

WEBB CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2015*



**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

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*Introductory Section*



**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

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Webb Consolidated Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2015

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For The Year Ended August 31, 2015

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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 were reviewed and (check one)  approved  disapproved for the year ended August 31, 2015, at a meeting of the board of trustees of such school district on the 26<sup>th</sup> day of January, 2016.

Rebecca Gutierrez  
Signature of Board Secretary

Robert Marshall  
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).

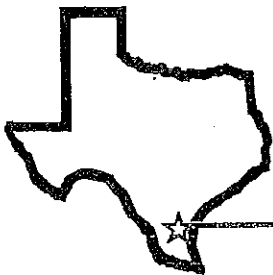


**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

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*Financial Section*



**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

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**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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, 2015, 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.

## Emphasis of Matter

### *Change in Accounting Principle*

As described in Note A to the financial statements, in 2015, Webb Consolidated Independent School District adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for contributions made Subsequent to the Measurement Date -- an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to 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.

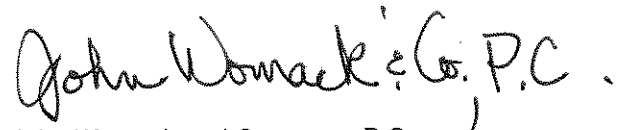
The individual nonmajor fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the 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 January 18, 2016 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,

A handwritten signature in black ink that reads "John Womack & Co. P.C." with a period at the end. The signature is written in a cursive, slightly slanted style.

John Womack and Company, P.C.  
Kingsville, TX  
January 18, 2016

# Management's Discussion and Analysis

This section of Webb County 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, 2015. Please read this in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

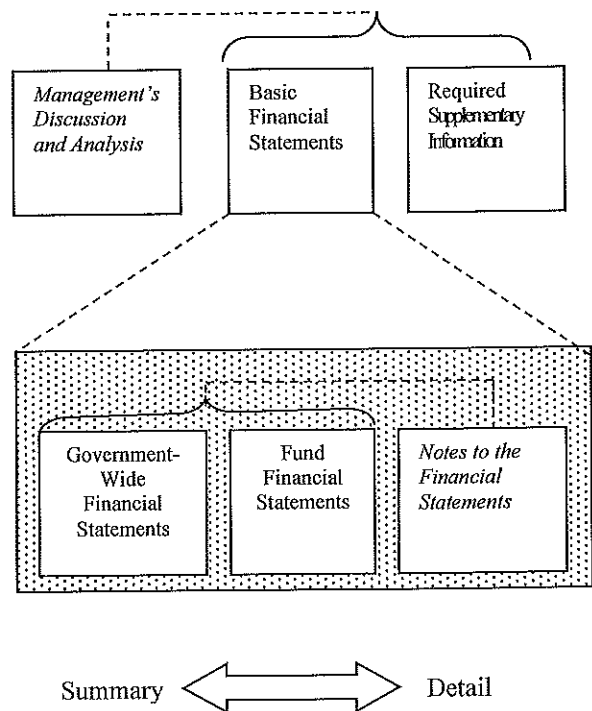
- The District's total combined net position was \$24,940,928 at August 31, 2015.
- During the year, the District's expenses were \$150,000 less than the \$12,200,645 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was \$887,040 more than last year due primarily to the increase in student instructional costs, curriculum and media services, contracted instructional services between public schools, and in instructional and school leadership.
- The general fund reported a fund balance this year of \$6,704,618, an increase of \$369,091 over last year's fund balance of \$6,335,527.

## 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.

<b>Figure A-2. Major Features of the District's Government-Wide and Fund Financial Statements</b>				
	<b>Fund Statements</b>			
<i>Type of Statements</i>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<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 \$24,940,928 at August 31, 2015. 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 \$20,582,057. 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, \$723,511, represents resources that are subject to external restrictions on how they may be used. The \$3,635,360 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
	2015	2014	2015-2014
Current and other assets	\$ 6,238,583	\$ 7,721,827	\$ (1,483,244)
Capital and non-current assets	21,412,942	20,416,030	996,912
<b>Total Assets</b>	<u>27,651,525</u>	<u>28,137,857</u>	<u>(486,332)</u>
Deferred Outflow Related to Pensions	197,114	-	197,114
<b>Total Deferred Outflows of Resources</b>	<u>197,114</u>	<u>-</u>	<u>197,114</u>
Current liabilities	1,580,052	1,246,902	333,150
Long-term liabilities	1,053,927	822,974	230,953
<b>Total Liabilities</b>	<u>2,633,979</u>	<u>2,069,876</u>	<u>564,103</u>
Deferred Revenue	273,732	263,208	10,524
<b>Total Deferred Inflows of Resources</b>	<u>273,732</u>	<u>263,208</u>	<u>10,524</u>
Net Position			
Invested in Capital Assets	20,582,057	18,951,688	1,630,369
Restricted	723,511	762,397	(38,886)
Unrestricted	3,635,360	6,090,688	(2,455,328)
<b>Total Net Position</b>	<u>\$ 24,940,928</u>	<u>\$ 25,804,773</u>	<u>\$ (863,845)</u>

Major changes in Governmental Activities are as follows:

Current and other assets decreased by \$1,483,244 due primarily to a decrease in cash balances of \$1,864,712 primarily as a result of construction expenditures incurred before sale of the bonds and an increase of \$351,707 in the receivable from Other Governments, as well as an increase of \$58,003 in Taxes Receivable for Delinquent Taxes.

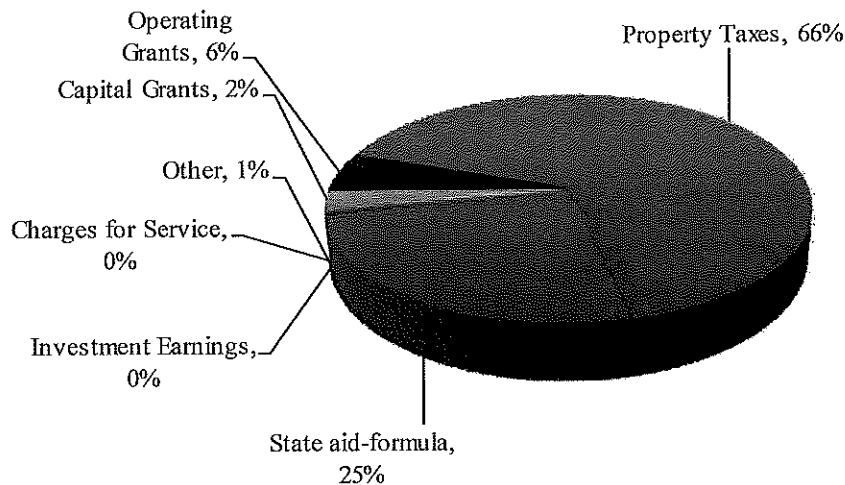
Comparatively, current liabilities increased \$333,150, due to increase in unearned revenue of \$223,990, an increase in accrued wages payable of \$93,307 and increase in accounts payable of \$65,609, which more than offset a decrease of \$67,170 in due to other governments.

Long-term liabilities increased by \$230,953 due to an increase in net pension liability of \$894,830 and a normal scheduled payment of \$663,877 on its bonds, capital leases and notes payable.

### Changes in net position

The District's total revenues were \$12,200,645. A significant portion, 66%, of the District's revenue comes from taxes (See Figure A-3). 25% comes from state-aid formula grants.

**Figure A-3**  
Sources of Revenue for Fiscal Year



The total cost of all programs and services was \$12,050,645. Of these costs, 50% are for instructional and student services, but, when the chapter 41 component of contracted instructional services between schools is excluded, 72% is for instructional and student services. Programs and services costs, less contracted instructional services cost of \$3,691,603, is \$8,359,042.

### Governmental Activities

There were no changes in property tax rates. Tax revenue decreased by \$188,571. The 3% increase in property values, resulted in an increase of tax revenues of \$219,465 or 3% while an adjustment from prior year taxes resulted in a decrease of \$346,940 in revenue.

Unrestricted grants increased \$108,709, or 7%. This increase in state grant revenue was due to the decrease in local tax revenue in prior years, and an increase in student average daily attendance. Also note that contracted instructional services increased by \$117,412, which also was a result of three major components: WADA, Tax Collection, and T2 Values.

**Table A-2**  
**District Revenues and Expenditures**

	Governmental Activities		Total Change
	2015	2014	2015-2014
Revenues:			
Program Revenues:			
Charges for service	\$ 51,620	\$ 52,884	\$ (1,264)
Operating grants and contributions	684,450	646,897	37,553
Capital grants and contributions	304,889	-	304,889
General Revenues:			
Maintenance and operations taxes	8,036,171	8,224,742	(188,571)
Grants and contributions not restricted to specific functions	3,047,452	2,938,743	108,709
Investment earnings	15,382	12,879	2,503
Miscellaneous	60,681	52,778	7,903
<b>Total Revenue</b>	<b>12,200,645</b>	<b>11,928,923</b>	<b>271,722</b>
Expenses:			
Instruction, curriculum and media services	4,046,943	3,452,803	594,140
Instructional and school leadership	722,735	636,975	85,760
Student support services	333,765	297,656	36,109
Child nutrition	461,509	422,889	38,620
Cocurricular activities	424,702	382,609	42,093
General administration	701,132	719,987	(18,855)
Plant maintenance, security & data processing	1,545,771	1,522,020	23,751
Community services	222	1,327	(1,105)
Debt service	19,527	51,654	(32,127)
Capital Outlay	8,968	546	8,422
Contracted instructional service	3,691,603	3,574,191	117,412
Payments to Juvenile Justice Alternative Ed. Programs	-	9,085	(9,085)
Other Intergovernmental Charges	93,768	91,863	1,905
<b>Total Expenses</b>	<b>12,050,645</b>	<b>11,163,605</b>	<b>887,040</b>
Increase (Decrease) in net position	150,000	765,318	(615,318)
Net Position, Beginning	25,804,773	24,908,329	896,444
Prior period adjustment	(1,013,845)	131,126	(1,144,971)
Net Position - Beginning as Restated	24,790,928	25,039,455	(248,527)
Net Position, Ending	\$ 24,940,928	\$ 25,804,773	\$ (863,845)

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 \$12,050,645.
- The amount that our taxpayers paid for these activities through property taxes was \$8,036,171, or 67%.
- Some of the cost was paid by those who directly benefited from the programs, \$51,620, and by grants and contributions, \$989,339.

**Table A-3**  
**Net Cost of Selected District Functions**

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2015	2014		2015	2014	
Instruction	\$ 3,941,618	\$ 3,385,928	16.41%	\$ 3,533,676	\$ 2,998,499	17.85%
General administration	701,132	719,987	-2.62%	679,287	703,254	-3.41%
Plant maintenance security & operations	1,423,199	1,380,648	3.08%	1,400,083	1,356,026	3.25%
Contracted instructional services	3,691,603	3,574,191	3.28%	3,677,665	3,562,005	3.25%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$12,217,578, an increase of 3% compared to the preceding year. This is primarily due to an increase of \$187,689 from local sources as well as an increase of \$164,510 in state program revenues. Expenditures from governmental fund types totaled \$13,743,705, an increase of 14% from prior year. The largest increase that occurred was facilities maintenance and operations of \$254,043, due to capital outlay expenditures.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$246,702 below final budget amounts. The positive variances are reflected in all functions. Staffing is budgeted for full employment throughout the full year.

On the other hand, resources available were \$57,752 below the financial budgeted amount. As noted earlier:

- Property tax collections and other local sources were \$28,004 more than expected.
- The District maintained its own campus and has no plans for further expansion in the near future; however, they are currently building the agriculture and wind energy center.
- State program revenue was \$85,756 below the final budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2015, the District had invested \$33,768,974 in a broad range of capital assets, including land, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$1,687,427 or 5% over last year.

Table A-4  
District's Capital Assets

	Governmental Activities			2015
	2014	Additions	Deletions	
Land	\$ 617,460	4,500	-	621,960
Buildings and improvements	28,239,340	38,013	452,218	27,825,135
Vehicles	1,149,129	710,745	90,294	1,769,580
Equipment	1,357,165	11,488	-	1,368,653
Construction in Progress	718,453	1,465,193	-	2,183,646
Totals at historical cost	<u>32,081,547</u>	<u>2,229,939</u>	<u>542,512</u>	<u>33,768,974</u>
Less				
Total accumulated depreciation	<u>11,665,516</u>	<u>865,529</u>	<u>175,014</u>	<u>12,356,031</u>
Net capital assets	<u>\$ 20,416,031</u>	<u>1,364,410</u>	<u>367,498</u>	<u>21,412,943</u>

### Long-Term Debt

The District's long-term debt consists of \$747,310 in Unlimited Tax School Building Bonds, \$26,788 in bond accretion, capital leases of \$56,787 and net pension liability of \$894,830.

For additional data refer to Note F.

### Net Pension Liability

The District implemented GASB Statement No. 68 during the year ended August 31, 2015. A prior period adjustment of \$894,830 was required to record the beginning balance of the pension liability for the year ended August 31, 2014. 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 2016 Budget preparation will be down \$304 million, or a 29% decrease from 2015. Continuing construction is anticipated for 2016, with the spending totaling \$5 million, during the year.
- General operating fund spending per student increased in the 2016 budget from \$24,502 in 2015 to \$27,358, a \$2,856 increase. The District has budgeted \$2,402,862 for WADA purchasing in 2016; however, this number is not reflected in the spending per student.
- The district's 2016 refined average daily attendance is expected to be steady at approximately 302 students.

These indicators were taken into account when adopting the general fund budget for 2016. Amounts available for appropriation in the general fund budget are \$9,161,078, a decrease of 15% from the final 2015 budget of \$10,852,336.

Property taxes will decrease \$2,684,442, or 36%, from the prior year's final budget, due to a \$304 million decrease in property valuations while the tax rate will increase .0455/100 for debt service. State revenue is expected to increase by \$993,184 or 30% above 2015 actual state revenue of \$3,361,494 as a result of a decrease in local tax revenue due to decreased property values. State revenue will also increase if the student population increases. The District will use these increased revenues to finance programs currently offered.

Expenditures are budgeted to decrease by \$135,449 from actual expenditure in the year ended 2015. The largest decrease is the decrease in recaptured costs of \$1,288,741. Their competitive salary schedule allowed the District to open the 2015-16 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 2016.

### **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**

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**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2015**

1

Data Control Codes	Governmental Activities
<b>ASSETS:</b>	
1110 <i>Cash and Cash Equivalents</i>	\$ 5,220,763
1225 <i>Property Taxes Receivable (Net)</i>	480,783
1240 <i>Due from Other Governments</i>	381,369
1267 <i>Due from Fiduciary</i>	836
1290 <i>Other Receivables (Net)</i>	127,492
1410 <i>Unrealized Expenses</i>	27,340
Capital Assets:	
1510 <i>Land</i>	621,960
1520 <i>Buildings and Improvements, Net</i>	17,523,858
1530 <i>Furniture and Equipment, Net</i>	1,083,479
1580 <i>Construction in Progress</i>	2,183,645
1000 <b>Total Assets</b>	<u>27,651,525</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
1705 <i>Deferred Outflow Related to Pensions</i>	197,114
1700 <b>Total Deferred Outflows of Resources</b>	<u>197,114</u>
<b>LIABILITIES:</b>	
2110 <i>Accounts Payable</i>	346,807
2140 <i>Interest Payable</i>	1,766
2165 <i>Accrued Liabilities</i>	328,264
2177 <i>Due to Fiduciary</i>	7,437
2300 <i>Unearned Revenue</i>	223,990
Noncurrent Liabilities:	
2501 <i>Due Within One Year</i>	671,788
2502 <i>Due in More Than One Year</i>	159,097
2540 <i>Net Pension Liability</i>	894,830
2000 <b>Total Liabilities</b>	<u>2,633,979</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
2605 <i>Deferred Inflow Related to Pensions</i>	273,732
2600 <b>Total Deferred Inflows of Resources</b>	<u>273,732</u>
<b>NET POSITION:</b>	
3200 <b>Net Investment in Capital Assets</b>	20,582,057
Restricted For:	
3850 <i>Debt Service</i>	717,059
3860 <i>Capital Projects</i>	6,452
3900 <i>Unrestricted</i>	3,635,360
3000 <b>Total Net Position</b>	<u>\$ 24,940,928</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, 2015**

Data Control Codes	Functions/Programs	1	3	4	5
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions
	Governmental Activities:				
11	Instruction	\$ 3,941,618	\$ 10,444	\$ 397,498	\$ --
12	Instructional Resources and Media Services	82,214	267	2,760	--
13	Curriculum and Staff Development	23,111	76	2	--
21	Instructional Leadership	227,965	742	15,051	--
23	School Leadership	494,770	1,608	23,967	--
31	Guidance, Counseling, & Evaluation Services	175,064	572	9,038	--
33	Health Services	61,874	201	2,681	--
34	Student Transportation	96,827	66	7,256	--
35	Food Service	461,509	9,330	176,876	--
36	Cocurricular/Extracurricular Activities	424,702	7,806	6,596	--
41	General Administration	701,132	2,280	19,565	--
51	Facilities Maintenance and Operations	1,339,694	3,957	15,353	--
52	Security and Monitoring Services	83,505	249	3,557	--
53	Data Processing Services	122,572	398	3,936	--
61	Community Services	222	--	--	--
72	Interest on Long-term Debt	19,527	--	--	--
81	Capital Outlay	8,968	--	--	304,889
91	Contracted Instructional Services between Schools	3,691,603	13,624	314	--
99	Other Intergovernmental Charges	93,768	--	--	--
TG	Total Governmental Activities	<u>12,050,645</u>	<u>51,620</u>	<u>684,450</u>	<u>304,889</u>
TP	Total Primary Government	<u>\$ 12,050,645</u>	<u>\$ 51,620</u>	<u>\$ 684,450</u>	<u>\$ 304,889</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				
DT	Property Taxes, Levied for Debt Service				
IE	Investment Earnings				
GC	Grants and Contributions Not Restricted to Specific Programs				
MI	Miscellaneous				
TR	Total General Revenues				
CN	Change in Net Position				
NB	Net Position - Beginning				
PA	Prior Period Adjustment				
	Net Position - Beginning, as Restated				
NE	Net Position - Ending				

The accompanying notes are an integral part of this statement.

Net (Expense)  
Revenue and  
Changes in  
Net Position

Governmental  
Activities

\$	(3,533,676)
	(79,187)
	(23,033)
	(212,172)
	(469,195)
	(165,454)
	(58,992)
	(89,505)
	(275,303)
	(410,300)
	(679,287)
	(1,320,384)
	(79,699)
	(118,238)
	(222)
	(19,527)
	295,921
	(3,677,665)
	(93,768)
	<u>(11,009,686)</u>
	<u>(11,009,686)</u>

	7,379,596
	656,575
	15,382
	3,047,452
	60,681
	<u>11,159,686</u>
	150,000
	25,804,773
	(1,013,845)
	24,790,928
\$	<u><u>24,940,928</u></u>

## WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2015

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>				
1110	\$ 5,094,408	\$ --	\$ 126,353	\$ 5,220,761
1225	462,943	--	17,840	480,783
1240	16,264	--	365,105	381,369
1260	2,218,830	--	1,228	2,220,058
1290	127,173	--	319	127,492
1410	27,340	--	--	27,340
1000	<u>7,946,958</u>	<u>--</u>	<u>510,845</u>	<u>8,457,803</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	\$ 240,042	\$ 79,357	\$ 27,394	\$ 346,793
2160	296,470	--	21,538	318,008
2170	8,665	1,913,105	304,889	2,226,659
2200	10,270	--	--	10,270
2300	223,950	--	40	223,990
2000	<u>779,397</u>	<u>1,992,462</u>	<u>353,861</u>	<u>3,125,720</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
	462,943	--	17,840	480,783
2600	<u>462,943</u>	<u>--</u>	<u>17,840</u>	<u>480,783</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450	--	--	35,013	35,013
3470	--	--	3,477	3,477
3480	--	--	99,651	99,651
3490	--	(1,992,462)	--	(1,992,462)
Committed Fund Balances:				
3510	3,500,000	--	--	3,500,000
3545	--	--	1,003	1,003
3600	3,204,618	--	--	3,204,618
3000	<u>6,704,618</u>	<u>(1,992,462)</u>	<u>139,144</u>	<u>4,851,300</u>
4000	<u>\$ 7,946,958</u>	<u>\$ --</u>	<u>\$ 510,845</u>	<u>\$ 8,457,803</u>

The accompanying notes are an integral part of this statement.

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET*  
*TO THE STATEMENT OF NET POSITION*  
 AUGUST 31, 2015

Total fund balances - governmental funds balance sheet	\$ 4,851,300
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.	21,412,942
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	480,783
Payables for bond principal which are not due in the current period are not reported in the funds.	(774,097)
Payables for capital leases which are not due in the current period are not reported in the funds.	(56,787)
Payables for bond interest which are not due in the current period are not reported in the funds.	(1,765)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(894,830)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(273,732)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	<u>197,114</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 24,940,928</u>

The accompanying notes are an integral part of this statement.

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 7,433,090	\$ 4,107	\$ 973,539	\$ 8,410,736
5800 <i>State Program Revenues</i>	3,361,494	--	33,215	3,394,709
5900 <i>Federal Program Revenues</i>	--	--	412,133	412,133
5020 <i>Total Revenues</i>	<u>10,794,584</u>	<u>4,107</u>	<u>1,418,887</u>	<u>12,217,578</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	2,904,078	87,022	261,604	3,252,704
0012 <i>Instructional Resources and Media Services</i>	74,471	--	--	74,471
0013 <i>Curriculum and Staff Development</i>	20,858	--	--	20,858
0021 <i>Instructional Leadership</i>	206,030	--	508	206,538
0023 <i>School Leadership</i>	447,384	1,430	--	448,814
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	158,834	--	--	158,834
0033 <i>Health Services</i>	56,039	--	--	56,039
0034 <i>Student Transportation</i>	18,694	475,291	--	493,985
0035 <i>Food Service</i>	--	14,588	416,476	431,064
0036 <i>Cocurricular/Extracurricular Activities</i>	332,700	29,147	21,850	383,697
0041 <i>General Administration</i>	633,948	5,464	--	639,412
0051 <i>Facilities Maintenance and Operations</i>	1,100,132	326,557	--	1,426,689
0052 <i>Security and Monitoring Services</i>	69,217	--	6,360	75,577
0053 <i>Data Processing Services</i>	110,955	--	--	110,955
0061 <i>Community Services</i>	200	--	--	200
0071 <i>Principal on Long-term Debt</i>	55,244	--	605,000	660,244
0072 <i>Interest on Long-term Debt</i>	3,352	--	9,680	13,032
0081 <i>Capital Outlay</i>	140,287	1,057,070	307,864	1,505,221
0091 <i>Contracted Instructional Services</i>				
0091 <i>Between Public Schools</i>	3,691,603	--	--	3,691,603
0099 <i>Other Intergovernmental Charges</i>	93,768	--	--	93,768
6030 <i>Total Expenditures</i>	<u>10,117,794</u>	<u>1,996,569</u>	<u>1,629,342</u>	<u>13,743,705</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>676,790</u>	<u>(1,992,462)</u>	<u>(210,455)</u>	<u>(1,526,127)</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	280,000	--	232,760	512,760
8911 <i>Transfers Out</i>	(512,760)	--	--	(512,760)
8949 <i>Other Uses</i>	(74,939)	--	--	(74,939)
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>(307,699)</u>	<u>--</u>	<u>232,760</u>	<u>(74,939)</u>
1200 <i>Net Change in Fund Balances</i>	369,091	(1,992,462)	22,305	(1,601,066)
0100 <i>Fund Balances - Beginning</i>	6,335,527	--	116,839	6,452,366
3000 <i>Fund Balances - Ending</i>	<u>\$ 6,704,618</u>	<u>\$ (1,992,462)</u>	<u>\$ 139,144</u>	<u>\$ 4,851,300</u>

The accompanying notes are an integral part of this statement.

**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, 2015*

Net change in fund balances - total governmental funds	\$ (1,601,066)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,229,939
The depreciation of capital assets used in governmental activities is not reported in the funds.	(865,529)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(367,497)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	58,006
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	605,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	55,244
The accretion of interest on capital appreciation bonds is not reported in the funds.	(7,941)
(Increase) decrease in accrued interest from beginning of period to end of period.	1,446
Pension contributions made after the measurement date but in current FY were de-expended and reduced NP	<u>42,397</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 150,000</u>

The accompanying notes are an integral part of this statement.

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF NET POSITION*  
*INTERNAL SERVICE FUND*  
*AUGUST 31, 2015*

<u>Data Control Codes</u>		<u>Nonmajor Internal Service Fund</u>	<u>Insurance Fund</u>
	<b>ASSETS:</b>		
1000	Total Assets	\$ --	
	<b>LIABILITIES:</b>		
2000	Total Liabilities		--
	<b>NET POSITION:</b>		
3000	Total Net Position	\$ --	

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, 2015*

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	<b>OPERATING REVENUES:</b>	
5700	<i>Local and Intermediate Sources</i>	\$ 28,407
5020	Total Revenues	<u>28,407</u>
	<b>OPERATING EXPENSES:</b>	
6400	<i>Other Operating Costs</i>	28,407
6030	Total Expenses	<u>28,407</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, 2015**

	Nonmajor Internal Service Funds
<b>Cash Flows from Operating Activities:</b>	
<i>Cash Receipts (Payments) for Quasi-external     Operating Transactions with Other Funds</i>	\$ 28,407
<i>Cash Payments to Other Suppliers for Goods and Services</i>	<u>(28,407)</u>
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	<u>    --</u>
Cash and Cash Equivalents at End of Year	<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, 2015

Data Control Codes	Private-purpose Trust Funds	Private-Purpose Trust Fund	Agency Funds
<u>ASSETS:</u>			
1110 <i>Cash and Cash Equivalents</i>	\$ 13,647		\$ 84,930
1260 <i>Due from Other Funds</i>	5,750		1,687
1000 Total Assets	<u>19,397</u>		<u>86,617</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ --		\$ 4,653
2170 <i>Due to Other Funds</i>	--		836
2190 <i>Due to Student Groups</i>	--		81,128
2000 Total Liabilities	<u>--</u>		<u>86,617</u>
<u>NET POSITION:</u>			
3800 <i>Held in Trust</i>		19,397	--
3000 Total Net Position		<u>\$ 19,397</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, 2015*

	Private- Purpose Trusts
<b>Additions:</b>	
Investment Income	\$ 32
Gifts & Bequests	3,750
Miscellaneous Income	--
Total Additions	<u>3,782</u>
<b>Deductions:</b>	
Scholarship Awards	4,000
Miscellaneous Operating Costs	--
Total Deductions	<u>4,000</u>
<b>Change in Net Assets</b>	(218)
Net Assets-Beginning of the Year	19,615
Net Assets-End of the Year	<u>\$ 19,397</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, 2015**

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.

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

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2015*

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.

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.

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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 when they become due or past due and receivable within the current period. 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.

[The following is a schedule of delinquent taxes receivable and the allowance for uncollectible taxes for [the District:

	Balance 09/01/14	Current Year Levy	Total Collections	Yearly Adjustments	Balance 08/31/15
Delinquent Taxes Receivable	\$ 914,711	\$ 8,213,181	\$ 7,812,583	\$ (218,967)	1,096,342
Allowance for Uncollectible Taxes	(491,931)			(123,628)	(615,559)
Net Delinquent Taxes Receivable	\$ <u>422,780</u>	\$ <u>8,213,181</u>	\$ <u>7,812,583</u>	\$ <u>(342,595)</u>	<u>480,783</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:

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

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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 charges during fiscal year 2015.

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 sum 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.



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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.

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.

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.

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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.

At August 31, 2015 the District reported the following:

Net Pension Asset	\$	--
Net Pension Liability	\$	894,830

5. New Accounting Standards Adopted

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

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

- a. Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:
  - 1) Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
  - 2) Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
  - 3) Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

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

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

- b. 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

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requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

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

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 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.

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

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

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

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

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

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

**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>
None reported	Not applicable

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>
Capital Projects Fund	\$ 1,992,462	This was a result of construction expenditures incurred before the sale of bonds. The General Fund paid for these costs, and was reimbursed subsequent to year end from the bond proceeds. The bond proceeds also eliminated the fund deficit subsequent to year end.

**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, 2015, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,319,340 and the bank balance was \$5,902,785. The District's cash deposits at August 31, 2015 and during the year ended August 31, 2015, 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.

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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, 2015.

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.

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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, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 617,460	\$ 4,500	\$ --	\$ 621,960
Construction in progress	718,452	1,465,193	--	2,183,645
Total capital assets not being depreciated	<u>1,335,912</u>	<u>1,469,693</u>	<u>--</u>	<u>2,805,605</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	28,239,340	38,013	452,218	27,825,135
Equipment	1,357,165	11,488	--	1,368,653
Vehicles	1,149,129	710,745	90,294	1,769,580
Total capital assets being depreciated	<u>30,745,634</u>	<u>760,246</u>	<u>542,512</u>	<u>30,963,368</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,632,366)	(753,631)	(84,720)	(10,301,277)
Equipment	(1,197,924)	(33,250)	--	(1,231,174)
Vehicles	(835,226)	(78,648)	(90,294)	(823,580)
Total accumulated depreciation	<u>(11,665,516)</u>	<u>(865,529)</u>	<u>(175,014)</u>	<u>(12,356,031)</u>
Total capital assets being depreciated, net	19,080,118	(105,283)	367,498	18,607,337
Governmental activities capital assets, net	<u>\$ 20,416,030</u>	<u>\$ 1,364,410</u>	<u>\$ 367,498</u>	<u>\$ 21,412,942</u>

Depreciation was charged to functions as follows:

Instruction	\$ 351,292
Instructional Resources and Media Services	8,043
Curriculum and Staff Development	2,253
Instructional Leadership	22,306
School Leadership	48,472
Guidance, Counseling, & Evaluation Services	17,154
Health Services	6,052
Student Transportation	78,648
Food Services	46,555
Extracurricular Activities	41,439
General Administration	69,064
Plant Maintenance and Operations	154,083
Security and Monitoring Services	8,162
Data Processing Services	11,983
Community Services	23
	<u>\$ 865,529</u>

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**E. Interfund Balances and Activities**

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2015, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 305,724	Short-term loans
General Fund	Capital Projects Fund	1,913,105	Short-term loans
Other Governmental Funds	General Fund	8,665	Short-term loans
	Total	<u>\$ 2,227,494</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, 2015, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Extracurricular Fund (161)	\$ 280,000	Supplement other funds sources
General fund	Other Governmental Funds	232,760	Supplement other funds sources
	Total	<u>\$ 512,760</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, 2015, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 605,000	\$ --	\$ 605,000	\$ --	\$ --
Capital leases	112,031	--	55,244	56,787	56,787
Unlimited Tax School Building Bonds	747,310	--	--	747,310	591,433
Accretion	18,847	7,941	--	26,788	23,567
Net Pension Liability *	--	894,830	--	894,830	--
Total governmental activities	<u>\$ 1,483,188</u>	<u>\$ 902,771</u>	<u>\$ 660,244</u>	<u>\$ 1,725,715</u>	<u>\$ 671,787</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	General

General Obligation Bonds consist of:

	2015	2014
\$5,300,000 Unlimited School District Bonds, Series 2005, due in annual installment of \$605,000 plus interest at 3.22%, maturing in 2015	<u>\$ --</u>	<u>\$ 605,000</u>

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	2015	2014
Unlimited Tax School Building Bonds consist of:		
Unlimited Tax School Building Bonds Series 2012, due in 2016 with principal of \$591,433 and interest of \$23,567, and in 2017 with principal of \$155,877 and interest of \$9,123, for capital improvements	\$ <u>747,310</u>	\$ <u>747,310</u>

2. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of August 31, 2015, as follows:

<u>Year Ending August 31:</u>	
2016	\$ 58,692
Total Minimum Lease Payments	\$ 58,692
Less Amount Representing Interest	(1,905)
Present Value Net Minimum Lease Payments	\$ <u>56,787</u>

The effective interest rate on capital leases is 3.300%.

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, 2015, 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 \$1.5 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2014, the Fund carries a discounted reserve of \$56,905,750 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2015, the fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

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, 2015, the Fund anticipates that Webb CISD has no additional liability beyond the contractual obligations for payment of contributions.



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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, 2014, 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 plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS' defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The TRS 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

Detailed information about the TRS' 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 [www.trs.state.tx.us/about/documents/cafr.pdf#CAFR](http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR); by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

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.

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. It also added a 1.5% contribution for employers

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**FOR THE YEAR ENDED AUGUST 31, 2015**

not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	<u>Contribution Rates</u>	
	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2014 Employer Contributions	\$ 84,933	
District's 2014 Member Contributions	\$ 218,426	
NECE 2014 On-Behalf Contributions to District	\$ 171,006	

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 TRS pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

In addition to the employer contributions listed above, when employing a retiree of the TRS the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

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

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Market Value
Discount Rate	8%
Long-term Expected Rate of Return*	8%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.5%

\* Includes inflation of 3%

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

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 fiscal 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 expected rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-term Expected Portfolio Real Rate of Return *
<b>Global Equity</b>			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
<b>Stable Value</b>			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
<b>Real Return</b>			
Global Inflat. Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy & Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

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

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7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point less and 1 percentage point greater than the discount rate that was used (8%) in measuring the 2014 net pension liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportionate share of the net pension liability	\$ 1,599,009	\$ 894,831	\$ 368,237
Plan net pension liability (in millions from TRS CAFR)	\$ 47,737	\$ 26,717	\$ 10,998

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

At August 31, 2015, the District reported a liability of \$894,831 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	\$ 894,831
State's proportionate share of the net pension liability associated with the District	<u>1,805,538</u>
Total	<u>\$ 2,700,369</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

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

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

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

For the year ended August 31, 2015, the District recognized pension expense of \$166,919 and revenue of \$166,919 for support provided by the State.

At August 31, 2015, 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:

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

	Deferred Outflows	Deferred Inflows
Differences between expected and actual economic experience	\$ 13,839	\$ --
Changes in actuarial assumptions	58,165	--
Difference between projected and actual investment earnings	--	273,497
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	--	235
District contributions paid to TRS subsequent to the measurement date	125,110	
Total	\$ 197,114	\$ 273,732

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

Year Ended August 31		
2016	\$	(56,267)
2017	\$	(56,267)
2018	\$	(56,267)
2019	\$	(56,267)
2020	\$	12,107
Thereafter	\$	11,233

**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](http://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

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2015, 2014 and 2013. For the years ended August 31, 2015, 2014, and 2013, the State's contributions to TRS-Care were \$36,333, \$34,131, and \$33,802, respectively, the active member contributions were \$23,616, \$22,184, and \$21,972, respectively, and the District's contributions were \$19,983, \$18,771, and \$18,591, 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, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$13,964, \$9,711, and \$9,543, respectively.

J. Employee Health Care Coverage

During the year ended August 31, 2015, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$555 per month per employee 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, 2015, 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 , 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, 2015.

L. Shared Services Arrangements

The District participates in a shared services arrangement ("SSA") for Career and Technology - Basic Grant and Title III Part A - English Language Acquisition with several school districts through the Region I Education Service Center.

The District accounts for revenues and expenditures of these programs in the special revenue funds 244 and 263, respectively. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Region 1 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.

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**M. Subsequent Events**

The District issued \$6,530,000 in Texas School Building Bonds Series 2015 on September 17, 2015 and received \$780,216 of bond premium. Of these amounts, \$7,150,000 was utilized for the District's Capital Project Fund for new construction, vehicles, and equipment, and \$160,216 was utilized to pay all bond issuance and underwriter discount expenses. The District's Capital Project Fund repaid the General Fund \$1,913,105 for amounts advanced in anticipation of the bond issuance.

The bond amortization is as follows:

	Principle	Interest	Total
2016	\$ --	\$ 246,820	\$ 246,820
2017	165,000	267,600	432,600
2018	170,000	260,900	430,900
2019	180,000	253,900	433,900
2020	185,000	246,600	431,600
2021-2025	1,050,000	1,112,700	2,162,700
2026-2030	1,265,000	881,000	2,146,000
2031-2035	1,560,000	598,000	2,158,000
2036-2040	1,955,000	226,125	2,181,125
	<u>\$ 6,530,000</u>	<u>\$ 4,093,645</u>	<u>\$ 10,623,645</u>

Subsequent events have been evaluated through January 18, 2016, which is the date of the financial statements.

**N. 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 \$530,840,050 or 57.24% of the total taxable value of \$927,387,155. All of the top ten taxpayers are oil & gas related. These are as follows:

Taxpayer	Taxable Value	Percent of Total Taxable Value
Conoco Phillips	\$ 230,402,990	24.84%
Whitetail Wind Farm	94,156,870	10.15%
Texas Pipeline Processing Reveille LLC	45,669,900	4.92%
EOG Resources	42,075,950	4.54%
Devon Energy Production Co., LP	29,671,390	3.20%
Killam Oil Company, LTD	20,929,290	2.26%
Bruni Mineral Trust #2	20,446,370	2.20%
Conoco Phillips Company	18,616,670	2.01%
Lobo Pipeline Company	15,167,190	1.64%
Vaquillas Unproven Minerals, LTD	13,706,430	1.48%
Total Top Ten	<u>\$ 530,843,050</u>	<u>57.24%</u>
Total Taxable Value	<u>\$ 927,387,155</u>	<u>100.00%</u>

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

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

During the year ended August 31, 2015, 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)	585.977	6478.0500 \$	(104,385)\$	3,691,603

P. Prior Period Adjustment

During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District must assume their proportionate share of the Net Pension Liability of the Teacher Retirement System of Texas. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The resulting prior period adjustment was a debit of \$1,013,845 to the beginning net position.

Q. Deficit Fund Balance

The District's Capital Project Fund had a deficit fund balance of \$1,992,462 due to new construction performed prior to the issuance of the Texas School Building Bonds Series 2015. The bonds were issued on September 17, 2015, which entirely corrected this deficit fund balance. See also Note M above.



### *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, 2015

**EXHIBIT G-1**  
 Page 1 of 2

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 7,422,456	\$ 7,405,086	\$ 7,433,090	\$ 28,004
5800	State Program Revenues	3,408,181	3,447,250	3,361,494	(85,756)
5020	Total Revenues	<u>10,830,637</u>	<u>10,852,336</u>	<u>10,794,584</u>	<u>(57,752)</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	2,904,011	2,914,511	2,904,078	10,433
0012	Instructional Resources and Media Services	92,174	92,174	74,471	17,703
0013	Curriculum and Staff Development	47,625	27,625	20,858	6,767
	Total Instruction & Instr. Related Services	<u>3,043,810</u>	<u>3,034,310</u>	<u>2,999,407</u>	<u>34,903</u>
Instructional and School Leadership:					
0021	Instructional Leadership	254,889	214,015	206,030	7,985
0023	School Leadership	434,553	458,983	447,384	11,599
	Total Instructional & School Leadership	<u>689,442</u>	<u>672,998</u>	<u>653,414</u>	<u>19,584</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	166,989	166,989	158,834	8,155
0033	Health Services	46,185	57,009	56,039	970
0034	Student (Pupil) Transportation	113,598	35,868	18,694	17,174
0036	Cocurricular/Extracurricular Activities	382,372	352,115	332,700	19,415
	Total Support Services - Student (Pupil)	<u>709,144</u>	<u>611,981</u>	<u>566,267</u>	<u>45,714</u>
Administrative Support Services:					
0041	General Administration	631,527	657,039	633,948	23,091
	Total Administrative Support Services	<u>631,527</u>	<u>657,039</u>	<u>633,948</u>	<u>23,091</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,210,558	1,130,244	1,100,132	30,112
0052	Security and Monitoring Services	70,742	69,217	69,217	--
0053	Data Processing Services	137,663	134,090	110,955	23,135
	Total Support Services - Nonstudent Based	<u>1,418,963</u>	<u>1,333,552</u>	<u>1,280,304</u>	<u>53,248</u>
Ancillary Services:					
0061	Community Services	1,500	200	200	--
	Total Ancillary Services	<u>1,500</u>	<u>200</u>	<u>200</u>	<u>--</u>
Debt Service:					
0071	Principal on Long-Term Debt	55,245	55,245	55,244	1
0072	Interest on Long-Term Debt	3,448	3,448	3,352	96
	Total Debt Service	<u>58,692</u>	<u>58,692</u>	<u>58,596</u>	<u>96</u>
Capital Outlay:					
0081	Capital Outlay	448,000	173,500	140,287	33,213
	Total Capital Outlay	<u>448,000</u>	<u>173,500</u>	<u>140,287</u>	<u>33,213</u>

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

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

EXHIBIT G-1  
 Page 2 of 2

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts				
	Original	Final	Actual		
	Intergovernmental Charges:				
0091	Contracted Instr. Services Between Public Schools	3,728,456	3,728,456	3,691,603	36,853
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	10,000	--	--	--
0099	Other Intergovernmental Charges	105,000	93,768	93,768	--
	Total Intergovernmental Charges	<u>3,843,456</u>	<u>3,822,224</u>	<u>3,785,371</u>	<u>36,853</u>
6030	Total Expenditures	<u>10,844,534</u>	<u>10,364,496</u>	<u>10,117,794</u>	<u>246,702</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(13,897)</u>	<u>487,840</u>	<u>676,790</u>	<u>188,950</u>
	Other Financing Sources (Uses):				
7915	Transfers In	--	286,981	280,000	(6,981)
8911	Transfers Out	(501,312)	(544,971)	(512,760)	32,211
8949	Other Uses	--	(74,939)	(74,939)	--
7080	Total Other Financing Sources and (Uses)	<u>(501,312)</u>	<u>(332,929)</u>	<u>(307,699)</u>	<u>25,230</u>
1200	Net Change in Fund Balance	<u>(515,209)</u>	<u>154,911</u>	<u>369,091</u>	<u>214,180</u>
0100	Fund Balance - Beginning	6,335,527	6,335,527	6,335,527	--
3000	Fund Balance - Ending	<u>\$ 5,820,318</u>	<u>\$ 6,490,438</u>	<u>\$ 6,704,618</u>	<u>\$ 214,180</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> <u>2015</u>
District's proportion of the net pension liability (asset)	0.00335%
District's proportionate share of the net pension liability (asset)	\$ 894,831
State's proportionate share of the net pension liability (asset) associated with the District	1,805,538
Total	<u>\$ 2,700,369</u>
District's covered-employee payroll	\$ 3,413,090
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26.22%
Plan fiduciary net position as a percentage of the total pension liability	-- 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>2015</u>
Contractually required contribution	\$ 125,110
Contributions in relation to the contractually required contribution	(125,110)
Contribution deficiency (excess)	<u>\$ --</u>
District's covered-employee payroll	\$ 3,633,254
Contributions as a percentage of covered-employee payroll	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, 2013-August 31, 2014.

# WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2015

## 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, 2015*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2006 and Prior Years	\$ Various	\$ Various	\$ Various
2007	1.0597	.0322	1,901,979,994
2008	.8067	.0411	1,541,943,531
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 (School Year Under Audit)	.8033	.0645	927,387,155
1000 Totals			
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code			

Note:	M & O Appraised Value	\$	927,387,155
	I & S Appraised Value	\$	1,042,101,687

The difference in appraised value is due to a Chapter 313 Agreement with exemptions of \$115,774,210 of appraised value for school tax purposes dated December 10, 2009, to begin in the 2012-2013 school year.



EXHIBIT J-1

10 Beginning Balance 9/1/14	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/15
\$ 317,554	\$ --	\$ 7,450	\$ 127	\$ (963)	\$ 309,014
33,701	--	494	14	(55)	33,138
23,698	--	1,115	55	(47)	22,481
37,711	--	2,059	85	(52)	35,515
38,493	--	2,885	159	(182)	35,267
44,094	--	6,472	336	(793)	36,493
81,125	--	12,405	744	(760)	67,216
148,731	--	13,460	1,072	(919)	133,280
189,604	--	46,731	3,743	(750)	138,380
--	8,213,181	7,078,911	634,266	(214,446)	285,558
<u>\$ 914,711</u>	<u>\$ 8,213,181</u>	<u>\$ 7,171,982</u>	<u>\$ 640,601</u>	<u>\$ (218,967)</u>	<u>\$ 1,096,342</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

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

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 7,000	\$ 7,800	\$ 9,330	\$ 1,530
5800	State Program Revenues	12,000	970	2,254	1,284
5900	Federal Program Revenues	152,000	152,000	174,622	22,622
5020	Total Revenues	<u>171,000</u>	<u>160,770</u>	<u>186,206</u>	<u>25,436</u>
<b>EXPENDITURES:</b>					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	403,760	418,760	416,476	2,284
	Total Support Services - Student (Pupil)	<u>403,760</u>	<u>418,760</u>	<u>416,476</u>	<u>2,284</u>
6030	Total Expenditures	<u>403,760</u>	<u>418,760</u>	<u>416,476</u>	<u>2,284</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(232,760)</u>	<u>(257,990)</u>	<u>(230,270)</u>	<u>27,720</u>
Other Financing Sources (Uses):					
7915	Transfers In	--	257,990	232,760	(25,230)
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>257,990</u>	<u>232,760</u>	<u>(25,230)</u>
1200	Net Change in Fund Balance	<u>(232,760)</u>	<u>--</u>	<u>2,490</u>	<u>2,490</u>
0100	Fund Balance - Beginning	32,469	32,469	32,469	--
3000	Fund Balance - Ending	<u>\$ (200,291)</u>	<u>\$ 32,469</u>	<u>\$ 34,959</u>	<u>\$ 2,490</u>

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

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

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 614,680	\$ 614,680	\$ 644,491	\$ 29,811
5020	Total Revenues	<u>614,680</u>	<u>614,680</u>	<u>644,491</u>	<u>29,811</u>
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	605,000	605,000	605,000	--
0072	Interest on Long-Term Debt	9,680	9,680	9,680	--
	Total Debt Service	<u>614,680</u>	<u>614,680</u>	<u>614,680</u>	<u>--</u>
6030	Total Expenditures	<u>614,680</u>	<u>614,680</u>	<u>614,680</u>	<u>--</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	29,811	29,811
1200	Net Change in Fund Balance	--	--	29,811	29,811
0100	Fund Balance - Beginning	69,840	69,840	69,840	--
3000	Fund Balance - Ending	<u>\$ 69,840</u>	<u>\$ 69,840</u>	<u>\$ 99,651</u>	<u>\$ 29,811</u>

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

JOHN L. WOMACK, CPA

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MARGARET KELLY, CPA

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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, 2015, 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 January 18, 2016.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

Respectfully submitted,

A handwritten signature in cursive script that reads "John Womack & Co., P.C.".

John Womack and Company, P.C.  
Kingsville, TX  
January 18, 2016

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

**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**

NONE

**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, 2015*

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
<p><b>2014-1 Internal Controls - Purchase Orders</b></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 in the purchase order 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 purchase order 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. Management is continuing to work towards improved purchasing procedures and will further educate the employees about strict compliance and place sanctions for non-compliance.</p>	Implemented	N/A
<p><b>2014-2 Internal Controls - Payroll System</b></p> <p>Condition: An error occurred in the payroll system, resulting in a material prior period adjustment.</p> <p>Criteria: The District should monitor the payroll system to ensure proper information is posted for accruals at year end.</p> <p>Cause: There was a change in personnel at the end of the prior year, and the payroll information was not monitored closely. The District's new CFO monitored the payroll more closely in the current year and as a result, discovered and corrected the error.</p> <p>Effect: The effect was a prior period adjustment to the current year fund balance.</p> <p>Recommendation: We recommend that the District continue to closely monitor payroll accruals at year end.</p>	Implemented	N/A

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2015*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>Client Response: The District concurs with this finding. However, the error was detected and corrected in the current year and procedures are in place to prevent this error from recurring.</p>		
<p><b>2014-3 State Compliance - Mandated Programs</b></p>	<p>Implemented</p>	<p>N/A</p>
<p>Condition: The District did not expend the required minimum percentage of the state mandated allotment in the Gifted and Talented program.</p>		
<p>Criteria: The District is required to expend at least 55% of the mandated program allotment in the Gifted and Talented program.</p>		
<p>Cause: The District did not monitor the program during the year to ensure that the required amount would be expended by year end.</p>		
<p>Effect: State funding could be affected if the required percentages are not met.</p>		
<p>Recommendation: We recommend that the District more closely monitor the progress throughout the year for each state mandated program to ensure that the required percentages are met.</p>		
<p>Client Response: The District concurs with this finding. Steps have been put in place to make sure the Gifted and Talented Program meets the minimum spending.</p>		
<p><b>2014-4 State Compliance - Excess Expenditures Over Appropriations</b></p>	<p>Implemented</p>	<p>N/A</p>
<p>Condition: The District had seven line items with excess expenditures over appropriations in the General Fund Budgetary Comparison Schedule.</p>		
<p>Criteria: The State requires that Districts adopt a budget and amend it as necessary throughout the year.</p>		
<p>Cause: An error in the prior year accrued payroll was discovered, and the correction of that error caused several line items to be increased above the appropriated amount. This was discovered after year end, and the budget could no longer be amended.</p>		



**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2015*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>Effect: The effect is a violation of state laws.</p> <p>Recommendation: We recommend that the District continue to monitor the payroll system and budget to actual reports to ensure that all expenditures are fully appropriated.</p> <p>Client Response: The District concurs with this finding. Action was taken to address the issue about over the budget to ensure compliance.</p>		

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2015*

There are no findings or questioned costs in the current year.

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS*  
 AS OF AUGUST 31, 2015

Data Control Codes		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	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?	\$ 26,788
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 894,830
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ 82,713



**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

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