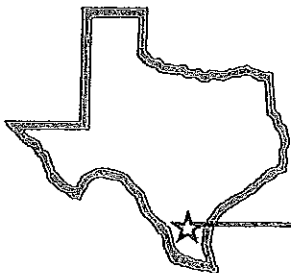


WEBB CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2018*



WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

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Webb Consolidated Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2018

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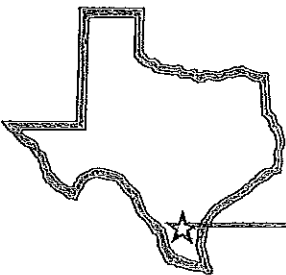
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*Introductory Section*



WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF BOARD

Webb Consolidated Independent School District  
Name of School District

Webb  
County

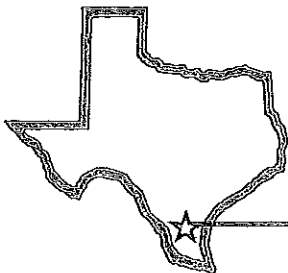
240904  
Co.-Dist. Number

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, 2018, at a meeting of the board of trustees of such school district on the 22nd day of January, 2019.

Amy Marshall  
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)

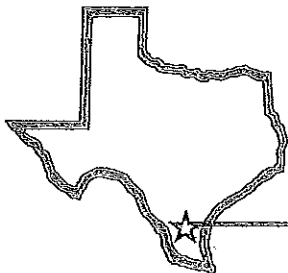


WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

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*Financial Section*



WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

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

JOHN L. WOMACK, CPA  
MARGARET KELLY, CPA

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

**Independent Auditor's Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Webb Consolidated Independent School District ("the District") as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note A to the financial statements, in 2018, Webb Consolidated Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB 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 9, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Webb Consolidated Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

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

John Womack and Company, P.C.  
Kingsville, TX  
January 9, 2019

# Management's Discussion and Analysis

This section of Webb Consolidated Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2018. Please read this in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

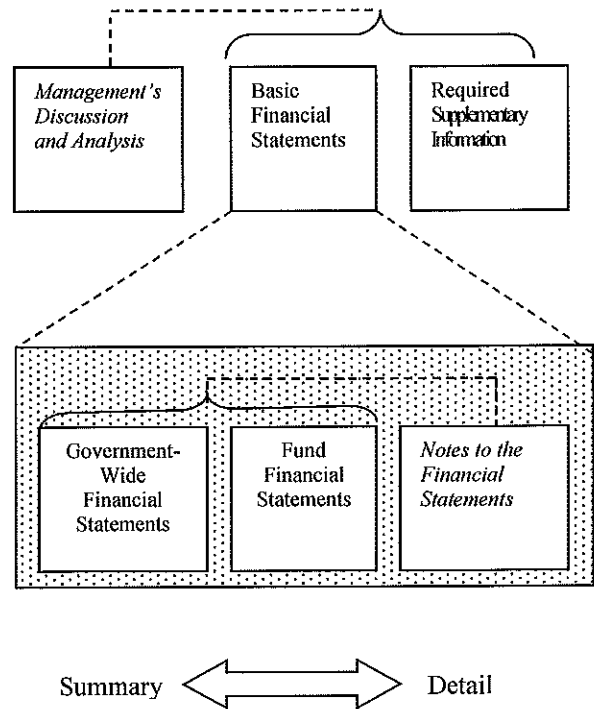
- The District's total combined net position was \$24,461,311 at August 31, 2018.
- During the year, the District's expenses were \$2,088,044 less than the \$9,019,054 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was \$2,728,754 less than last year due primarily to the decrease in contracted instructional services between public schools, instructional, curriculum and media services, instructional and school leadership, child nutrition, general administration, student support services and plant maintenance, security and data processing.
- The general fund reported a fund balance this year of \$8,916,115, an increase of \$1,082,927 over last year's fund balance of \$7,833,188.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

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

**Figure A-2. Major Features of the District’s Government-Wide and Fund Financial Statements**

<i>Type of Statements</i>	<b>Fund Statements</b>			
	<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 \$24,461,311 at August 31, 2018. 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 \$15,593,926. 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, \$5,460,918, represents resources that are subject to external restrictions on how they may be used. The \$3,406,467 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
	2018	2017	2018-2017
Current and other assets	\$ 14,514,170	\$ 16,323,222	\$ (1,809,052)
Capital and non-current assets	29,143,833	27,446,371	1,697,462
<b>Total Assets</b>	<u>43,658,003</u>	<u>43,769,593</u>	<u>(111,590)</u>
Deferred Outflow Related to Pensions	269,881	452,952	(183,071)
Deferred Outflow Related to OPEB	26,947	-	26,947
<b>Total Deferred Outflows of Resources</b>	<u>296,828</u>	<u>452,952</u>	<u>(156,124)</u>
Current liabilities	2,410,564	2,719,349	(308,785)
Long-term liabilities	15,719,109	15,160,107	559,002
<b>Total Liabilities</b>	<u>18,129,673</u>	<u>17,879,456</u>	<u>250,217</u>
Deferred Inflow Related to Pensions	454,644	159,007	295,637
Deferred Inflow Related to OPEB	909,203	-	909,203
<b>Total Deferred Inflows of Resources</b>	<u>1,363,847</u>	<u>159,007</u>	<u>1,204,840</u>
Net Position			
Invested in Capital Assets	15,593,926	13,392,050	2,201,876
Restricted	5,460,918	8,928,020	(3,467,102)
Unrestricted	3,406,467	3,864,012	(457,545)
<b>Total Net Position</b>	<u>\$ 24,461,311</u>	<u>\$ 26,184,082</u>	<u>\$ (1,722,771)</u>

Major changes in Governmental Activities are as follows:

Current and other assets decreased by \$1,809,052 while capital and non-current assets increased by \$1,697,462, primarily due to the capitalization of costs from bond projects. Meanwhile, cash and cash equivalents decreased by \$2,136,101, and property taxes receivable increased by \$422,503.

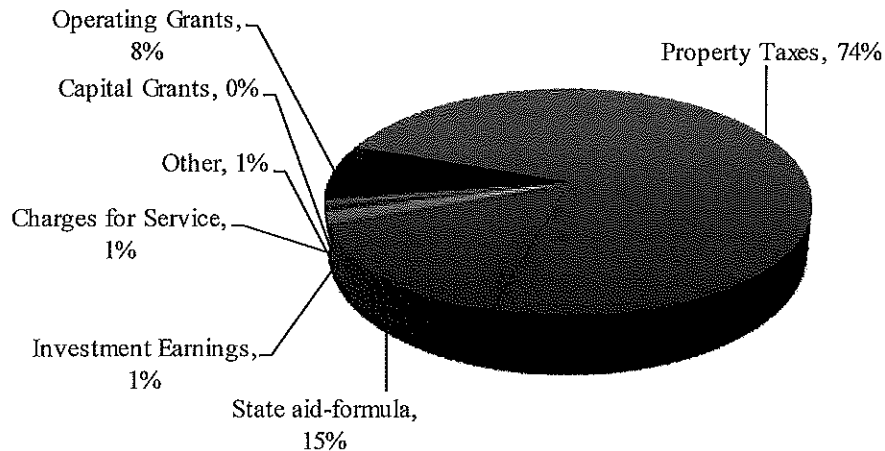
Comparatively, current liabilities decreased \$308,785, due to a decrease in accounts payable by \$670,708, and \$457,380 in unearned revenue, while the noncurrent liabilities due within one year for bond payments increased by \$755,827.

Long-term liabilities increased by \$559,002 due to a \$2,173,555 increase in net OPEB liability, while the long-term portion of general obligation bonds declined, due to a decrease in bond scheduled payments due in more than one year of \$1,129,596. Also, there is a decrease in net pension liability of \$484,957.

### Changes in net position

The District's total revenues were \$9,019,054. A significant portion, 82%, of the District's revenue comes from taxes (See Figure A-3), while 17% comes from state-aid formula grants.

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



**\*\* See operating grant calculation at Footnote A #3 of audit report.**

The total cost of all programs and services was \$6,931,010. Of these costs, 59% are for instructional and student services.

### Governmental Activities

Property tax rates for maintenance and operating taxes increased \$0.2367/\$100, while debt service tax rates decreased by \$.0300/\$100. The 22% increase in tax rates, resulted in an increase in tax revenues of \$2,503,859, or 52%.

Unrestricted grants decreased by \$3,126,808, or 67%. This decrease in state grant revenue was due to the loss of ASTAR funding. Also note that contracted instructional services decreased by \$648,751, which was the result of three major components: WADA, Tax Collection, and T2 Values.

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

	<u>Governmental</u> <u>Activities</u>		<u>Total</u> <u>Change</u>
	<u>2018</u>	<u>2017</u>	<u>2018-2017</u>
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for service	\$ 79,108	\$ 38,482	\$ 40,626
Operating grants and contributions	(191,524)	272,845	(464,369)
Capital grants and contributions	-	-	-
<b>General Revenues:</b>			
Property Taxes	7,363,664	4,859,805	2,503,859
Grants and contributions not restricted to specific functions	1,506,665	4,633,473	(3,126,808)
Investment earnings	171,954	117,563	54,391
Miscellaneous	89,187	70,873	18,314
<b>Total Revenue</b>	<u>9,019,054</u>	<u>9,993,041</u>	<u>(973,987)</u>
<b>Expenses:</b>			
Instruction, curriculum and media services	2,623,280	3,934,932	(1,311,652)
Instructional and school leadership	284,788	566,028	(281,240)
Student support services	361,949	515,530	(153,581)
Child nutrition	362,736	470,208	(107,472)
Cocurricular activities	456,336	477,417	(21,081)
General administration	661,267	785,173	(123,906)
Plant maintenance, security & data processing	1,345,085	1,500,536	(155,451)
Community services	2,213	228	1,985
Debt service	461,141	406,524	54,617
Capital Outlay	-	-	-
Contracted instructional service	300,424	949,175	(648,751)
Payments to Juvenile Justice Alternative Ed. Programs	-	-	-
Other Intergovernmental Charges	71,791	54,013	17,778
<b>Total Expenses</b>	<u>6,931,010</u>	<u>9,659,764</u>	<u>(2,728,754)</u>
<b>Increase (Decrease) in net position</b>	<b>2,088,044</b>	<b>333,277</b>	<b>1,754,767</b>
Net Position, Beginning	26,184,082	25,850,805	333,277
Prior period adjustment	(3,810,815)	-	(3,810,815)
<b>Net Position, Ending</b>	<u>\$ 24,461,311</u>	<u>\$ 26,184,082</u>	<u>\$ (1,722,771)</u>

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 \$6,931,010.
- The amount that our taxpayers paid for these activities through property taxes was \$7,363,664, or 82% of governmental activity revenue.
- Some of the cost was paid by those who directly benefited from the programs, \$79,108.

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

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2018	2017		2018	2017	
Instruction	\$ 2,588,858	\$ 3,793,652	-31.76%	\$ 2,576,686	\$ 3,635,389	-29.12%
General administration	661,267	785,173	-15.78%	781,907	747,140	4.65%
Plant maintenance, security & data processing	1,345,085	1,500,536	-10.36%	1,420,220	1,468,701	-3.30%
Contracted instructional services	300,424	949,175	-68.35%	298,936	944,407	-68.35%

## FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from governmental fund types totaled \$9,568,883, a 2% decrease compared to the preceding year. This is primarily due to an increase of \$2,383,816 from local sources, as the result of a \$2,351,228 increase in property tax revenue, while state program revenues decreased \$2,620,129. Expenditures from governmental fund types totaled \$10,908,834, a decrease of \$1,194,458, or 10% from the prior year. The largest decrease that occurred was \$648,751, in contracted instructional services between public schools and \$684,935 in capital outlays.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$564,938 below final budget amounts. The positive variances are reflected fairly evenly in all functions, with instruction costs providing about one-half of the variance. Staffing is budgeted for full employment throughout the full year.

However, resources available were \$34,842 below the financial budgeted amount. As noted earlier:

- Property tax collections and other local sources were \$21,962 higher than the final budget.
- The District maintained its own campus and has no plans for further expansion in the near future.
- State program revenue was \$60,513 below the final budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year 2018, the District had invested \$44,524,984 in a broad range of capital assets, including land, buildings, vehicle and equipment. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$2,571,827, or 6% over last year.

**Table A-4  
District's Capital Assets**

	<u>2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>2018</u>
Land	\$ 621,960	-	-	621,960
Buildings and improvements	35,535,864	3,478,253	-	39,014,117
Vehicles	1,957,079	85,920	276,739	1,766,260
Equipment	1,551,763	430,206	150,995	1,830,974
Construction in Progress	<u>2,286,489</u>	<u>2,242,810</u>	<u>3,237,628</u>	<u>1,291,671</u>
Totals at historical cost	<u>41,953,155</u>	<u>6,237,189</u>	<u>3,665,362</u>	<u>44,524,982</u>
Less				
Total accumulated depreciation	<u>14,506,784</u>	<u>1,294,594</u>	<u>420,227</u>	<u>15,381,151</u>
Net capital assets	<u>\$ 27,446,371</u>	<u>4,942,595</u>	<u>3,245,135</u>	<u>29,143,831</u>

**Table A-5  
The District's Long-Term Debt**

<u>Governmental Activities</u>	<u>2018</u>	<u>2017</u>	<u>Total % Change</u>
General obligation bonds	\$ 6,975,000	\$ 12,705,000	-45.10%
Unlimited Tax Refunding			
Bonds, Taxable Series	5,335,000	-	100.00%
Accretion	510,828	-	100.00%
Premium on Bonds	729,080	1,349,321	-45.97%
Deferred Gain on Defeasance	130,645	-	100.00%
Net Pension Liability	965,828	1,450,786	-33.43%
Net OPEB Liability	<u>2,173,555</u>	<u>3,837,302</u>	-43.36%
Total governmental activities	<u>\$ 16,819,936</u>	<u>\$ 19,342,409</u>	-13.04%

For additional data, please refer to Note F on pages 37.

**Net Pension Liability**

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

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

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

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Appraised valuations used for the 2019 Budget preparation will be down \$5.4 million for maintenance and operations tax valuations and down \$59.2 million for debt service tax valuations. Continuing construction is anticipated for 2019, with the spending totaling \$3 million, during the year.
- General operating fund spending per student increased in the 2019 budget from \$24,625 in 2018 actual spending, exclusive of WADA costs, to \$30,557 in budgeted spending, a \$5,932 increase. The District has budgeted \$1,580,671 for WADA purchasing in 2019; however, this number is not reflected in the spending per student.
- The district's 2019 refined average daily attendance is expected to be lower at approximately 240 students.

These indicators were taken into account when adopting the general fund budget for 2019. Amounts available for appropriation in the general fund budget are \$7,700,380, a decrease of 3.5% from the final 2018 budget of \$7,980,241.

Maintenance and operating property taxes will decrease \$103,811, or 2%, from the prior year's final budget, due to a tax rate decrease of \$0.04/\$100, while the interest and sinking funds property valuations decrease by \$59.3 million; the tax rate will increase \$0.04/\$100 for debt service. State revenue is expected to decline by \$212,041 or 12% below 2018 actual state revenue of \$1,703,115 as a result of a decrease in hardship grant revenue. State revenue will also decrease if the student population decreases. The District will use these decreased revenues to finance programs currently offered.

Expenditures are budgeted to increase by \$1,449,191 from actual expenditures in the year ended 2018. The increase is due to the increase in contracted instructional services of \$1,280,247. Their competitive salary schedule allowed the District to open the 2018-19 school year with 3 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 2019.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office.

*Basic Financial Statements*

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2018**

1

Data Control Codes		Governmental Activities
	<b>ASSETS:</b>	
1110	Cash and Cash Equivalents	\$ 13,138,509
1225	Property Taxes Receivable (Net)	1,298,551
1240	Due from Other Governments	67,867
1267	Due from Fiduciary	3,000
1290	Other Receivables (Net)	6,243
	Capital Assets:	
1510	Land	621,959
1520	Buildings and Improvements, Net	25,690,903
1530	Furniture and Equipment, Net	1,539,300
1580	Construction in Progress	1,291,671
1000	Total Assets	<u>43,658,003</u>
	<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
	Deferred Outflow Related to Pensions	269,881
	Deferred Outflow Related to OPEB	26,947
1700	Total Deferred Outflows of Resources	<u>296,828</u>
	<b>LIABILITIES:</b>	
2110	Accounts Payable	853,492
2140	Interest Payable	20,462
2165	Accrued Liabilities	294,825
2177	Due to Fiduciary	25
2180	Due to Other Governments	31,429
2300	Unearned Revenue	109,504
	Noncurrent Liabilities:	
2501	Due Within One Year	1,100,827
2502	Due in More Than One Year	12,579,725
2540	Net Pension Liability	965,829
2545	Net OPEB Liability	2,173,555
2000	Total Liabilities	<u>18,129,673</u>
	<b>DEFERRED INFLOWS OF RESOURCES:</b>	
	Deferred Inflow Related to Pensions	454,644
	Deferred Inflow Related to OPEB	909,203
2600	Total Deferred Inflows of Resources	<u>1,363,847</u>
	<b>NET POSITION:</b>	
3200	Net Investment in Capital Assets	15,593,926
	Restricted For:	
3850	Debt Service	490,973
3860	Capital Projects	4,969,945
3900	Unrestricted	3,406,467
3000	Total Net Position	<u>\$ 24,461,311</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, 2018**

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
	<b>Governmental Activities:</b>				
11	<i>Instruction</i>	\$ 2,588,858	\$ 11,994	\$ 178	\$ (2,576,686)
12	<i>Instructional Resources and Media Services</i>	13,146	124	(11,228)	(24,250)
13	<i>Curriculum and Staff Development</i>	21,276	89	--	(21,187)
21	<i>Instructional Leadership</i>	53,305	313	(10,349)	(63,341)
23	<i>School Leadership</i>	231,483	1,509	(69,546)	(299,520)
31	<i>Guidance, Counseling, &amp; Evaluation Services</i>	106,081	566	(19,553)	(125,068)
33	<i>Health Services</i>	55,843	337	(13,482)	(68,988)
34	<i>Student Transportation</i>	200,025	698	(37,925)	(237,252)
35	<i>Food Service</i>	362,736	45,788	192,675	(124,273)
36	<i>Cocurricular/Extracurricular Activities</i>	456,336	6,567	(16,892)	(466,661)
41	<i>General Administration</i>	661,267	3,423	(124,063)	(781,907)
51	<i>Facilities Maintenance and Operations</i>	1,204,101	5,412	(56,371)	(1,255,060)
52	<i>Security and Monitoring Services</i>	67,217	431	(16,065)	(82,851)
53	<i>Data Processing Services</i>	73,767	361	(8,903)	(82,309)
61	<i>Community Services</i>	2,213	8	--	(2,205)
72	<i>Interest on Long-term Debt</i>	289,504	--	--	(289,504)
73	<i>Bond Issuance Costs and Fees</i>	171,637	--	--	(171,637)
91	<i>Contracted Instructional Services between Schools</i>	300,424	1,488	--	(298,936)
99	<i>Other Intergovernmental Charges</i>	71,791	--	--	(71,791)
TG	Total Governmental Activities	6,931,010	79,108	(191,524)	(7,043,426)
TP	Total Primary Government	\$ 6,931,010	\$ 79,108	\$ (191,524)	(7,043,426)
	<b>General Revenues:</b>				
MT	<i>Property Taxes, Levied for General Purposes</i>				6,301,905
DT	<i>Property Taxes, Levied for Debt Service</i>				1,061,759
IE	<i>Investment Earnings</i>				171,954
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				1,506,665
MI	<i>Miscellaneous</i>				89,187
FR	<i>Transfers</i>				--
TR	Total General Revenues and Transfers				9,131,470
CN	Change in Net Position				2,088,044
NB	Net Position - Beginning				26,184,082
PA	Prior Period Adjustment				(3,810,815)
	Net Position - Beginning, as Restated				22,373,267
NE	Net Position - Ending				\$ 24,461,311

The accompanying notes are an integral part of this statement.

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2018**

Data Control Codes	10 General Fund	50 Debt Service Fund
<b>ASSETS:</b>		
1110	\$ 9,525,064	\$ 254,949
1225	1,199,778	98,773
1240	-	-
1260	56,099	2,410
1290	5,735	62
1000	<u>10,786,676</u>	<u>356,194</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110	\$ 232,489	\$ -
2150	7,452	-
2160	265,344	-
2170	24,605	17,493
2180	31,429	-
2300	109,464	-
2000	<u>670,783</u>	<u>17,493</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
	1,199,778	98,773
2600	<u>1,199,778</u>	<u>98,773</u>
<b>FUND BALANCES:</b>		
Restricted Fund Balances:		
3450	-	-
3470	-	-
3480	-	239,928
Committed Fund Balances:		
3545	5,000,000	-
3600	3,916,115	-
3000	<u>8,916,115</u>	<u>239,928</u>
4000	<u>\$ 10,786,676</u>	<u>\$ 356,194</u>

The accompanying notes are an integral part of this statement.

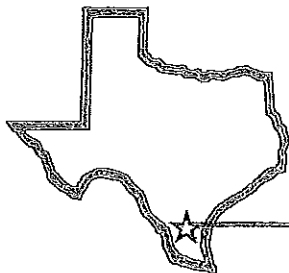
EXHIBIT C-1

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 3,342,137	\$ 16,359	\$ 13,138,509
--	--	1,298,551
--	67,867	67,867
8,941	--	67,450
--	446	6,243
<u>3,351,078</u>	<u>84,672</u>	<u>14,578,620</u>
\$ 609,981	\$ 11,022	\$ 853,492
--	--	7,452
--	22,029	287,373
14,596	7,781	64,475
--	--	31,429
--	40	109,504
<u>624,577</u>	<u>40,872</u>	<u>1,353,725</u>
--	--	1,298,551
--	--	<u>1,298,551</u>
--	37,668	37,668
2,726,501	3,478	2,729,979
--	--	239,928
--	2,654	5,002,654
--	--	3,916,115
<u>2,726,501</u>	<u>43,800</u>	<u>11,926,344</u>
<u>\$ 3,351,078</u>	<u>\$ 84,672</u>	<u>\$ 14,578,620</u>

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

Total fund balances - governmental funds balance sheet	\$ 11,926,344
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	29,143,833
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,298,551
Payables for bond principal which are not due in the current period are not reported in the funds.	(12,310,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(20,461)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(130,645)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(965,829)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(454,644)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	269,881
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(510,828)
Bond premiums are amortized in the SNA but not in the funds.	(729,080)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(2,173,555)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(909,203)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>26,947</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 24,461,311</u>

The accompanying notes are an integral part of this statement.



WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes	10 General Fund	50 Debt Service Fund
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 6,137,900	\$ 1,037,988
5800 <i>State Program Revenues</i>	1,703,115	--
5900 <i>Federal Program Revenues</i>	104,384	--
5020 <b>Total Revenues</b>	<u>7,945,399</u>	<u>1,037,988</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	2,351,599	--
0012 <i>Instructional Resources and Media Services</i>	24,917	--
0013 <i>Curriculum and Staff Development</i>	18,125	--
0021 <i>Instructional Leadership</i>	63,338	--
0023 <i>School Leadership</i>	305,167	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	114,333	--
0033 <i>Health Services</i>	67,952	--
0034 <i>Student Transportation</i>	140,923	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	343,629	--
0041 <i>General Administration</i>	691,388	--
0051 <i>Facilities Maintenance and Operations</i>	1,195,531	--
0052 <i>Security and Monitoring Services</i>	87,338	--
0053 <i>Data Processing Services</i>	85,527	--
0061 <i>Community Services</i>	1,884	--
0071 <i>Principal on Long-term Debt</i>	--	395,000
0072 <i>Interest on Long-term Debt</i>	--	441,281
0073 <i>Bond Issuance Costs and Fees</i>	--	171,637
0081 <i>Capital Outlay</i>	644,963	--
0091 <i>Contracted Instructional Services</i>		
0091 <i>    Between Public Schools</i>	300,424	--
0099 <i>Other Intergovernmental Charges</i>	71,791	--
6030 <b>Total Expenditures</b>	<u>6,508,829</u>	<u>1,007,918</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>		
1100 <b>Expenditures</b>	<u>1,436,570</u>	<u>30,070</u>
Other Financing Sources and (Uses):		
7901 <i>Refunding Bonds Issued</i>	--	5,385,000
7915 <i>Transfers In</i>	300,000	--
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	711,550
8911 <i>Transfers Out</i>	(653,643)	--
8940 <i>Payment to Bond Refunding Escrow Agent</i>	--	(5,924,914)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>(353,643)</u>	<u>171,636</u>
1200 <b>Net Change in Fund Balances</b>	<u>1,082,927</u>	<u>201,706</u>
0100 <b>Fund Balances - Beginning</b>	<u>7,833,188</u>	<u>38,222</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 8,916,115</u>	<u>\$ 239,928</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 51,094	\$ 54,432	\$ 7,281,414
--	25,505	1,728,620
--	454,465	558,849
<u>51,094</u>	<u>534,402</u>	<u>9,568,883</u>
630,665	284,141	3,266,405
--	--	24,917
--	--	18,125
--	--	63,338
--	--	305,167
--	--	114,333
--	--	67,952
--	--	140,923
--	410,727	410,727
68,116	7,981	419,726
41,714	--	733,102
--	--	1,195,531
--	--	87,338
87,472	--	172,999
--	--	1,884
--	--	395,000
--	--	441,281
--	--	171,637
1,861,271	--	2,506,234
--	--	300,424
--	--	71,791
<u>2,689,238</u>	<u>702,849</u>	<u>10,908,834</u>
<u>(2,638,144)</u>	<u>(168,447)</u>	<u>(1,339,951)</u>
--	--	5,385,000
182,842	170,802	653,644
--	--	711,550
--	--	(653,643)
--	--	(5,924,914)
<u>182,842</u>	<u>170,802</u>	<u>171,637</u>
<u>(2,455,302)</u>	<u>2,355</u>	<u>(1,168,314)</u>
5,181,803	41,445	13,094,658
<u>\$ 2,726,501</u>	<u>\$ 43,800</u>	<u>\$ 11,926,344</u>

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

Net change in fund balances - total governmental funds	\$ (1,168,314)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,999,562
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,294,594)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(7,505)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	422,501
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	661,233
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	5,924,914
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	395,000
The accretion of interest on capital appreciation bonds is not reported in the funds.	(510,828)
(Increase) decrease in accrued interest from beginning of period to end of period.	1,372
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(5,385,000)
Bond premiums are reported in the funds but not in the SOA.	(711,550)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	14,019
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(7,769)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	1,719,564
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	<u>(964,560)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 2,088,044</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, 2018*

<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, 2018

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	<b>OPERATING REVENUES:</b>	
5700	<i>Local and Intermediate Sources</i>	\$ 32,090
5020	Total Revenues	<u>32,090</u>
	<b>OPERATING EXPENSES:</b>	
6400	<i>Other Operating Costs</i>	32,090
6030	Total Expenses	<u>32,090</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, 2018**

	Nonmajor Internal Service Funds
<b>Cash Flows from Operating Activities:</b>	
<i>Cash Receipts (Payments) for Quasi-external     Operating Transactions with Other Funds</i>	\$ (32,090)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	<u>32,090</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	--
Cash and Cash Equivalents at End of Year	<u><u>\$ --</u></u>

The accompanying notes are an integral part of this statement.

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**
**STATEMENT OF FIDUCIARY NET POSITION**
**FIDUCIARY FUNDS**
**AUGUST 31, 2018**

Data Control Codes	Private-purpose Trust Fund	Agency Fund
ASSETS:	Private-Purpose Trust Fund	Student Activity
1110 <i>Cash and Cash Equivalents</i>	\$ 26,813	\$ 66,328
1260 <i>Due from Other Funds</i>	--	25
1000 Total Assets	<u>26,813</u>	<u>66,353</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ --	\$ 1,640
2170 <i>Due to Other Funds</i>	3,000	--
2190 <i>Due to Student Groups</i>	--	64,713
2000 Total Liabilities	<u>3,000</u>	<u>66,353</u>
<b>NET POSITION:</b>		
3800 <i>Held in Trust</i>	23,813	--
3000 Total Net Position	<u>\$ 23,813</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, 2018**

	Private- Purpose Trusts
<b>Additions:</b>	
Investment Income	\$ 197
Gifts & Bequests	4,000
Miscellaneous Income	--
Total Additions	<u>4,197</u>
<b>Deductions:</b>	
Scholarship Awards	3,000
Miscellaneous Operating Costs	--
Total Deductions	<u>3,000</u>
<b>Change in Net Assets</b>	<b>1,197</b>
Net Assets-Beginning of the Year	22,616
Net Assets-End of the Year	<u>\$ 23,813</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, 2018**

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

The District reports the following major governmental funds:

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

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

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

In addition, the District reports the following fund types:

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

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

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

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

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end, with the exception of property taxes which are fully deferred. 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.

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3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

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

	Balance 09/01/17	Current Year Levy	Total Collections	Yearly Adjustments	Balance 08/31/18
Delinquent Taxes Receivable	\$ 1,509,399	\$ 6,878,634	\$ 6,267,105	\$ (161,511)	1,959,417
Allowance for Uncollectible Taxes	(633,351)			(27,515)	(660,866)
Net Delinquent Taxes Receivable	<u>\$ 876,048</u>	<u>\$ 6,878,634</u>	<u>\$ 6,267,105</u>	<u>\$ (189,026)</u>	<u>876,048</u>

c. Inventories and Prepaid Items

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

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

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital 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 changes during fiscal year 2018.

e. Deferred Outflows and Inflows of Resources

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

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

f. Receivable and Payable Balances

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

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

g. Compensated Absences

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

h. Interfund Activity

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

i. Use of Estimates

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

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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 spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

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

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

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

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

The District has adopted a minimum fund balance of three months average expenditures of the General Fund, which in the current year is calculated to be \$1,627,207.

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.

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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.

n. Negative Operating Grants and Contributions - Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions As Reported	Negative On-Behalf Accruals	Operating Grants and Contributions (Excluding On- Behalf Accruals)
11 - Instruction	\$ 178	\$ (487,077)	\$ 487,255
12 - Instructional Resources and Media Services	(11,228)	(14,083)	2,855
21 - Instructional Leadership	(10,349)	(12,980)	2,631
23 - School Leadership	(69,546)	(87,227)	17,681
31 - Guidance, Counseling and Evaluation Services	(19,553)	(24,524)	4,971
33 - Health Services	(13,482)	(16,910)	3,428
34 - Student (Pupil) Transportation	(37,925)	(47,566)	9,641
35 - Food Services	192,675	(3,154)	195,829
36 - Extracurricular Activities	(16,892)	(21,186)	4,294
41 - General Administration	(124,063)	(155,604)	31,541
51 - Facilities Maintenance and Operations	(56,371)	(70,702)	14,331
52 - Security and Monitoring Services	(16,065)	(20,149)	4,084
53 - Data Processing Services	(8,903)	(11,167)	2,264
	<u>\$ (191,524)</u>	<u>\$ (972,329)</u>	<u>\$ 780,805</u>

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.

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5. New Accounting Standards Adopted

In fiscal year 2018, the District adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

*Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 75.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

Debt Service Fund, Function 73 - Bond Issuance Costs and Fees	\$ 171,637
Debt Service Fund, Other Financing Use - Payment to	

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

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

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

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

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1. Cash Deposits:

At August 31, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$13,231,650 and the bank balance was \$13,728,195. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018, 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.

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, 2018.

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.

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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.

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, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 621,960	\$ --	\$ --	\$ 621,960
Construction in progress	2,286,489	2,242,810	3,237,628	1,291,671
Total capital assets not being depreciated	<u>2,908,449</u>	<u>2,242,810</u>	<u>3,237,628</u>	<u>1,913,631</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	35,535,866	3,478,253	--	39,014,119
Equipment	1,551,763	430,206	150,995	1,830,974
Vehicles	1,957,079	85,920	276,739	1,766,260
Total capital assets being depreciated	<u>39,044,708</u>	<u>3,994,379</u>	<u>427,734</u>	<u>42,611,353</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,196,263)	(1,126,952)	--	(13,323,215)
Equipment	(1,299,889)	(42,305)	(143,488)	(1,198,706)
Vehicles	(1,010,632)	(125,337)	(276,739)	(859,230)
Total accumulated depreciation	<u>(14,506,784)</u>	<u>(1,294,594)</u>	<u>(420,227)</u>	<u>(15,381,151)</u>
Total capital assets being depreciated, net	<u>24,537,924</u>	<u>2,699,785</u>	<u>7,507</u>	<u>27,230,202</u>
Governmental activities capital assets, net	<u>\$ 27,446,373</u>	<u>\$ 4,942,595</u>	<u>\$ 3,245,135</u>	<u>\$ 29,143,833</u>

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Depreciation was charged to functions as follows:

Instruction	\$	567,849
Instructional Resources and Media Services		4,332
Curriculum and Staff Development		3,151
Instructional Leadership		11,011
School Leadership		53,052
Guidance, Counseling, & Evaluation Services		19,876
Health Services		11,813
Student Transportation		125,337
Food Services		71,403
Extracurricular Activities		72,967
General Administration		127,446
Plant Maintenance and Operations		207,838
Security and Monitoring Services		15,183
Data Processing Services		3,007
Community Services		329
	\$	<u>1,294,594</u>

**E. Interfund Balances and Activities**

**1. Due To and From Other Funds**

Balances due to and due from other funds at August 31, 2018, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 3,000	Short-term loans
General Fund	Debt Service Fund	17,493	Short-term loans
General Fund	Capital Projects Fund	14,596	Short-term loans
General Fund	Other General Funds	13,558	Short-term loans
Other General Funds	General Fund	7,453	Short-term loans
Debt Service Fund	General Fund	2,410	Short-term loans
Capital Projects Fund	General Fund	1,160	Short-term loans
Other Governmental Funds	Capital Projects Fund	7,781	Short-term loans
Other Governmental Funds	General Fund	25	Short-term loans
	Total	<u>\$ 67,476</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, 2018, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Capital Projects Fund	\$ 182,841	Supplement other funds sources
General fund	Other Governmental Funds	170,802	Supplement other funds sources
General fund	Other General Funds	300,000	Supplement other funds sources
	Total	<u>\$ 653,643</u>	

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
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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, 2018, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 12,705,000	\$ --	\$ 5,730,000	\$ 6,975,000	\$ 360,000
Unlimited Tax Refunding					
Bonds, Taxable Series	--	5,385,000	50,000	5,335,000	230,000
Accretion	--	510,828	--	510,828	510,828
Premium on Bonds	1,349,321	711,550	1,331,791	729,080	--
Deferred Gain on Defeasance	--	707,193	576,548	130,645	--
Net Pension Liability *	1,450,786	(385,960)	98,998	965,828	--
Net OPEB Liability *	3,837,302	(1,637,761)	25,986	2,173,555	--
Total governmental activities	\$ 19,342,409	\$ 5,290,850	\$ 7,813,323	\$ 16,819,936	\$ 1,100,828

\* 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
Net OPEB Liability	Governmental	General

General Obligation Bonds consist of:

	2018	2017
\$6,440,000 Unlimited School District Bonds, Series 2016, due in semi-annual installments ranging from \$295,900 to \$296,625, plus interest at 3.0% to 4.0%, maturing in 2033 (\$2,780,000 was refunded in 2018)	\$ 3,385,000	\$ 6,340,000
\$6,440,000 Unlimited School District Bonds, Series 2015, due in semi-annual installments ranging from \$320,000 to \$320,400, plus interest at 4.0%, maturing in 2033 (\$2,695,000 was refunded in 2018)	3,590,000	6,365,000
Unlimited Tax School Building Bonds consist of:		
\$5,150,000 Unlimited Tax Refunding Bond, Taxable Series 2018, due in semi-annual installments ranging from \$112,881 to \$958,800 plus interest at 3.0% to 4.0%, maturing on 2/15/2025	5,105,000	--
\$230,000 Capital Appreciation Bond, Series 2018, due 2/15/2019 in final payment of \$750,000	230,000	--
	<u>\$ 12,310,000</u>	<u>\$ 12,705,000</u>



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2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2018, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 590,000	\$ 980,100	\$ 1,570,100
2020	1,140,000	432,825	1,572,825
2021	1,185,000	388,200	1,573,200
2022	1,225,000	341,925	1,566,925
2023	1,275,000	293,900	1,568,900
2024-2028	4,125,000	853,750	4,978,750
2029-2033	2,770,000	286,000	3,056,000
Totals	\$ 12,310,000	\$ 3,576,700	\$ 15,886,700

3. Advance Refunding of Debt

The District issued \$5,385,000 Webb Consolidated Independent School District Unlimited Tax Refunding Bonds Series 2018 in March of 2018. The District refunded \$5,385,000 of the 2015 and 2016 bond issues that were outstanding at August 31, 2017. The interest rate of the refunding bonds ranges from 3.0% to 4.0%. The refunding bonds are anticipated to generate a gross saving to the District of \$2,961,894 and present value savings of \$262,937.

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2018, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

Bond Issue	Amount
Series 2015	\$ 2,605,000
Series 2016	2,780,000
Total	\$ 5,385,000

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, 2018, Webb CISD met its statutory workers' compensation obligations, provided unemployment compensation coverage to its employees, and obtained property, liability, and auto coverage through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. The Fund provides statutory workers' compensation benefits to its members and their injured employees. The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2017, the Fund carries a discounted reserve of \$49,076,11 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2018, the fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

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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, 2018, the Fund anticipates that Webb CISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct an independent financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2017, are available on the TASB Risk Management Fund website and have been filed with the Texas State Board of Insurance in Austin.

**H. Pension Plan**

**1. Plan Description**

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

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

**2. Pension Plan Fiduciary Net Position**

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.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.

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4. Contributions

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

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

	<u>Contribution Rates</u>	
	2017	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2018 Employer Contributions	\$ 80,901	
District's 2018 Member Contributions	\$ 220,129	
NECE 2017 On-Behalf Contributions to District	\$ 192,615	

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

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

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

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

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

5. Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

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<b>Teacher Retirement System of Texas</b>			
<b>Asset Allocation and Long-Term Expected Real Rate of Return</b>			
<b>As of August 31, 2017</b>			
<b>Asset Class</b>	<b>Target Allocation*</b>	<b>Long-term Expected Geometric Real Rate of Return</b>	<b>Expected Contribution to Long-term Portfolio Returns **</b>
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

\* Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long term expected geometric real rate of return or expected contribution to long-term portfolio returns

\*\* The expected contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 1,628,196	\$ 965,829	\$ 414,300

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

At August 31, 2018, the District reported a liability of \$965,829 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	\$ 965,829
State's proportionate share that is associated with District	<u>1,883,115</u>
Total	<u>\$ 2,848,944</u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0030206%. which was an increase (decrease) of -0.0008186% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, the District recognized pension expense of \$143,637 and revenue of \$143,637 for support provided by the State.

At August 31, 2018, 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:  
(The amounts below will be the cumulative layers from the current and prior years combined)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 14,131	\$ 52,086
Changes in actuarial assumptions	43,995	25,186
Difference between projected and actual investment earnings	--	70,388
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	130,854	306,984
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	<u>80,901</u>	<u>--</u>
Total	<u>\$ 269,881</u>	<u>\$ 454,644</u>

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

Year Ended August 31	Pension Expense Amount
2019	\$ (53,658)
2020	\$ 7,993
2021	\$ (58,396)
2022	\$ (76,278)
2023	\$ (52,534)
Thereafter	\$ (32,790)

**i. Defined Other Post-Employment Benefit Plans**

**1. Plan Description**

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

**2. OPEB Plan Fiduciary Net Position**

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

<u>Net OPEB Liability:</u>	<u>Total</u>
Total OPEB liability	\$ 43,885,784,621
Less: plan fiduciary net position	<u>399,535,986</u>
Net OPEB liability	<u>\$ 43,486,248,635</u>
Net position as a percentage of total OPEB liability	0.91%

**3. Benefits Provided**

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

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

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

Monthly TRS-Care Plan Premium Rates			
Effective September 1, 2016 - December 31, 2017			
	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ --	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

\* or surviving spouse

4. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE) - State	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%
Current fiscal year District contributions		\$ 26,609
Current fiscal year Member contributions		\$ 18,608
2017 measurement year NECE contributions	\$ 32,988	

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether they participate in the TRS-Care OPEB program. When employers hire a TRS retiree, they are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the NECE in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.



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5. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate *	3.42% *
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases **	3.50% to 9.50% **
Healthcare Trend Rates ***	4.50% to 12.00% ***
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Post-Employment Benefit Changes	None

\*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

\*\*Includes inflation at 2.50%

\*\*\*Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

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6. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, there are no investments and the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected not to be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact on the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of net OPEB liability	\$ 2,565,334	\$ 2,173,555	\$ 1,858,653

8. Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 1,809,702	\$ 2,173,555	\$ 2,650,976

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

At August 31, 2018, the District reported a liability of \$2,173,555 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 2,173,555
State's proportionate share that is associated with the District	\$ 2,759,249
Total	\$ 4,932,804

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

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At August 31, 2017 the District's proportion of the collective net OPEB liability was 0.0049983. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

10. Changes Since the Prior Actuarial Valuation.

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

- a. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
- b. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- c. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered total OPEB liability.

The Affordable Care Act includes a 40% excise tax on high-cost health plans known as the "Cadillac tax." In this valuation the impact of this tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- a. 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50%.
- b. Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- c. There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provision or applicable law.

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$(923,318) and revenue of \$(923,318) for support provided by the State.

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ --	\$ 45,375
Changes in actuarial assumptions	--	863,828
Differences between projected and actual investment earnings	330	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	8	--
Contributions paid to TRS subsequent to the measurement date	26,609	
	<u>\$ 26,947</u>	<u>909,203</u>

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

Year ended August 31,	Amount
2019	\$ (119,925)
2020	\$ (119,925)
2021	\$ (119,925)
2022	\$ (119,925)
2023	\$ (120,009)
Thereafter	\$ (309,156)

**J. Employee Health Care Coverage**

During the year ended August 31, 2018, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$714 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, 2018, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Blue Cross Blue Shield of Texas are available for the year ended December 31, 2017, 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.

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

2. Litigation

No reportable litigation was pending against the District at August 31, 2018.

L. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for ESEA Title IV - Part A - Safe and Drug Free Schools with the Region I Education Service Center. The District does not accounts for revenues and expenditures in this program in Fund 237, a federal special revenue fund. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, ESEA Title IV - Part A - Safe and Drug Free Schools 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.

M. Subsequent Events

Subsequent events were evaluated through January 9, 2019, which is the date of the audit report.

N. Tax Abatements

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

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

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

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

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

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

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

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

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

		First Year Value Limitation
Cedro Hill Wind	No. 155	2012
Whitetail Wind Energy, LLC	No. 232	2015
Javelina Wind Energy, LLC	No. 322	2016
Albercas Wind LLC	No. 1125	2017

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

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

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

Below is information required by GASB 77 for M&O purposes. It includes the net benefit to the district but does not include any I&S impact:

Appl. No.	Project's Value Limitation Amount 2017	Value Limitation Amount 2,017	Amount of Applicant's M&O Taxes Paid 2017	Amount of Applicant's M&O Taxes Reduced 2017	Company Revenue Loss Pmt to Sch. District 2017	Company Supplemental Pmt to Sch. District 2017	Net Benefit (Loss) to the School District 2017
155	\$91,984,380	\$10,000,000	\$10,607	\$946,031	--	\$31,900	\$31,900
232	\$73,000,040	\$30,000,000	\$123,150	\$636,050	\$2,615	\$50,000	\$52,615
322	\$317,372,910	\$10,000,000	\$104,000	\$3,196,678	--	\$50,000	\$50,000
1125	\$278,220,610	\$60,000,000	\$624,000	\$2,269,494	\$430,173	\$50,000	\$480,173

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

O. Concentration of Risk

The District is located within Webb County, Texas, and derives approximately XX% 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 \$307,098,460 or 52.45% of the total taxable value of \$585,520,000. All of the top ten taxpayers are oil & gas or wind farm related. These are as follows:

<u>Taxpayer</u>	<u>Taxable Value</u>	<u>Percent of Total Taxable Value</u>
Hilcorp Energy Company	\$ 105,179,080	17.96%
Nextera/Javenina Wind II	60,000,000	10.25%
AEP Electric Transmission of Texas, LLC	38,285,180	6.54%
Exelon/Whitetail Wind Farm	30,249,140	5.17%
Smith Production, Inc	16,338,880	2.79%
Archrock Partners Leasing LLC	15,213,760	2.60%
AEP Texas, Inc	11,315,520	1.93%
Elite Compression Services LLC	10,444,310	1.78%
Kansas City Southern	10,072,590	1.72%
Cedro Hill Wind LLC	10,000,000	1.71%
Total Top Ten	<u>\$ 307,098,460</u>	<u>52.45%</u>
Total Taxable Value	<u>\$ 585,520,000</u>	<u>100.00%</u>

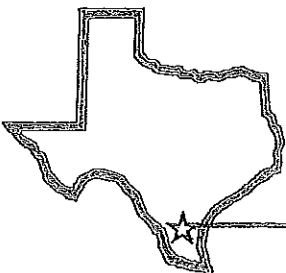
P. School Funding - Weighted Average Daily Attendance (WADA) Purchases

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

<u>Purchased From</u>	<u>WADA Purchased</u>	<u>Cost per WADA</u>	<u>Less CAD Costs and Discount</u>	<u>Total</u>
State of Texas (original calculation)	34.976 \$	8,844.0000 \$	(8,907) \$	300,421

Q. Prior Period Adjustment

During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions. With GASB 75, the District must assume their proportionate share of the Net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled \$3,810,815 debit to net position, resulting in a restated beginning net position balance of \$22,373,267.



WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

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### *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, 2018**

**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	\$ 5,956,462	\$ 6,115,938	\$ 6,137,900	\$ 21,962			\$ 21,962
5800	State Program Revenues	585,818	1,763,628	1,703,115	(60,513)			(60,513)
5900	Federal Program Revenues	--	100,675	104,384	3,709			3,709
5020	Total Revenues	<u>6,542,280</u>	<u>7,980,241</u>	<u>7,945,399</u>	<u>(34,842)</u>			<u>(34,842)</u>
<b>EXPENDITURES:</b>								
Current:								
Instruction & Instructional Related Services:								
0011	Instruction	2,393,303	2,448,850	2,351,599	97,251			97,251
0012	Instructional Resources and Media Services	81,580	73,567	24,917	48,650			48,650
0013	Curriculum and Staff Development	42,250	49,799	18,125	31,674			31,674
	Total Instruction & Instr. Related Services	<u>2,517,133</u>	<u>2,572,216</u>	<u>2,394,641</u>	<u>177,575</u>			<u>177,575</u>
Instructional and School Leadership:								
0021	Instructional Leadership	48,550	66,391	63,338	3,053			3,053
0023	School Leadership	335,770	321,930	305,167	16,763			16,763
	Total Instructional & School Leadership	<u>384,320</u>	<u>388,321</u>	<u>368,505</u>	<u>19,816</u>			<u>19,816</u>
Support Services - Student (Pupil):								
0031	Guidance, Counseling and Evaluation Services	122,809	119,235	114,333	4,902			4,902
0033	Health Services	112,275	70,204	67,952	2,252			2,252
0034	Student (Pupil) Transportation	157,150	195,187	140,923	54,264			54,264
0036	Cocurricular/Extracurricular Activities	393,002	459,883	343,629	116,254			116,254
	Total Support Services - Student (Pupil)	<u>785,236</u>	<u>844,509</u>	<u>666,837</u>	<u>177,672</u>			<u>177,672</u>
Administrative Support Services:								
0041	General Administration	699,838	767,597	691,388	76,209			76,209
	Total Administrative Support Services	<u>699,838</u>	<u>767,597</u>	<u>691,388</u>	<u>76,209</u>			<u>76,209</u>
Support Services - Nonstudent Based:								
0051	Plant Maintenance and Operations	1,120,200	1,243,651	1,195,531	48,120			48,120
0052	Security and Monitoring Services	76,170	95,885	87,338	8,547			8,547
0053	Data Processing Services	124,550	116,471	85,527	30,944			30,944
	Total Support Services - Nonstudent Based	<u>1,320,920</u>	<u>1,456,007</u>	<u>1,368,396</u>	<u>87,611</u>			<u>87,611</u>
Ancillary Services:								
0061	Community Services	1,500	3,000	1,884	1,116			1,116
	Total Ancillary Services	<u>1,500</u>	<u>3,000</u>	<u>1,884</u>	<u>1,116</u>			<u>1,116</u>
Capital Outlay:								
0081	Capital Outlay	--	645,093	644,963	130			130
	Total Capital Outlay	<u>--</u>	<u>645,093</u>	<u>644,963</u>	<u>130</u>			<u>130</u>
Intergovernmental Charges:								
0091	Contracted Instr. Services Between Public Schools	853,245	325,024	300,424	24,600			24,600
0095	Payments to Juvenile Justice Alternative Education Programs	10,000	--	--	--			--
0099	Other Intergovernmental Charges	65,000	72,000	71,791	209			209
	Total Intergovernmental Charges	<u>928,245</u>	<u>397,024</u>	<u>372,215</u>	<u>24,809</u>			<u>24,809</u>
6030	Total Expenditures	<u>6,637,192</u>	<u>7,073,767</u>	<u>6,508,829</u>	<u>564,938</u>			<u>564,938</u>

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

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

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(94,912)	906,474	1,436,570	530,096
	Other Financing Sources (Uses):				
7915	Transfers In	274,592	358,382	300,000	(58,382)
8911	Transfers Out	(484,919)	(780,403)	(653,643)	126,760
7080	Total Other Financing Sources and (Uses)	(210,327)	(422,021)	(353,643)	68,378
1200	Net Change in Fund Balance	(305,239)	484,453	1,082,927	598,474
0100	Fund Balance - Beginning	7,833,188	7,833,188	7,833,188	--
3000	Fund Balance - Ending	\$ 7,527,949	\$ 8,317,641	\$ 8,916,115	\$ 598,474

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT G-2**

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

	Measurement Year Ended August 31,			
	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0030206%	0.0038392%	0.0042169%	0.00335%
District's proportionate share of the net pension liability (asset)	\$ 965,829 \$	1,450,787 \$	1,490,618 \$	894,831
State's proportionate share of the net pension liability (asset) associated with the District	1,883,115	2,184,127	2,318,771	1,805,538
<b>Total</b>	<b>\$ 2,848,944 \$</b>	<b>3,634,914 \$</b>	<b>3,809,389 \$</b>	<b>2,700,369</b>
District's covered-employee payroll	\$ 3,462,059 \$	3,479,617 \$	3,633,254 \$	3,413,090
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.90%	41.69%	41.03%	26.22%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	79.74%	78.43%	83.25%

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

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

	Fiscal Year Ended August 31,			
	2018	2017	2016	2015
Contractually required contribution	\$ 80,901	\$ 98,755	\$ 121,982	\$ 125,110
Contributions in relation to the contractually required contribution	(80,901)	(98,755)	(121,982)	(125,110)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 2,862,785	\$ 3,462,059	\$ 3,479,617	\$ 3,633,254
Contributions as a percentage of covered-employee payroll	2.83%	2.85%	3.51%	3.44%

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

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2015-August 31, 2017.

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

EXHIBIT G-4

	Measurement Year Ended <u>2017</u>
District's proportion of the collective net OPEB liability	0.0049982582%
District's proportionate share of the collective net OPEB liability	\$ 2,173,555
State proportionate share of the collective net OPEB liability associated with the District	\$ 2,759,249
Total	<u>\$ 4,932,804</u>
District's covered-employee payroll	\$ 3,462,059
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	62.78%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%

\* 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 THE DISTRICT'S OPEB CONTRIBUTIONS*  
*TEACHER RETIREMENT SYSTEM OF TEXAS*  
*LAST TEN FISCAL YEARS \**

EXHIBIT G-5

	Fiscal Year Ended <u>2018</u>
Statutorily or contractually required District contribution	\$ 26,609
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	<u>(26,609)</u>
Contribution deficiency (excess)	<u>\$ 53,218</u>
District's covered-employee payroll	\$ 2,862,785
Contributions as a percentage of covered-employee payroll	0.93%

\* 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.

## **WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2018*

### 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, 2018*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2009 and Prior Years	\$ Various	\$ Various	\$ Various
2010	.8033	.0442	1,438,114,167
2011	.8033	.043	1,482,556,601
2012	.8033	.0486	1,297,586,366
2013	.8033	.0645	860,947,319
2014	.8033	.0645	899,847,789
2015	.8033	.0645	927,387,155
2016	.8033	.11	737,557,157
2017	.8033	.12	879,458,333
2018 (School Year Under Audit)	1.04	.09	(1)

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

(1) Note: M & O and I & S Appraised Value	579,983,953
I & S Appraisal Value Only	585,520,000

The difference in appraised value is due to a Chapter 313 Agreement with exemptions of \$5,425,047 of appraised value for school tax purposes dated December 10, 2009, to begin in the 2012-2013 school year.

10 Beginning Balance 9/1/17	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/18
\$ 382,192	\$ --	\$ 1,900	\$ 58	\$ (87)	\$ 380,147
30,755	--	1,381	77	--	29,297
28,461	--	578	31	--	27,852
58,642	--	1,372	84	--	57,186
119,812	--	1,067	86	(989)	117,670
112,599	--	1,815	146	(825)	109,813
215,529	--	4,285	344	(821)	210,079
270,282	--	27,774	3,803	(864)	237,841
291,127	--	85,034	12,694	1,905	195,304
--	6,878,634	5,113,642	1,010,934	(159,830)	594,228
<u>\$ 1,509,399</u>	<u>\$ 6,878,634</u>	<u>\$ 5,238,848</u>	<u>\$ 1,028,257</u>	<u>\$ (161,511)</u>	<u>\$ 1,959,417</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

EXHIBIT J-2

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
<b>REVENUES:</b>							
5700	\$ 8,000	\$ 6,400	\$ 45,788	\$ 39,388			
5800	1,000	1,935	1,934	(1)			
5900	152,000	197,677	193,895	(3,782)			
5020	<u>161,000</u>	<u>206,012</u>	<u>241,617</u>	<u>35,605</u>			
<b>EXPENDITURES:</b>							
Current:							
Support Services - Student (Pupil):							
0035	371,327	445,192	410,727	34,465			
	<u>371,327</u>	<u>445,192</u>	<u>410,727</u>	<u>34,465</u>			
6030	<u>371,327</u>	<u>445,192</u>	<u>410,727</u>	<u>34,465</u>			
1100							
1100	(210,327)	(239,180)	(169,110)	70,070			
Other Financing Sources (Uses):							
7915	210,327	239,180	170,802	(68,378)			
7080	<u>210,327</u>	<u>239,180</u>	<u>170,802</u>	<u>(68,378)</u>			
1200	--	--	1,692	1,692			
0100	35,976	35,976	35,976	--			
3000	<u>\$ 35,976</u>	<u>\$ 35,976</u>	<u>\$ 37,668</u>	<u>\$ 1,692</u>			

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2018

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		\$ 978,312	\$ 1,036,248	\$ 1,037,988	\$ 1,740	
5020	Total Revenues		<u>978,312</u>	<u>1,036,248</u>	<u>1,037,988</u>	<u>1,740</u>	
<b>EXPENDITURES:</b>							
Debt Service:							
0071	Principal on Long-Term Debt		395,000	395,000	395,000	--	
0072	Interest on Long-Term Debt		441,550	441,550	441,281	269	
0073	Bond Issuance Costs and Fees		--	--	171,637	(171,637)	
	Total Debt Service		<u>836,550</u>	<u>836,550</u>	<u>1,007,918</u>	<u>(171,368)</u>	
6030	Total Expenditures		<u>836,550</u>	<u>836,550</u>	<u>1,007,918</u>	<u>(171,368)</u>	
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures		<u>141,762</u>	<u>199,698</u>	<u>30,070</u>	<u>(169,628)</u>	
Other Financing Sources (Uses):							
7901	Refunding Bonds Issued		--	--	5,385,000	5,385,000	
7916	Premium or Discount on Issuance of Bonds		--	--	711,550	711,550	
8940	Payment to Bond Refunding Escrow Agent		--	--	(5,924,914)	(5,924,914)	
7080	Total Other Financing Sources and (Uses)		<u>--</u>	<u>--</u>	<u>171,636</u>	<u>171,636</u>	
1200	Net Change in Fund Balance		<u>141,762</u>	<u>199,698</u>	<u>201,706</u>	<u>2,008</u>	
0100	Fund Balance - Beginning		38,222	38,222	38,222	--	
3000	Fund Balance - Ending		<u>\$ 179,984</u>	<u>\$ 237,920</u>	<u>\$ 239,928</u>	<u>\$ 2,008</u>	

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

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

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, 2018, 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 9, 2019.

**Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Webb Consolidated Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2018-1.

## **Webb Consolidated Independent School District's Response to Findings**

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

## **Purpose of this Report**

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

Respectfully submitted,



John Womack and Company, P.C.  
Kingsville, TX  
January 9, 2019

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

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?   X   Yes        No

2. Federal Awards

A Single Audit was not required in the current year.

B. Financial Statement Findings

**2018-1 State Compliance - Excess Expenditures over Appropriations**

Condition: The District did not properly budget for the payment to escrow agent in the debt service fund.

Criteria: All expenditures of the debt service fund must be included in the final amended budget, including payments to escrow agent for bond refunding.

Cause: The District inadvertently did not propose a timely budget amendment when the bonds were refunded.

Effect: The effect is a violation of state law.

Recommendation: We recommend that the District implement policies and procedures to ensure that all necessary amendments are proposed and adopted upon the issuance of bonds.

Client Response:

The District concurs with this finding. The Business Manager, Jenette Black, will coordinate efforts to improve budgeting procedures upon issuance of bonds.



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

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, 2018*

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
<p><b>2017-1 State Compliance - Campus Improvement Plans</b></p> <p>Condition: The District did not present the District Improvement Plan or the Oilton Elementary Campus Improvement Plan to the Board for approval on an annual basis.</p> <p>Criteria: The State requires that the Board of Trustees ensure that the District and all campus plans be developed, reviewed and revised annually for the purpose of improving the performance of all students. Annual Board approval must ensure that the district and campus plans are mutually supportive to accomplish the identified objectives and support state goals and objectives.</p> <p>Cause: Administrators failed to present the plans for annual Board approval.</p> <p>Effect: Violation of state law and lack of timely data provided to the Board for decision making and budgeting.</p> <p>Recommendation: We recommend that the District develop policies and procedures to ensure that the District Improvement Plan and all campus improvement plans are reviewed, revised, and approved annually.</p> <p>Client Response: The District concurs with this finding. Each campus improvement plan, including Oilton, has been appropriately approved in the current year by both site-based committees and the School Board. The District improvement plan will also be appropriately approved in the current year. The Administration practice has been implemented to be tracked annually by the business office.</p>	Implemented	N/A
<p><b>2017-2 State Compliance - Adoption of Budget and Tax Rate</b></p> <p>Condition: The School Board adopted the M&amp;O and Debt Service tax rates prior to adoption of the 2016-17 budget.</p>	Implemented	N/A

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

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>Criteria: State law requires that the District's budget be adopted prior to the adoption of the tax rates.</p> <p>Cause: This was caused by an error in the preparation of the agenda for the Board meeting.</p> <p>Effect: The effect is a violation of State law.</p> <p>Recommendation: We recommend that the District develop procedures to ensure compliance with State law in the adoption of the budget and tax rates.</p> <p>Client Response:</p> <p>The District concurs with this finding. The Administration practice has been implemented to ensure compliance with Board Policy.</p>		

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

**2018-1 State Compliance - Excess Expenditures over Appropriations**

The Business Manager, Jenette Black, will coordinate efforts to improve budgeting procedures upon issuance of bonds.

**WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
**AS OF AUGUST 31, 2018**

<u>Data Control Codes</u>		<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?	Yes
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?	\$ 510,828
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 965,829
SF13	Pension Expense (object 6147) at fiscal year-end.	\$

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