973	(1,027)
5900	Federal Program Revenues	93,000	93,000	133,257	40,257
5020	Total Revenues	102,000	102,000	144,816	42,816
EXPENDITURES:					
0035	Food Services	101,208	101,208	123,868	(22,660)
0053	Data Processing Services	-	792	1,614	(822)
6030	Total Expenditures	101,208	102,000	125,482	(23,482)
1200	Net Change in Fund Balances	792	-	19,334	19,334
0100	Fund Balance - September 1 (Beginning)	44,997	44,997	44,997	-
3000	Fund Balance - August 31 (Ending)	\$ 45,789	\$ 44,997	\$ 64,331	\$ 19,334

OAKWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 216,939	\$ 216,939	\$ 317,307	\$ 100,368
5800	State Program Revenues	5,000	5,000	34	(4,966)
5020	Total Revenues	221,939	221,939	317,341	95,402
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	214,885	274,807	206,480	68,327
0072	Interest on Long-Term Debt	6,929	6,929	15,650	(8,721)
0073	Bond Issuance Cost and Fees	125	125	460	(335)
6030	Total Expenditures	221,939	281,861	222,590	59,271
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(59,922)	94,751	154,673
OTHER FINANCING SOURCES (USES):					
7949	Other Resources	-	-	134,108	134,108
8949	Other (Uses)	-	-	(134,108)	(134,108)
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balances	-	(59,922)	94,751	154,673
0100	Fund Balance - September 1 (Beginning)	166,013	166,013	166,013	-
3000	Fund Balance - August 31 (Ending)	\$ 166,013	\$ 106,091	\$ 260,764	\$ 154,673

COMPLIANCE. INTERNAL CONTROL AND FEDERAL AWARDS

SMITH, LAMBRIGHT & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Marlin R. Smith, CPA
J. W. Lambright, CPA

Cheri E. Kirkland, CPA
David N. Hopkins, CPA

P. O. Box 912
505 E. Tyler
Athens, Texas 75751
(903) 675-5674
FAX (903) 675-5676
smithlambright.com

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*

Independent Auditor's Report

Board of School Trustees
Oakwood Independent School District
631 North Holly Street
Oakwood, Texas 75855

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended August 31, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 21, 2019.

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 controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

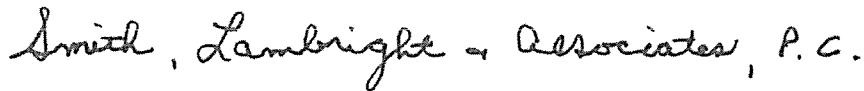
Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Smith, Lambright & Associates, P.C.".

SMITH, LAMBRIGHT & ASSOCIATES, P. C.
Certified Public Accountants
Athens, Texas

February 21, 2019

OAKWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018

I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?

_____ yes X no

- Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X N/A

Federal Awards:

N/A

Internal control over major programs:

- Material weakness(es) identified?

_____ yes _____ no

- Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ yes _____ none reported

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a)

_____ yes _____ no

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

N/A

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low risk auditee?

X yes _____ no

District Contact Person

Donald R. Lee, Ed.D.
Superintendent

OAKWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2018

II. Financial Statement Findings

The audit disclosed no findings required to be reported.

III. Federal Awards Findings and Questioned Costs

The audit disclosed no findings required to be reported.

OAKWOOD INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2018

N/A

OAKWOOD INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2018

N/A

OAKWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
REAP Grant	84.358A	S358A173585	\$ 8,520
Total Direct Programs			8,520
TOTAL U.S. DEPARTMENT OF EDUCATION			8,520
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18-610101145907	88,572
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18-694501145907	6,485
Title IV, Part A	84.424A	18-680101145907	10,000
Total Passed Through State Department of Education			105,057
TOTAL U.S. DEPARTMENT OF EDUCATION			105,057
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		37,592
*National School Lunch Program - Cash Assistance	10.555		86,741
*National School Lunch Prog. - Non-Cash Assistance	10.555		8,924
Total CFDA Number 10.555			95,665
Total Child Nutrition Cluster			133,257
Total Passed Through the State Department of Agriculture			133,257
TOTAL U.S. DEPARTMENT OF AGRICULTURE			133,257
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 246,834

*Clustered Programs

OAKWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in the General Fund or in a Special Revenue Fund which are Governmental Fund types.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

- The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions of the Period of Availability of Federal Funds.
- The National School Breakfast and Lunch Programs and the USDA donated commodities are accounted for in the nonmajor governmental funds. The Impact Aid, if any, is accounted for in the General Fund. Expenditures are not specifically attributable to these revenue sources and are shown on this schedule in an amount equal to revenue for balancing purposes only. The revenue for indirect costs is recognized in the General Fund.
- The expenditures shown on the Schedule of Expenditures of Federal Awards (SEFA) may not equal to total federal revenues shown on Exhibit C-3 by the amount of federal revenue recorded in various funds as shown below. These amounts are not subject to the Single Audit Act and are not required to be included in the SEFA.

Amount reported on the Schedule of Expenditures of Federal Awards \$	246 834
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Other	0
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Federal Program Revenue Reported on Exhibit C-3	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 0 10px;">\$ 246 834</div>
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