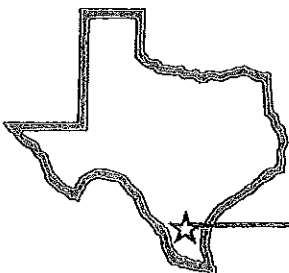


WEBB CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2017



WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Webb Consolidated Independent School District
Annual Financial Report
For The Year Ended August 31, 2017

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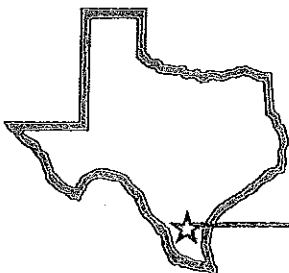
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Introductory Section



WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

CERTIFICATE OF BOARD

Webb Consolidated Independent School District
Name of School District

Webb
County

240904
Co.-Dist. Number

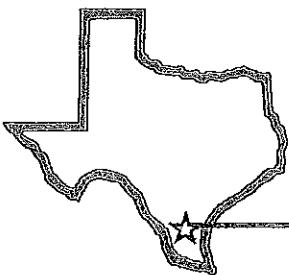
We, the undersigned, certify that the attached annual financial reports of the above named school district

at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

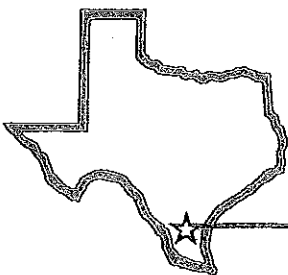
Signature of Board President

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



WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Financial Section



WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

JOHN WOMACK & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

P. O. BOX 1147
KINGSVILLE, TEXAS 78364
(361) 592-2671
FAX (361) 592-1411

Independent Auditor's Report

To the Board of Trustees
Webb Consolidated Independent School District
Box 206
Bruni, Texas 78344

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 the Webb Consolidated Independent School District ("the District") as of and for the year ended August 31, 2017, 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 District'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 District'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 Webb Consolidated Independent School District as of August 31, 2017, 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.

As described in Note A to the financial statements, in 2017, Webb Consolidated Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2017, Webb Consolidated Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*. Our opinion is not with respect to this matter.

As described in Note A to the financial statements, in 2017, Webb Consolidated Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 80, *Blending Requirements for Certain Component Units*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2017, Webb Consolidated Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 82, *Pension Issues - An Amendment of GASB No. 67 and No 73*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Webb Consolidated Independent School District's basic financial statements. The introductory section and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2017 on our consideration of Webb Consolidated Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Webb Consolidated Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



John Womack and Company, P.C.
Kingsville, TX
December 5, 2017

Management's Discussion and Analysis

This section of Webb Consolidated Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2017. Please read this in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

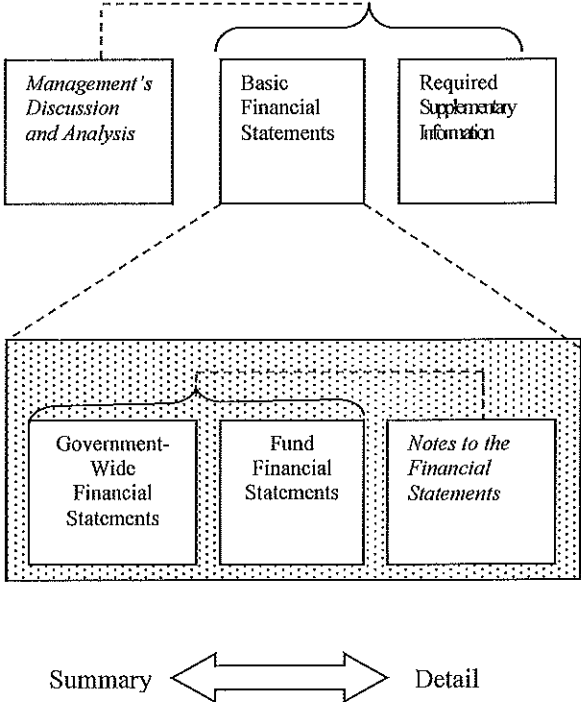
- The District's total combined net position was \$26,184,082 at August 31, 2017.
- During the year, the District's expenses were \$333,277 less than the \$9,993,041 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was \$1,282,004 less than last year due primarily to the decrease in contracted instructional services between public schools and instructional, curriculum and media services and an increase in student support services.
- The general fund reported a fund balance this year of \$7,833,188, an increase of \$893,096 over last year's fund balance of \$6,940,092.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*, such as self-insurance.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1. Required Components of the District's Annual Financial Report



The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-Wide and Fund Financial Statements				
<i>Type of Statements</i>	Fund Statements			
	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District's government (except fiduciary funds) and the District's component units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statement</i>	*Statement of net position *Statement of activities	*Balance Sheet *Statement of revenues, expenditures & changes in fund balances	*Statement of net position *Statement of revenues, expenses and changes in fund net position *Statement of cash flows	*Statement of Fiduciary net position *Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the District's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenue and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position -- the difference between the District's assets and liabilities -- are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has two types of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statement, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
 - We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities—such as the District's Self Insurance Fund.

- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net position. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District’s *combined* net position was \$26,184,082 at August 31, 2017. Investment in capital assets (e.g. land, buildings, furniture and equipment, less any related debt used to acquire those assets that is still outstanding) is \$13,392,050. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

A small portion of the District’s net position, \$8,928,020, represents resources that are subject to external restrictions on how they may be used. The \$3,864,012 of unrestricted net position represents resources available to fund the programs of the District next year. (See Table A-1).

Table A-1
The District's Net Position

	Governmental Activities		Total Change
	2017	2016	2017-2016
Current and other assets	\$ 16,323,222	\$ 16,944,112	\$ (620,890)
Capital and non-current assets	27,446,371	25,440,061	2,006,310
Total Assets	43,769,593	42,384,173	1,385,420
Deferred Outflow Related to Pensions	452,952	542,060	(89,108)
Total Deferred Outflows of Resources	452,952	542,060	(89,108)
Current liabilities	2,719,349	1,320,368	1,398,981
Long-term liabilities	15,160,107	15,644,098	(483,991)
Total Liabilities	17,879,456	16,964,466	914,990
Deferred Revenue	159,007	110,962	48,045
Total Deferred Inflows of Resources	159,007	110,962	48,045
Net Position			
Invested in Capital Assets	13,392,050	10,857,532	2,534,518
Restricted	8,928,020	(1,625,053)	10,553,073
Unrestricted	3,864,012	16,618,326	(12,754,314)
Total Net Position	\$ 26,184,082	\$ 25,850,805	\$ 333,277

Major changes in Governmental Activities are as follows:

Current and other assets decreased by \$620,890 while capital and non-current assets increased by \$2,006,310 primarily due to bond projects. Meanwhile, cash and cash Equivalents increased by \$1,623,548 due to the decrease of \$2,491,557 in current investments and receivables from other governments.

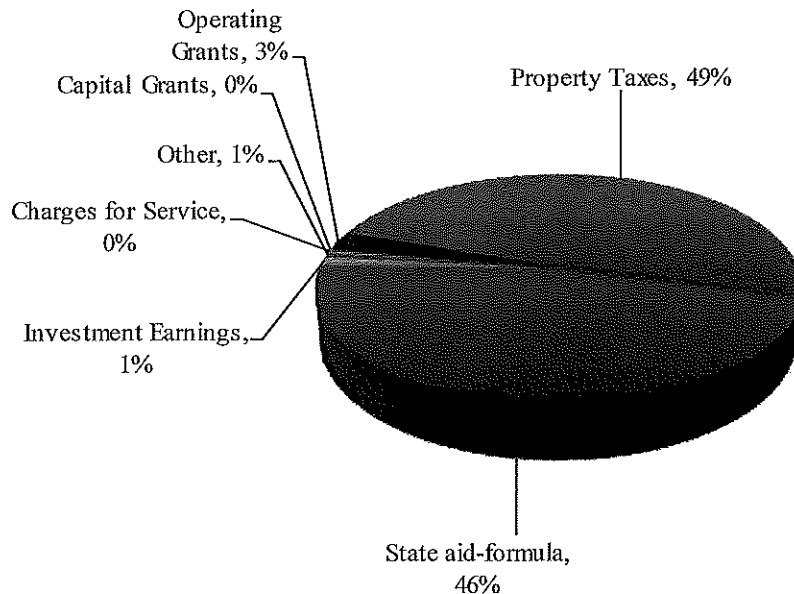
Comparatively, current liabilities increased \$1,398,981, due to an increase in accounts payable by \$1,121,137, and \$466,844 in unearned revenue, while the accrued liabilities decreased by \$65,251.

Long-term liabilities decreased by \$483,991 due to a decrease in general obligation bonds, resulting in a decrease in bond scheduled payments due in more than one year of \$444,160, because of scheduled bond payments in the current year.

Changes in net position

The District's total revenues were \$9,993,041. A significant portion, 49%, of the District's revenue comes from taxes (See Figure A-3). 46% comes from state-aid formula grants.

Figure A-3
Sources of Revenue for Fiscal Year



The total cost of all programs and services was \$9,659,764. Of these costs, 62% are for instructional and student services.

Governmental Activities

There were no changes in property tax rates for maintenance while debt service tax rates increased by \$.0100/\$100. The 27% decrease in property values, resulted in a decrease in tax revenues of \$773,093, or 14%.

Unrestricted grants increased \$153,333, or 3%. This increase in state grant revenue was due to the decrease in local tax revenue in prior years. Also note that contracted instructional services decreased by \$1,284,459, which was the result of three major components: WADA, Tax Collection, and T2 Values.

Table A-2
District Revenues and Expenditures

	Governmental Activities		Total Change
	2017	2016	2017-2016
Revenues:			
Program Revenues:			
Charges for service	\$ 38,482	\$ 49,622	\$ (11,140)
Operating grants and contributions	272,845	793,668	(520,823)
Capital grants and contributions	-	795,111	(795,111)
General Revenues:			
Property Taxes	4,859,805	5,632,898	(773,093)
Grants and contributions not restricted to specific functions	4,633,473	4,480,140	153,333
Investment earnings	117,563	39,156	78,407
Miscellaneous	70,873	61,050	9,823
Total Revenue	9,993,041	11,851,645	(1,858,604)
Expenses:			
Instruction, curriculum and media services	3,934,932	4,045,158	(110,226)
Instructional and school leadership	566,028	532,784	33,244
Student support services	515,530	453,093	62,437
Child nutrition	470,208	487,896	(17,688)
Cocurricular activities	477,417	420,786	56,631
General administration	785,173	761,353	23,820
Plant maintenance, security & data processing	1,500,536	1,503,045	(2,509)
Community services	228	624	(396)
Debt service	406,524	423,302	(16,778)
Capital Outlay	-	-	-
Contracted instructional service	949,175	2,233,634	(1,284,459)
Payments to Juvenile Justice Alternative Ed. Programs	-	7,110	(7,110)
Other Intergovernmental Charges	54,013	72,983	(18,970)
Total Expenses	9,659,764	10,941,768	(1,282,004)
Increase (Decrease) in net position	333,277	909,877	(576,600)
Net Position, Beginning	25,850,805	24,940,928	909,877
Prior period adjustment	-	-	-
Net Position, Ending	\$ 25,850,805	\$ 24,940,928	\$ 909,877

Table A-3 presents the cost of each of the District's largest functions as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$9,659,764.
- The amount that our taxpayers paid for these activities through property taxes was \$4,859,805, or 50%.
- Some of the cost was paid by those who directly benefited from the programs, \$38,482, and by grants and contributions of \$272,845.

Table A-3
Net Cost of Selected District Functions

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2017	2016		2017	2016	
Instruction	\$ 3,793,652	\$ 3,971,495	-4.48%	\$ 3,635,389	\$ 3,542,620	2.62%
General administration	785,173	761,353	3.13%	747,140	722,890	3.35%
Plant maintenance security & operations	1,500,536	1,503,045	-0.17%	1,468,701	1,455,543	0.90%
Contracted instructional services	949,175	2,233,634	-57.51%	944,407	2,223,578	-57.53%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$9,770,008, a decrease of 16% compared to the preceding year. This is primarily due to a decrease of \$1,474,098 from local sources, as the result of a \$773,093 reduction in property tax revenue, as well as the decrease of \$431,502 in state program revenues. Expenditures from governmental fund types totaled \$12,103,292, a decrease of 22% from the prior year. The largest decrease that occurred was \$1,284,459, in contracted instructional services between public schools.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$666,239 below final budget amounts. The positive variances are reflected fairly evenly in all functions, with instruction costs providing about one-half of the variance. Staffing is budgeted for full employment throughout the full year.

Also, resources available were \$108,953 below the financial budgeted amount. As noted earlier:

- Property tax collections and other local sources were \$5,406 below the final budget.
- The District maintained its own campus and has no plans for further expansion in the near future.
- State program revenue was \$103,509 below the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District had invested \$41,953,155 in a broad range of capital assets, including land, buildings, vehicle and equipment. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$3,192,791 or 8% over last year.

Table A-4
District's Capital Assets

Governmental Activities

	2016	Additions	Deletions	2017
Land	\$ 621,960	-	-	621,960
Buildings and improvements	32,624,055	3,039,855	128,046	35,535,864
Vehicles	1,957,079	-	-	1,957,079
Equipment	1,492,914	58,849	-	1,551,763
Construction in Progress	2,064,356	2,650,802	2,428,669	2,286,489
Totals at historical cost	<u>38,760,364</u>	<u>5,749,506</u>	<u>2,556,715</u>	<u>41,953,155</u>
Less				
Total accumulated depreciation	<u>13,320,303</u>	<u>1,260,113</u>	<u>73,632</u>	<u>14,506,784</u>
Net capital assets	<u>\$ 25,440,061</u>	<u>4,489,393</u>	<u>2,483,083</u>	<u>27,446,371</u>

Long-Term Debt

The District's long-term debt consists of \$12,705,000 in General Obligation Bonds, \$1,349,321 in Bond Premium and a net pension liability of \$1,450,786.

For additional data, please refer to Note F on pages 51 and 52.

Net Pension Liability

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

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental non-employer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred Inflows of-resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed.

For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred Inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised valuations used for the 2018 Budget preparation will be up \$155 million for maintenance and operations tax valuations and up \$338 million for debt service tax valuations. Continuing construction is anticipated for 2018, with the spending totaling \$4 million, during the year.
- General operating fund spending per student increased in the 2018 budget from \$22,075 in 2017 actual spending, exclusive of WADA costs, to \$23,471 in budgeted spending, a \$1,396 decrease. The District has budgeted \$853,245 for WADA purchasing in 2018; however, this number is not reflected in the spending per student.
- The district's 2018 refined average daily attendance is expected to be lower at approximately 255 students.

These indicators were taken into account when adopting the general fund budget for 2018. Amounts available for appropriation in the general fund budget are \$6,542,280, a decrease of 21% from the final 2017 budget of \$8,283,845.

Maintenance and operating property taxes will increase \$2,164,384, or 70%, from the prior year's final budget, due to a tax rate increase of \$0.0104/100, while the interest and sinking funds property valuations increase by \$338 million; the tax rate will decrease \$0.0300/100 for debt service. State revenue is expected to decline by \$3,721,940 or 86% below 2017 actual state revenue of \$4,307,758 as a result of ASATR funding expired on September 1, 2017. State revenue will also decrease if the student population decreases. The District will use these decreased revenues to finance programs currently offered.

Expenditures are budgeted to decrease by \$181,524 from actual expenditures in the year ended 2017. The decrease is due to the decrease in contracted instructional services of \$95,930. Their competitive salary schedule allowed the District to open the 2017-18 school year with no teacher vacancies.

If these estimates are realized, the District's budgetary General Fund balance is expected to remain essentially the same by the end of the fiscal year 2018.

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 demonstrate 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.

Basic Financial Statements

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2017

1

Data Control Codes	Governmental Activities
ASSETS:	
1110 <i>Cash and Cash Equivalents</i>	\$ 15,274,610
1225 <i>Property Taxes Receivable (Net)</i>	876,048
1240 <i>Due from Other Governments</i>	77,952
1267 <i>Due from Fiduciary</i>	4,000
1290 <i>Other Receivables (Net)</i>	4,077
1410 <i>Unrealized Expenses</i>	86,535
Capital Assets:	
1510 <i>Land</i>	621,959
1520 <i>Buildings and Improvements, Net</i>	23,339,602
1530 <i>Furniture and Equipment, Net</i>	1,198,321
1580 <i>Construction in Progress</i>	2,286,489
1000 Total Assets	<u>43,769,593</u>
DEFERRED OUTFLOWS OF RESOURCES:	
1705 <i>Deferred Outflow Related to Pensions</i>	452,952
1700 Total Deferred Outflows of Resources	<u>452,952</u>
LIABILITIES:	
2110 <i>Accounts Payable</i>	1,524,200
2140 <i>Interest Payable</i>	21,833
2165 <i>Accrued Liabilities</i>	259,266
2177 <i>Due to Fiduciary</i>	25
2180 <i>Due to Other Governments</i>	2,141
2300 <i>Unearned Revenue</i>	566,884
Noncurrent Liabilities:	
2501 <i>Due Within One Year</i>	345,000
2502 <i>Due in More Than One Year</i>	13,709,321
2540 <i>Net Pension Liability</i>	1,450,786
2000 Total Liabilities	<u>17,879,456</u>
DEFERRED INFLOWS OF RESOURCES:	
2605 <i>Deferred Inflow Related to Pensions</i>	159,007
2600 Total Deferred Inflows of Resources	<u>159,007</u>
NET POSITION:	
3200 Net Investment in Capital Assets	13,392,050
Restricted For:	
3820 <i>State and Federal Programs</i>	35,976
3850 <i>Debt Service</i>	483,215
3860 <i>Capital Projects</i>	8,408,829
3900 <i>Unrestricted</i>	3,864,012
3000 Total Net Position	<u>\$ 26,184,082</u>

The accompanying notes are an integral part of this statement.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 3,793,652	\$ 13,387	\$ 144,876	\$ (3,635,389)	
12	Instructional Resources and Media Services	64,199	257	2,997	(60,945)	
13	Curriculum and Staff Development	77,081	301	17	(76,763)	
21	Instructional Leadership	49,777	200	2,647	(46,930)	
23	School Leadership	516,251	2,067	28,353	(485,831)	
31	Guidance, Counseling, & Evaluation Services	162,083	650	7,142	(154,291)	
33	Health Services	113,621	456	7,299	(105,866)	
34	Student Transportation	239,826	561	10,773	(228,492)	
35	Food Service	470,208	--	--	(470,208)	
36	Cocurricular/Extracurricular Activities	477,417	7,093	7,304	(463,020)	
41	General Administration	785,173	3,160	34,873	(747,140)	
51	Facilities Maintenance and Operations	1,277,908	4,980	20,016	(1,252,912)	
52	Security and Monitoring Services	91,523	368	4,828	(86,327)	
53	Data Processing Services	131,105	485	1,158	(129,462)	
61	Community Services	228	--	--	(228)	
72	Interest on Long-term Debt	405,524	--	311	(405,213)	
73	Bond Issuance Costs and Fees	1,000	--	--	(1,000)	
91	Contracted Instructional Services between Schools	949,175	4,517	251	(944,407)	
99	Other Intergovernmental Charges	54,013	--	--	(54,013)	
TG	Total Governmental Activities	9,659,764	38,482	272,845	(9,348,437)	
TP	Total Primary Government	\$ 9,659,764	\$ 38,482	\$ 272,845	(9,348,437)	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				3,829,677	
DT	Property Taxes, Levied for Debt Service				1,030,128	
IE	Investment Earnings				117,563	
GC	Grants and Contributions Not Restricted to Specific Programs				4,633,473	
MI	Miscellaneous				70,873	
TR	Total General Revenues				9,681,714	
CN	Change in Net Position				333,277	
NB	Net Position - Beginning				25,850,805	
NE	Net Position - Ending				\$ 26,184,082	

The accompanying notes are an integral part of this statement.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2017

Data Control Codes	10 <u>General Fund</u>	50 Debt Service Fund
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 8,581,084	\$ 53,372
1225 <i>Taxes Receivable, Net</i>	804,957	71,091
1240 <i>Due from Other Governments</i>	46,156	--
1260 <i>Due from Other Funds</i>	36,835	2,281
1290 <i>Other Receivables</i>	3,758	62
1410 <i>Unrealized Expenditures</i>	84,536	--
1000 Total Assets	<u>9,557,326</u>	<u>126,806</u>
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ 110,486	\$ --
2160 <i>Accrued Wages Payable</i>	238,385	--
2170 <i>Due to Other Funds</i>	3,466	17,493
2180 <i>Due to Other Governments</i>	--	--
2300 <i>Unearned Revenue</i>	566,844	--
2000 Total Liabilities	<u>919,181</u>	<u>17,493</u>
DEFERRED INFLOWS OF RESOURCES:		
	804,957	71,091
2600 Total Deferred Inflows of Resources	<u>804,957</u>	<u>71,091</u>
FUND BALANCES:		
Restricted Fund Balances:		
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--
3470 <i>Capital Acquisitions & Contractual Obligations</i>	--	--
3480 <i>Retirement of Long-Term Debt</i>	--	38,222
Committed Fund Balances:		
3545 <i>Other Committed Fund Balance</i>	4,000,000	--
3600 <i>Unassigned</i>	3,833,188	--
3000 Total Fund Balances	<u>7,833,188</u>	<u>38,222</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 9,557,326</u>	<u>\$ 126,806</u>

The accompanying notes are an integral part of this statement.

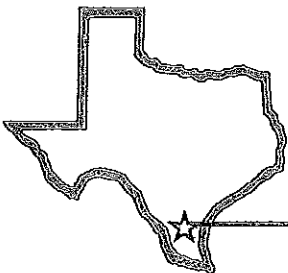
EXHIBIT C-1

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 6,592,739	\$ 47,415	\$ 15,274,610
--	--	876,048
--	31,796	77,952
1,160	--	40,276
--	257	4,077
--	1,999	86,535
<u>6,593,899</u>	<u>81,467</u>	<u>16,359,498</u>
\$ 1,397,500	\$ 16,214	\$ 1,524,200
--	20,881	259,266
14,596	746	36,301
--	2,141	2,141
--	40	566,884
<u>1,412,096</u>	<u>40,022</u>	<u>2,388,792</u>
<u>--</u>	<u>--</u>	<u>876,048</u>
<u>--</u>	<u>--</u>	<u>876,048</u>
--	35,976	35,976
5,181,803	3,478	5,185,281
--	--	38,222
--	1,991	4,001,991
--	--	3,833,188
<u>5,181,803</u>	<u>41,445</u>	<u>13,094,658</u>
<u>\$ 6,593,899</u>	<u>\$ 81,467</u>	<u>\$ 16,359,498</u>

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2017

Total fund balances - governmental funds balance sheet	\$ 13,094,658
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	27,446,371
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	876,048
Payables for bond principal which are not due in the current period are not reported in the funds.	(14,054,321)
Payables for bond interest which are not due in the current period are not reported in the funds.	(21,833)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(1,450,786)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(159,007)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	<u>452,952</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 26,184,082</u>

The accompanying notes are an integral part of this statement.



WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	10 <u>General Fund</u>	50 <u>Debt Service Fund</u>
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 3,786,672	\$ 1,008,662
5800 <i>State Program Revenues</i>	4,307,758	311
5900 <i>Federal Program Revenues</i>	80,462	--
5020 Total Revenues	<u>8,174,892</u>	<u>1,008,973</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	2,757,944	--
0012 <i>Instructional Resources and Media Services</i>	53,985	--
0013 <i>Curriculum and Staff Development</i>	63,035	--
0021 <i>Instructional Leadership</i>	41,689	--
0023 <i>School Leadership</i>	434,407	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	136,579	--
0033 <i>Health Services</i>	95,593	--
0034 <i>Student Transportation</i>	117,851	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	376,622	--
0041 <i>General Administration</i>	663,909	--
0051 <i>Facilities Maintenance and Operations</i>	1,095,698	--
0052 <i>Security and Monitoring Services</i>	77,253	--
0053 <i>Data Processing Services</i>	101,895	--
0061 <i>Community Services</i>	195	--
0071 <i>Principal on Long-term Debt</i>	--	420,877
0072 <i>Interest on Long-term Debt</i>	--	553,096
0073 <i>Bond Issuance Costs and Fees</i>	--	--
0081 <i>Capital Outlay</i>	--	--
0091 <i>Contracted Instructional Services</i>		
0091 <i> Between Public Schools</i>	949,175	--
0099 <i>Other Intergovernmental Charges</i>	54,013	--
6030 Total Expenditures	<u>7,019,843</u>	<u>973,973</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>1,155,049</u>	<u>35,000</u>
Other Financing Sources and (Uses):		
7915 <i>Transfers In</i>	325,000	--
8911 <i>Transfers Out</i>	(586,953)	--
7080 Total Other Financing Sources and (Uses)	<u>(261,953)</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>893,096</u>	<u>35,000</u>
0100 Fund Balances - Beginning	<u>6,940,092</u>	<u>3,222</u>
3000 Fund Balances - Ending	<u>\$ 7,833,188</u>	<u>\$ 38,222</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

'60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 68,826	\$ 33,438	\$ 4,897,598
--	40,680	4,348,749
--	443,199	523,661
<u>68,826</u>	<u>517,317</u>	<u>9,770,008</u>
77,902	299,471	3,135,317
--	--	53,985
--	3,000	66,035
--	--	41,689
--	--	434,407
--	--	136,579
--	--	95,593
--	--	117,851
9,590	391,132	400,722
--	29,571	406,193
--	--	663,909
35,821	--	1,131,519
--	--	77,253
70,820	--	172,715
--	--	195
--	--	420,877
--	--	553,096
1,000	--	1,000
3,143,139	48,030	3,191,169
--	--	949,175
--	--	54,013
<u>3,338,272</u>	<u>771,204</u>	<u>12,103,292</u>
<u>(3,269,446)</u>	<u>(253,887)</u>	<u>(2,333,284)</u>
--	261,953	586,953
--	--	(586,953)
--	261,953	--
<u>(3,269,446)</u>	<u>8,066</u>	<u>(2,333,284)</u>
8,451,249	33,379	15,427,942
<u>\$ 5,181,803</u>	<u>\$ 41,445</u>	<u>\$ 13,094,658</u>

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2017*

Net change in fund balances - total governmental funds	\$ (2,333,284)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	3,320,837
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,260,113)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(54,414)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	189,122
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	420,877
(Increase) decrease in accrued interest from beginning of period to end of period.	48,413
Bond premium amortization is reported in the SOA but not in the funds.	99,159
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	33,909
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	<u>(131,230)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 333,277</u>

The accompanying notes are an integral part of this statement.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2017

		<u>Nonmajor Internal Service Fund</u>	
Data Control Codes		<u>Insurance Fund</u>	
	OPERATING REVENUES:		
5700	<i>Local and Intermediate Sources</i>	\$ 31,371	
5020	Total Revenues	<u>31,371</u>	
	OPERATING EXPENSES:		
6400	<i>Other Operating Costs</i>	31,371	
6030	Total Expenses	<u>31,371</u>	
1300	Change in Net Position	--	
0100	Total Net Position - Beginning	--	
3300	Total Net Position - Ending	<u>\$ --</u>	

The accompanying notes are an integral part of this statement.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT*STATEMENT OF CASH FLOWS**PROPRIETARY FUNDS**FOR THE YEAR ENDED AUGUST 31, 2017*

	Nonmajor Internal Service Funds
Cash Flows from Operating Activities:	
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	\$ (31,371)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	31,371
Net Cash Provided (Used) by Operating Activities	<u> --</u>
Net Increase (Decrease) in Cash and Cash Equivalents	--
Cash and Cash Equivalents at Beginning of Year	--
Cash and Cash Equivalents at End of Year	<u><u> \$ --</u></u>

The accompanying notes are an integral part of this statement.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2017

Data Control Codes	Private-purpose Trust Fund	Agency Fund
<u>ASSETS:</u>	<u>Private-Purpose Trust Fund</u>	<u>Student Activity</u>
1110 <i>Cash and Cash Equivalents</i>	\$ 22,616	\$ 76,913
1260 <i>Due from Other Funds</i>	--	25
1000 Total Assets	<u>22,616</u>	<u>76,938</u>
 LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ --	\$ 2,013
2170 <i>Due to Other Funds</i>	--	3,999
2190 <i>Due to Student Groups</i>	--	70,926
2000 Total Liabilities	<u>--</u>	<u>76,938</u>
 NET POSITION:		
3800 <i>Held in Trust</i>	22,616	--
3000 Total Net Position	<u>\$ 22,616</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 154
Gifts & Bequests	3,000
Miscellaneous Income	--
Total Additions	<u>3,154</u>
Deductions:	
Scholarship Awards	1,000
Miscellaneous Operating Costs	--
Total Deductions	<u>1,000</u>
Change in Net Assets	2,154
Net Assets-Beginning of the Year	20,462
Net Assets-End of the Year	<u>\$ 22,616</u>

The accompanying notes are an integral part of this statement.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies

The basic financial statements of Webb Consolidated Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, 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 and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: The property tax revenue collected for payment of long-term debt and the related principal, interest payments, and related fees are accounted for in a debt service fund.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

Capital Projects Fund. This fund accounts for the proceeds of bonds issued and the related costs of construction.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end, with the exception of property taxes which are fully deferred because the amounts collected after year end are considered immaterial. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

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 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before 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. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

	Balance 09/01/16	Current Year Levy	Total Collections	Yearly Adjustments	Balance 08/31/17
Delinquent Taxes					
Receivable	\$ 1,302,483	\$ 4,448,296	\$ 4,132,641	\$ (108,739)	1,509,399
Allowance for Uncollectible Taxes	(615,559)			(17,792)	(633,351)
Net Delinquent Taxes Receivable	<u>\$ 686,924</u>	<u>\$ 4,448,296</u>	<u>\$ 4,132,641</u>	<u>\$ (126,531)</u>	<u>876,048</u>

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

Impairment losses related to capital assets are recognized and measured when there has been a significant, unexpected decline in the service utility of capital assets. The events or changes in circumstances which lead to impairment determinations are not considered to be normal or ordinary. The service utility of a capital asset is the usable capacity which, at acquisition, was expected to be used or provide service. Common indicators of impairment include - evidence of physical damage where the level of damage is such that restoration efforts are needed to restore service utility; enactment of laws or approval of regulations as well as changes in environmental factors; technological developments, or other evidence of obsolescence; changes in the manner of duration or use of capital assets; or construction stoppage due to lack of funding. There were no impairment changes during fiscal year 2017.

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Compensated Absences

On retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in a lump case payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

j. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

The District has adopted a minimum fund balance of three months average expenditures of the General Fund, which in the current year is calculated to be \$1,754,961.

l. Net Position Flow Assumption

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

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

m. Fund Balance Flow Assumptions

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

4. 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' 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.

5. New Accounting Standards Adopted

In fiscal year 2017, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 77, *Tax Abatement Disclosures*
- Statement No. 80, *Blending Requirements for Certain Component Units*
- Statement No. 82, *Pension Issues - An Amendment of GASB No. 67, No. 68 and No. 73*

- a. Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

The scope of this Statement includes OPEB plans, defined benefit and defined contribution that are administered through trusts that meet the following criteria:

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

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

The District does not administer their OPEB plan through a trust that meets the criteria noted above. As a result, the adoption of GASB Statement No. 74 did not result in a change to the financial statements or note disclosures.

- b. Statement No. 77 requires governments granting tax abatements to individuals and businesses to disclose program information in the notes to the financial statements through the agreement's duration and also requires disclosures about tax abatements entered into by other governments that reduce the reporting government's tax revenue. Prior year balances were not restated because there are no tax abatements associated with the District or any other government which affect the District's tax revenue.
- c. GASB Statement No. 80 clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

The District did not have any component units which met the definition noted above. As a result, the adoption of GASB Statement No. 80 did not result in a change to the financial statements or note disclosures.

- d. GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 82.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017*

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
Excess Expenditures over Appropriations	The District will examine and improve existing policies and procedures to ensure that expenditures do not exceed budget.

<u>Fund</u>	<u>Function</u>	<u>Amount</u>
General Fund	91-Contracted Instr. Services Between Public Schools	\$ 4,325

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

1. Cash Deposits:

At August 31, 2017, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$15,373,739 and the bank balance was \$15,544,817. The District's cash deposits at August 31, 2017 and during the year ended August 31, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District had no investments at August 31, 2017.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017*

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

D. Capital Assets

Capital asset activity for the year ended August 31, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 621,960	\$ --	\$ --	\$ 621,960
Construction in progress	2,064,356	2,650,802	2,428,669	2,286,489
Total capital assets not being depreciated	<u>2,686,316</u>	<u>2,650,802</u>	<u>2,428,669</u>	<u>2,908,449</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	32,624,055	3,039,855	128,046	35,535,864
Equipment	1,492,914	58,849	--	1,551,763
Vehicles	1,957,079	--	--	1,957,079
Total capital assets being depreciated	<u>36,074,048</u>	<u>3,098,704</u>	<u>128,046</u>	<u>39,044,706</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,174,879)	(1,095,016)	(73,632)	(12,196,263)
Equipment	(1,253,321)	(46,568)	--	(1,299,889)
Vehicles	(892,103)	(118,529)	--	(1,010,632)
Total accumulated depreciation	<u>(13,320,303)</u>	<u>(1,260,113)</u>	<u>(73,632)</u>	<u>(14,506,784)</u>
Total capital assets being depreciated, net	<u>22,753,745</u>	<u>1,838,591</u>	<u>54,414</u>	<u>24,537,922</u>
Governmental activities capital assets, net	<u>\$ 25,440,061</u>	<u>\$ 4,489,393</u>	<u>\$ 2,483,083</u>	<u>\$ 27,446,371</u>

Depreciation was charged to functions as follows:

Instruction	\$ 525,300
Instructional Resources and Media Services	9,382
Curriculum and Staff Development	11,046
Instructional Leadership	6,973
School Leadership	72,663
Guidance, Counseling, & Evaluation Services	22,846
Health Services	15,990
Student Transportation	118,529
Food Services	67,041
Extracurricular Activities	68,176
General Administration	111,052
Plant Maintenance and Operations	189,270
Security and Monitoring Services	12,922
Data Processing Services	28,890
Community Services	33
	<u>\$ 1,260,113</u>

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2017, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Debt Service Fund	\$ 17,493	Short-term loans
General Fund	Capital Projects Fund	14,596	Short-term loans
Debt Service Fund	General Fund	2,281	Short-term loans
Capital Projects Fund	General Fund	1,160	Short-term loans
General Fund	Other Governmental Funds	4,746	Short-term loans
Other Governmental Funds	General Fund	25	Short-term loans
	Total	<u>\$ 40,301</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2017, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Other Governmental Funds	\$ 261,953	Supplement other funds sources
General fund	Other General Fund	325,000	Supplement other funds sources
	Total	<u>\$ 586,953</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds Unlimited Tax School	\$ 12,970,000	\$ --	\$ 265,000	\$ 12,705,000	\$ 345,000
Building Bonds	155,877	--	155,877	--	--
Accretion	8,171	952	9,123	--	--
Premium on Bonds	1,448,480	--	99,159	1,349,321	--
Net Pension Liability *	1,490,617	82,151	121,982	1,450,786	--
Total governmental activities	<u>\$ 16,073,145</u>	<u>\$ 83,103</u>	<u>\$ 651,141</u>	<u>\$ 15,505,107</u>	<u>\$ 345,000</u>

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

General Obligation Bonds consist of:	<u>2017</u>	<u>2016</u>
\$6,440,000 Unlimited School District Bonds, Series 2016, due in semi-annual installments ranging from \$376,373 to \$408,000, plus interest at 2.0% to 4.0%, maturing in 2041	\$ 6,340,000	\$ 6,440,000
\$6,440,000 Unlimited School District Bonds, Series 2015, due in semi-annual installments ranging from \$432,600 to \$434,563, plus interest at 4.0% to 4.5%, maturing in 2040	<u>6,365,000</u>	<u>6,530,000</u>
	<u>\$ 12,705,000</u>	<u>\$ 12,970,000</u>
Unlimited Tax School Building Bonds consist of:	<u>2017</u>	<u>2016</u>
Unlimited Tax School Building Bonds Series 2012, due in 2017 with principal of \$155,877 and interest of \$9,123, for capital improvements, interest from 1% to 1.16%	\$ --	\$ 155,877

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2017, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 345,000	\$ 491,550	\$ 836,550
2019	360,000	481,000	841,000
2020	370,000	469,125	839,125
2021	385,000	455,900	840,900
2022	395,000	442,225	837,225
2023-2027	2,205,000	1,987,250	4,192,250
2028-2032	2,660,000	1,520,100	4,180,100
2033-2037	3,270,000	925,913	4,195,913
2038-2042	2,715,000	206,812	2,921,812
Totals	<u>\$ 12,705,000</u>	<u>\$ 6,979,875</u>	<u>\$ 19,684,875</u>

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters.

During the year ended August 31, 2017, Webb CISD met its statutory workers' compensation obligations, provided unemployment compensation coverage to its employees, and obtained property, liability, and auto coverage through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. The Fund provides statutory workers' compensation benefits to its members and their injured employees. The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2016, the Fund carries a discounted reserve of \$51,843,324 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2017, the fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. The Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Program, the Auto Program, and the Liability Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2017, the Fund anticipates that Webb CISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct an independent financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2016, are available on the TASB Risk Management Fund website and have been filed with the Texas State Board of Insurance in Austin.

H. Pension Plan

1. 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.

2. Pension Plan Fiduciary Net Position

Detail 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 https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. 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 in (1.) above.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

4. 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 through 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.

	<u>Contribution Rates</u>	
	2016	2017
Member	7.2%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2017 Employer Contributions	\$ 98,755	
District's 2017 Member Contributions	\$ 266,492	
NECE 2016 On-Behalf Contributions to District	\$ 184,006	

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

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

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

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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

5. Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial evaluation 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%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. 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:

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Teacher Retirement System of Texas			
Asset Allocation and Long-Term Expected Real Rate of Return			
As of August 31, 2016			
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 & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

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

7. 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%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 2,245,330	\$ 1,450,787	\$ 776,854

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017*

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

At August 31, 2017, the District reported a liability of \$1,450,787 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	\$ 1,450,787
State's proportionate share that is associated with District	<u>2,184,127</u>
Total	<u>\$ 3,634,914</u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0038392%. which was an increase (decrease) of -0.4178508% from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation - There were no changes to the actuarial assumptions of 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, 2017, the District recognized pension expense of \$226,660 and revenue of \$226,660 for support provided by the State.

At August 31, 2017, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 22,748	\$ 43,320
Changes in actuarial assumptions	44,217	40,214
Difference between projected and actual investment earnings	122,850	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	164,382	75,473
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	<u>98,755</u>	<u> </u>
Total	<u>\$ 452,952</u>	<u>\$ 159,007</u>

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

The net amounts of the District'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
2018	\$ 130,589
2019	\$ 31,834
2020	\$ 110,194
2021	\$ 25,812
2022	\$ 3,956
Thereafter	\$ (8,440)

I. Retiree Health Care Plans

1. TRS-Care

a. 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). 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 required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2015 and 2014, and 0.5% for fiscal year 2013. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2017, 2016 and 2015. For the years ended August 31, 2017, 2016, and 2015, the State's contributions to TRS-Care were \$34,621, \$34,796, and \$36,333, respectively, the active member contributions were \$22,496, \$22,618, and \$23,616, respectively, and the District's contributions were \$19,035, \$19,138, and \$18,771, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of 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. For the fiscal years ended August 31, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on behalf of the District were \$12,123, \$13,422, and \$13,964, respectively.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

J. Employee Health Care Coverage

During the year ended August 31, 2017, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$631 per month per employee and dependents to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable September 1, 2017, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Blue Cross Blue Shield of Texas are available for the year ended December 31, 2016, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

The District participates in 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, refunds of any money received may be required and the collectibility of any related receivable 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 basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2017.

L. Shared Services Arrangements

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, Region I Education Service Center 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 SSA.

M. Subsequent Events

Subsequent events were evaluated through December 5, 2017, which is the date of the audit report.

N. Tax Abatements

On December 10, 2009, the Webb CISD Board of Trustees approved an Agreement with Cedro Hill Wind for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Cedro Hill Wind qualified for a tax limitation agreement under Texas Tax Code Section 313.024(b)(5), as a renewable energy electric generation project.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

On October 15, 2012, the Webb CISD Board of Trustees approved an Agreement with Whitetail Wind Energy, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Whitetail Wind Energy qualified for a tax limitation agreement under Texas Tax Code Section 313.024(b)(5), as a renewable energy electric generation project.

On December 23, 2013, the Webb CISD Board of Trustees approved an Agreement with Javelina Wind Energy, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Javelina Wind Energy, LLC qualified for a tax limitation agreement under Texas Tax Code Section 313.024(b)(5), as a renewable energy electric generation project.

On July 12, 2016, the Webb CISD Board of Trustees approved an Agreement with Albercas Wind LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Albercas Wind LLC qualified for a tax limitation agreement under Texas Tax Code Section 313.024(b)(5), as a renewable energy electric generation project.

Value limitation agreements are a part of a state program, originally created in 2001, which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant, including Cedro Hill Wind, Whitetail Wind Energy, LLC, Javelina Wind Energy, LLC, and Albercas Wind LLC, has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the applications' approvals, the agreements were found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the projects. The applications, the agreements, and state reporting documentation can be viewed at the Texas Comptroller's website:

<https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>

The agreements and all supporting documentation were assigned the following Texas Comptroller Application Numbers:

		First Year Value Limitation
Cedro Hill Wind	No. 155	2,012
Whitetail Wind Energy, LLC	No. 232	2,015
Javelina Wind Energy, LLC	No. 322	2,016
Albercas Wind LLC	No. 1125	2,017

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017*

In the event any of the applicants listed above terminates this Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Section 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Section 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

As of the date of this audit report, management believes that the applicant companies are in full compliance with all of their obligations under law and the agreement itself.

Below is information required by GASB 77 for M&O purposes:

Appl. No.	Project's Value Limitation Amount 2016	Value Limitation Amount 2016	Amount of Applicant's M&O Taxes Paid 2016	Amount of Applicant's M&O Taxes Reduced 2016	Company Revenue Loss Pmt to Sch. District 2016	Company Supplemental Pmt to Sch. District 2016	Net Benefit (Loss) to the School District 2016
155	\$99,078,930	\$10,000,000	\$80,330	\$715,571	\$32,356	\$31,900	\$144,586
232	\$75,100,010	\$30,000,000	\$240,990	\$362,288	\$16,535	\$76,800	\$334,325
322	343,458,900	\$10,000,000	\$80,330	\$2,678,675	\$122,253	\$164,854	\$367,437
1125	\$0	N/A	--	--	--	\$50,000	\$50,000

O. Concentration of Risk

The District is located within Webb County, Texas, and derives approximately 72% of its general fund revenue from property taxes and related penalties and interest. The District's top ten taxpayers have a taxable property value of \$185,985,360 or 21.14% of the total taxable value of \$879,458,333. All of the top ten taxpayers are oil & gas related. These are as follows:

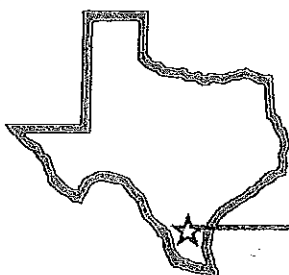
Taxpayer	Taxable Value	Percent of Total Taxable Value
Hilcorp Energy Company	\$ 66,034,850	7.51%
Whitetail Wind Farm	30,266,800	3.44%
AEP Electric Transmission of Texas, LLC	19,852,670	2.26%
Archrock Partners Leasing LLC	12,240,530	1.39%
Javelina Wind	10,000,000	1.14%
Cedro Hill Wind LLC	10,000,000	1.14%
EOG Resources Inc. Min Accts	9,962,550	1.13%
AEP Texas Central Company	9,544,390	1.09%
Kansas City Southern	9,505,760	1.08%
Elite Compression Services LLC	8,517,810	0.97%
Total Top Ten	<u>\$ 185,925,360</u>	<u>21.14%</u>
Total Taxable Value	<u>\$ 879,458,333</u>	<u>100.00%</u>

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

P. School Funding - Weighted Average Daily Attendance (WADA) Purchases

[During the year ended August 31, 2016, the District was subject to the wealth equalization provision of Chapter 41 of the Texas Education Code. The District purchased WADA from the State as stated below:

Purchased From	WADA Purchased	Cost per WADA	Less CAD Costs and Discount	Total
State of Texas (original calculation)	310.949 \$	3,251.0000 \$	(61,720) \$	949,175



WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT G-1

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 4,445,819	\$ 3,792,078	\$ 3,786,672	\$ (5,406)
5800	State Program Revenues	4,234,423	4,411,267	4,307,758	(103,509)
5900	Federal Program Revenues	--	80,500	80,462	(38)
5020	Total Revenues	<u>8,680,242</u>	<u>8,283,845</u>	<u>8,174,892</u>	<u>(108,953)</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	3,227,113	3,077,422	2,757,944	319,478
0012	Instructional Resources and Media Services	86,300	64,270	53,985	10,285
0013	Curriculum and Staff Development	93,950	81,600	63,035	18,565
	Total Instruction & Instr. Related Services	<u>3,407,363</u>	<u>3,223,292</u>	<u>2,874,964</u>	<u>348,328</u>
Instructional and School Leadership:					
0021	Instructional Leadership	59,311	59,311	41,689	17,622
0023	School Leadership	478,710	455,410	434,407	21,003
	Total Instructional & School Leadership	<u>538,021</u>	<u>514,721</u>	<u>476,096</u>	<u>38,625</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	131,999	150,615	136,579	14,036
0033	Health Services	111,595	101,395	95,593	5,802
0034	Student (Pupil) Transportation	158,650	149,179	117,851	31,328
0036	Cocurricular/Extracurricular Activities	430,402	426,978	376,622	50,356
	Total Support Services - Student (Pupil)	<u>832,646</u>	<u>828,168</u>	<u>726,645</u>	<u>101,523</u>
Administrative Support Services:					
0041	General Administration	658,984	713,120	663,909	49,211
	Total Administrative Support Services	<u>658,984</u>	<u>713,120</u>	<u>663,909</u>	<u>49,211</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,164,200	1,169,034	1,095,698	73,336
0052	Security and Monitoring Services	75,542	86,748	77,253	9,495
0053	Data Processing Services	136,160	134,649	101,895	32,754
	Total Support Services - Nonstudent Based	<u>1,375,902</u>	<u>1,390,431</u>	<u>1,274,846</u>	<u>115,585</u>
Ancillary Services:					
0061	Community Services	1,500	1,500	195	1,305
	Total Ancillary Services	<u>1,500</u>	<u>1,500</u>	<u>195</u>	<u>1,305</u>
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	993,000	944,850	949,175	(4,325)
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	10,000	--	--	--
0099	Other Intergovernmental Charges	75,000	70,000	54,013	15,987
	Total Intergovernmental Charges	<u>1,078,000</u>	<u>1,014,850</u>	<u>1,003,188</u>	<u>11,662</u>
6030	Total Expenditures	<u>7,892,416</u>	<u>7,686,082</u>	<u>7,019,843</u>	<u>666,239</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>787,826</u>	<u>597,763</u>	<u>1,155,049</u>	<u>557,286</u>

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT G-1

Page 2 of 2

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
	Other Financing Sources (Uses):			
7915	314,992	329,917	325,000	(4,917)
8911	(572,319)	(616,779)	(586,953)	29,826
8949	--	(97,641)	--	97,641
7080	<u>(257,327)</u>	<u>(384,503)</u>	<u>(261,953)</u>	<u>122,550</u>
1200	530,499	213,260	893,096	679,836
0100	6,940,092	6,940,092	6,940,092	--
3000	<u>\$ 7,470,591</u>	<u>\$ 7,153,352</u>	<u>\$ 7,833,188</u>	<u>\$ 679,836</u>

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
*SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS **

EXHIBIT G-2

	<u>Fiscal Year</u> 2017	<u>Fiscal Year</u> 2016	<u>Fiscal Year</u> 2015
District's proportion of the net pension liability (asset)	0.0038392%	0.0042169%	0.00335%
District's proportionate share of the net pension liability (asset)	\$ 1,450,787	\$ 1,490,618	\$ 894,831
State's proportionate share of the net pension liability (asset) associated with the District	2,184,127	2,318,771	1,805,538
Total	<u>\$ 3,634,914</u>	<u>\$ 3,809,389</u>	<u>\$ 2,700,369</u>
District's covered-employee payroll	\$ 3,479,617	\$ 3,633,254	\$ 3,413,090
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.69%	41.03%	26.22%
Plan fiduciary net position as a percentage of the total pension liability	79.74%	78.43%	83.25%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
*LAST TEN FISCAL YEARS **

	<u>Fiscal Year</u> <u>2017</u>	<u>Fiscal Year</u> <u>2016</u>	<u>Fiscal Year</u> <u>2015</u>
Contractually required contribution	\$ 98,755	\$ 121,982	\$ 125,110
Contributions in relation to the contractually required contribution	(98,755)	(121,982)	(125,110)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 3,462,059	\$ 3,479,617	\$ 3,633,254
Contributions as a percentage of covered-employee payroll	2.85%	3.51%	3.44%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2015-August 31, 2016.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2017

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only 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. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

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 of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2017*

Year Ended August 31	1		2		3
	Tax Rates				Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service			
2008 and Prior Years	\$ Various	\$ Various	\$	Various	
2009	.8203	.0339			1,677,389,818
2010	.8033	.0442			1,438,114,167
2011	.8033	.043			1,482,556,601
2012	.8033	.0486			1,297,586,366
2013	.8033	.0645			860,947,319
2014	.8033	.0645			899,847,789
2015	.8033	.0645			927,387,155
2016	.8033	.11			737,557,157
2017 (School Year Under Audit)	.8033	.12			879,458,333
1000 Totals					
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code					

EXHIBIT J-1

10 Beginning Balance 9/1/16	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/17
\$ 350,794	\$ --	\$ 902	\$ 10	\$ --	\$ 349,882
32,700	--	375	15	--	32,310
31,158	--	382	21	--	30,755
30,130	--	1,378	74	(217)	28,461
60,827	--	1,416	80	(689)	58,642
125,633	--	4,059	328	(1,434)	119,812
120,421	--	5,834	469	(1,519)	112,599
235,904	--	17,503	1,374	(1,498)	215,529
314,916	--	37,074	5,002	(2,558)	270,282
--	4,448,296	3,062,045	994,300	(100,824)	291,127
<u>\$ 1,302,483</u>	<u>\$ 4,448,296</u>	<u>\$ 3,130,968</u>	<u>\$ 1,001,673</u>	<u>\$ (108,739)</u>	<u>\$ 1,509,399</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original		Final				
REVENUES:							
5700	Local and Intermediate Sources		\$ 8,000	\$ 8,832	\$ 8,657	\$ (175)	
5800	State Program Revenues		1,000	2,121	1,321	(800)	
5900	Federal Program Revenues		152,000	168,000	194,010	26,010	
5020	Total Revenues		<u>161,000</u>	<u>178,953</u>	<u>203,988</u>	<u>25,035</u>	
EXPENDITURES:							
Current:							
Support Services - Student (Pupil):							
0035	Food Services		<u>418,327</u>	<u>465,815</u>	<u>391,132</u>	<u>74,683</u>	
	Total Support Services - Student (Pupil)		<u>418,327</u>	<u>465,815</u>	<u>391,132</u>	<u>74,683</u>	
6030	Total Expenditures		<u>418,327</u>	<u>465,815</u>	<u>391,132</u>	<u>74,683</u>	
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures		<u>(257,327)</u>	<u>(286,862)</u>	<u>(187,144)</u>	<u>99,718</u>	
Other Financing Sources (Uses):							
7915	Transfers In		<u>257,327</u>	<u>286,862</u>	<u>200,000</u>	<u>(86,862)</u>	
7080	Total Other Financing Sources and (Uses)		<u>257,327</u>	<u>286,862</u>	<u>200,000</u>	<u>(86,862)</u>	
1200	Net Change in Fund Balance		--	--	12,856	12,856	
0100	Fund Balance - Beginning		<u>23,120</u>	<u>23,120</u>	<u>23,120</u>	--	
3000	Fund Balance - Ending		<u>\$ 23,120</u>	<u>\$ 23,120</u>	<u>\$ 35,976</u>	<u>\$ 12,856</u>	

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
REVENUES:							
5700	<i>Local and Intermediate Sources</i>		\$ 996,598	\$ 1,022,000	\$ 1,008,662	\$ (13,338)	
5800	<i>State Program Revenues</i>		--	311	311	--	
5020	Total Revenues		<u>996,598</u>	<u>1,022,311</u>	<u>1,008,973</u>	<u>(13,338)</u>	
EXPENDITURES:							
Debt Service:							
0071	<i>Principal on Long-Term Debt</i>		420,877	420,877	420,877	--	
0072	<i>Interest on Long-Term Debt</i>		553,096	553,096	553,096	--	
	Total Debt Service		<u>973,973</u>	<u>973,973</u>	<u>973,973</u>	<u>--</u>	
6030	Total Expenditures		<u>973,973</u>	<u>973,973</u>	<u>973,973</u>	<u>--</u>	
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures		22,625	48,338	35,000	(13,338)	
1200	Net Change in Fund Balance		<u>22,625</u>	<u>48,338</u>	<u>35,000</u>	<u>(13,338)</u>	
0100	Fund Balance - Beginning		3,222	3,222	3,222	--	
3000	Fund Balance - Ending		<u>\$ 25,847</u>	<u>\$ 51,560</u>	<u>\$ 38,222</u>	<u>\$ (13,338)</u>	

JOHN WOMACK & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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MARGARET KELLY, CPA

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(361) 592-2671
FAX (361) 592-1411

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

Board of Trustees
Webb Consolidated Independent School District
Box 206
Bruni, Texas 78344

Members of the Board of Trustees:

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 Webb Consolidated Independent School District, as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise Webb Consolidated Independent School District's basic financial statements and have issued our report thereon dated December 5, 2017.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Webb Consolidated Independent School 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item(s) 2017-1 and 2017-2.

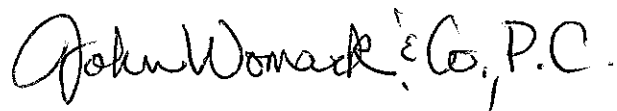
Webb Consolidated Independent School District's Response to Findings

Webb Consolidated Independent School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Webb Consolidated Independent School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



John Womack and Company, P.C.
Kingsville, TX
December 5, 2017

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

A Single Audit was not required in the current year.

B. Financial Statement Findings

2017-1 State Compliance - Campus Improvement Plans (Repeat Finding)

Condition: The District did not present the District Improvement Plan or the Oilton Elementary Campus Improvement Plan to the Board for approval on an annual basis.

Criteria: The State requires that the Board of Trustees ensure that the District and all campus plans be developed, reviewed and revised annually for the purpose of improving the performance of all students. Annual Board approval must ensure that the district and campus plans are mutually supportive to accomplish the identified objectives and support state goals and objectives.

Cause: Administrators failed to present the plans for annual Board approval.

Effect: Violation of state law and lack of timely data provided to the Board for decision making and budgeting.

Recommendation: We recommend that the District develop policies and procedures to ensure that the District Improvement Plan and all campus improvement plans are reviewed, revised, and approved annually.

Client Response: The District concurs with this finding. Each campus improvement plan, including Oilton, has been appropriately approved in the current year by both site-based committees and the School Board. The District improvement plan will also be appropriately approved in the current year. The Administration practice has been implemented to be tracked annually by the business office.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017

2017-2 State Compliance - Adoption of Budget and Tax Rates

Condition: The School Board adopted the M&O and Debt Service tax rates prior to adoption of the 2016-17 budget.

Criteria: State law requires that the District's budget be adopted prior to the adoption of the tax rates.

Cause: This was caused by an error in the preparation of the agenda for the Board meeting.

Effect: The effect is a violation of State law.

Recommendation: We recommend that the District develop procedures to ensure compliance with State law in the adoption of the budget and tax rates.

Client Response:

The District concurs with this finding. The Administration practice has been implemented to ensure compliance with Board Policy.

C. Federal Award Findings and Questioned Costs

NONE

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2017

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>2016-1 Internal Control - Purchase Orders</p> <p>Condition: Purchase orders are not always being approved prior to the incurring of expenditures.</p> <p>Criteria: Purchase orders should be prepared and approved prior to the purchase of goods or services.</p> <p>Cause: Lack of adequate controls over the purchasing process.</p> <p>Effect: Expenditures could exceed budget prior to management's knowledge without prior approval.</p> <p>Recommendation: We recommend the District strengthen its purchasing process to ensure that all purchase orders are approved prior to the actual purchase of goods or services.</p> <p>Client Response: The District concurs with this finding. Administration practice has been implemented requiring business office approval before any purchases are made district-wide. The vendors have been sent a notice not to accept without purchase order for strict compliance.</p>	<p>Implemented</p>	<p>N/A</p>
<p>2016-2 Internal Control - E Rate</p> <p>Condition: The District failed to properly track and report data for the E Rate claim.</p> <p>Criteria: The District is required to track and report specific data in order to receive E Rate funds.</p> <p>Cause: Lack of proper controls over financial reporting.</p> <p>Effect: The District did not receive funding for which it could have been eligible.</p> <p>Recommendation: We recommend the District develop policies and procedures which would ensure proper controls over E Rate reporting on a timely basis.</p> <p>Client Response: The District concurs with this finding. Information technology director is working hand in hand with the business office to ensure E Rate forms are appropriately filed annually and on time.</p>	<p>Implemented</p>	<p>N/A</p>

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2017

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>2016-3 State Compliance - Campus Improvement Plans</p> <p>Condition: The District did not present the Campus Improvement Plans to the Board for approval on an annual basis.</p> <p>Criteria: The State requires that the Board of Trustees ensure that the District and all campus plans be developed, reviewed and revised annually for the purpose of improving the performance of all students. Annual Board approval must ensure that the district and campus plans are mutually supportive to accomplish the identified objectives and support state goals and objectives.</p> <p>Cause: Administrators failed to present the plans for annual Board approval.</p> <p>Effect: Violation of state law and lack of timely data provided to the Board for decision making and budgeting.</p> <p>Recommendation: We recommend that the District develop policies and procedures to ensure that all campus improvement plans are reviewed, revised, and approved annually.</p> <p>Client Response: The District concurs with this finding. Each campus improvement plan has been appropriately approved in the current year by both site-based committees and the School Board. The Administration practice has been implemented to be tracked annually by the business office.</p>	<p>Not Implemented</p>	<p>The High School and Middle School plans were properly approved in the 2016-17 year. Each campus plan as well as the District plan will be approved in the current year.</p>

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2017

2017-1 Campus Improvement Plans

Each campus improvement plan, including Oilton, has been appropriately approved in the current year by both site-based committees and the School Board. The District improvement plan will also be appropriately approved in the current year. The Administration practice has been implemented to be tracked annually by the business office.

2017-2 Adoption of Budget and Tax Rates

The Administration practice has been implemented to ensure compliance with Board Policy.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2017

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 1,450,786
SF13	Pension Expense (object 6147) at fiscal year-end.	\$

In correspondence to all school administrators dated November 1, 2017, the TEA's Director of Financial Compliance stated "For 2017, and until further notice, no data should be entered in the field for data feed Schedule L-1 question SF13. If the AFR and data feed has been submitted no additional steps need to be taken."