

CORRIGAN CAMDEN  
INDEPENDENT SCHOOL DISTRICT  
Corrigan, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2018

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT NO.</u>
INTRODUCTORY SECTION:		
Certificate of Board .....	4	
FINANCIAL SECTION:		
Independent Auditors' Report .....	6	
Management's Discussion and Analysis .....	8	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position .....	14	A-1
Statement of Activities .....	15	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds .....	16	C-1
Reconciliation of the Governmental Funds - Balance Sheet to the Statement of Net Position .....	17	C-1R
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	18	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19	C-2R
Statement of Fiduciary Net Position - Fiduciary Funds .....	20	E-1
Notes to the Financial Statements .....	21	
Required Supplementary Information:		
Budgetary Comparison Schedule:		
General Fund .....	45	G-1
Pension Schedules:		
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher Retirement System.....	47	G-2
Schedule of the District Contributions - Teacher Retirement System.....	48	G-3
Schedule of the District's Proportionate Share of OPEB Liability and District's OPEB Contributions.....	49	G-4
Combining Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds.....	51	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds .....	52	H-2
Combining Balance Sheet - Nonmajor Special Revenue Funds .....	53	H-3
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds .....	57	H-4
Required TEA Schedules:		
Schedule of Delinquent Taxes Receivable .....	62	J-1
Budgetary Comparison Schedules:		
National School Breakfast and Lunch Program .....	64	J-2
Debt Service Fund .....	65	J-3
Federal Awards Section:		
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government     Auditing Standards</i> .....	67	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance .....	69	
Schedule of Findings and Questioned Costs.....	71	
Summary Schedule of Prior Audit Findings.....	72	
Corrective Action Plan .....	73	
Schedule of Expenditures of Federal Awards.....	74	K-1
Notes on Accounting Policies for Federal Awards .....	75	
Schedule of Required Responses to Selected School First Indicators .....	76	L-1

INTRODUCTORY SECTION

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
CERTIFICATE OF BOARD  
August 31, 2018

Corrigan Camden Independent School District  
Name of School District

Polk  
County

187-904  
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 12<sup>th</sup> day of November, 2018.

Angela Conarroe  
Signature of Board Secretary

Sean R. Burns  
Signature of Board President

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Corrigan Camden Independent School District  
Corrigan, Texas

**Report on the Financial Statements**

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

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

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

***Auditor's Responsibility***

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

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

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

***Opinions***

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and other post-employment benefit schedules on pages 8-12 and 44-49 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 District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and required TEA schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

The introductory and required TEA schedules have 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 them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report on page 62-63 is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Lufkin, Texas  
November 12, 2018

*Axley & Rode LLP*  
CERTIFIED PUBLIC ACCOUNTANTS



CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
August 31, 2018

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

### **FINANCIAL HIGHLIGHTS**

- The District's total combined Net Position was \$4,141,744 at August 31, a \$3,675,776 decrease from the previous year.
- The General Fund reported a fund balance this year of \$4,464,372, up \$870,688 from the previous year.
- The District received insurance proceeds of \$336,467 for the agriculture building fire, these were included in miscellaneous revenue in the Statement of Net Position.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial 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: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The required supplementary information further explains and supports the information in the financial statements.

#### **Government-wide Financial Statements**

The District's annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's finances. Financial reporting at this level uses a perspective similar to that found in the private sector.

The first of these government-wide financial statements is the **Statement of Net Position**. This is the District wide statement of position presenting information that includes all of the District's assets, liabilities, deferred inflows and deferred outflows with the difference reported as **net position**. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors such as changes to the District's tax base.

The second government-wide financial statement is the **Statement of Activities**, which reports how the District's net position changed during the current year. All current revenues and expenses are included regardless of when the cash is received or paid.

The government-wide financial statements of the District include the governmental activities of the District. These are the basic services such as instruction, extracurricular activities, curriculum and staff development, health services, and administration. Property taxes, state aid, and federal grants finance most of these activities.

#### **Fund Financial Statements**

The fund financial statements 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.
- The 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.



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 kinds 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 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 short-term view that helps determine whether there are more or fewer financial resources that can be spent in the future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statement, or on the subsequent page, that explains the relationship (or differences) between them.

**Fiduciary Funds** - The District is the trustee, or fiduciary, for money raised by student activities, a library program and a scholarship program. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance operations.

The accompanying notes to the financial statements provide essential information to a full understanding of the government-wide and fund financial statements.

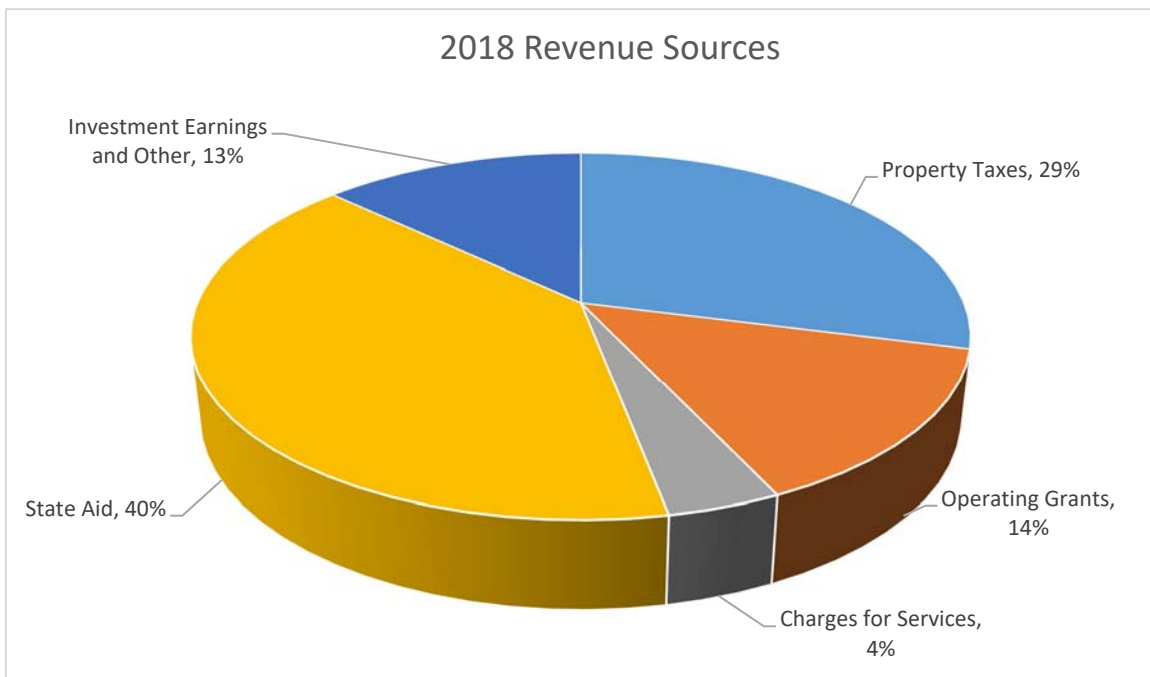
**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's Net Position from governmental activities were approximately \$4.142 million at August 31.

**Table A-1**  
**The District's Net Positions**  
*(in thousands of dollars)*

	2018	2017
Current and other assets	\$ 6 434	\$ 5 980
Capital and non-current assets	9 305	9 517
TOTAL ASSETS	15 739	15 497
 Deferred outflows	 1 462	 1 533
Current liabilities	1 830	2 403
Long term liabilities	9 020	6 424
TOTAL LIABILITIES	10 850	8 827
 Deferred inflows	 2 209	 385
Net Position:		
Net investment in capital assets	5 295	4 877
Restricted	801	625
Unrestricted	(1 954)	2 315
TOTAL NET POSITION	\$ 4 142	\$ 7 817

**Changes in Net Position.** The District's total revenues were approximately \$11.077 million. 29% of the District's revenue comes from taxes (see Figure A-2), 14% comes from operating grants, and 40% comes from state aid-formula grants.



- The total cost of all programs and services was \$10.481 million. 59 percent of these costs are for instruction and instructional resources.
- The amount that our taxpayers paid through property taxes for these activities was approximately \$4.531 million, an increase of approximately \$241 thousand over the previous year.
- The amount received in state aid-formula was \$5.391 million, an increase of approximately \$426 thousand over the previous year.
- Some of the cost was paid by those who directly benefited from the programs (\$340 thousand) or by grants and contributions (\$1.907 million).

**Table A-2**  
**Changes in the District's Net Position**  
*(in thousands of dollars)*

	YEAR ENDED	
	2018	2017
Revenues:		
Program Revenues:		
Charges for services	\$ 340	\$ 275
Operating grants and contributions	1 907	2 338
General Revenues:		
Property taxes	4 531	4 290
State aid - Formula	5 391	4 965
Investment earnings	8	8
Other	1 148	1 144
TOTAL REVENUES	<u>13 324</u>	<u>13 020</u>
Expenses:		
Instructional and instructional resources	4 886	6 185
Curriculum, staff development, school and instructional leadership	1 159	1 144
Guidance, social work, health, transportation	1 037	898
Food service	865	726
Extracurricular activities	602	585
General administration	533	500
Plant maintenance and operations, security and data processing	951	1 091
Community services	167	183
Debt service	96	117
Capital outlay	149	10
Payments to fiscal agent/member districts - Shared service/ other governments	216	241
TOTAL EXPENSES	<u>10 481</u>	<u>11 682</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ 2 843</u>	<u>\$ 1 338</u>

Net cost of selected district functions. 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.

**Table A-3**  
**Net Cost of Selected District Functions**  
*(in thousands of dollars)*

	TOTAL COST OF SERVICES		NET COST OF SERVICES	
	2018	2017	2018	2017
Instruction	\$ 4 880	\$ 6 175	\$ 3 950	\$ 4 644
Plant maintenance and operations	\$ 852	\$ 961	\$ 829	\$ 961
Debt service	\$ 96	\$ 117	\$ 96	\$ 117
School leadership	\$ 761	\$ 754	\$ 761	\$ 754

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUND**

Revenues from governmental fund types (Exhibit C-2) totaled \$13.3 million.

Expenditures from governmental fund types (Exhibit C-2) totaled \$12.3 million.

The fund balance for all governmental fund types was \$5.3 million, with an excess of expenditures over revenues of \$1 million.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget several times (Exhibit G-1). As a result of these adjustments, actual expenditures were \$305 thousand below the final budgeted amounts.

Revenues received were \$714 thousand over the final budgeted amounts.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2018, the District had invested \$9.3 million in a broad range of capital assets, including land, equipment, and buildings. (See Table A-4)

**Table A-4**  
**District's Capital Assets**  
*(in thousands of dollars)*

	2018	2017
Land	\$ 530	\$ 530
Construction in progress	-	837
Buildings and improvements	20 207	19 028
Furniture and equipment	3 376	3 258
TOTALS AT HISTORICAL COST	24 113	23 653
Total accumulated depreciation	(14 809)	(14 135)
NET CAPITAL ASSETS	\$ 9 304	\$ 9 518

## Long-term Liabilities

**Table A-5**  
**District's Long-term Liabilities**  
*(in thousands of dollars)*

	<u>2018</u>	<u>2017</u>
Bonds payable	\$ 3 375	\$ 3 860
Capital leases	635	716
Loans	-	20
Compensated absences	43	44
Net pension liability	1 867	2 322
Net OPEB liability	<u>3 692</u>	<u>-</u>
TOTAL LONG-TERM DEBT	<u>\$ 9 612</u>	<u>\$ 6 962</u>

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

- The District's 2019 refined average daily attendance is expected to remain steady compared to 2018 ADA.

These indicators were taken into account when adopting the general fund budget for 2019.

The revenue and expenditure estimates are expected to balance this year; however, in future years the District will have to make decisions regarding services provided to students in order to balance the budget. The current state financing formula will reduce the District's fund balance if services remain at the same level or the formula is not amended by the state.

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

This financial report is designed to provide our citizens, taxpayers, customers, and 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

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
August 31, 2018

EXHIBIT A-1

DATA CONTROL CODES		1 GOVERNMENTAL ACTIVITIES
	ASSETS	
1110	Cash and cash equivalents	\$ 5 365 348
1120	Investments	383 874
1225	Property taxes receivable	77 495
1240	Due from other governments	482 147
1290	Other receivables	15 487
1410	Prepaid expenses	109 946
	Capital Assets:	
1510	Land	529 735
1520	Buildings and improvements, net	7 566 686
1530	Furniture and equipment, net	1 208 137
1000	TOTAL ASSETS	<u>15 738 855</u>
	DEFERRED OUTFLOWS	
1700	Deferred pension outflows	1 402 227
1700	Deferred OPEB outflows	59 940
	TOTAL DEFERRED OUTFLOWS	<u>1 462 167</u>
	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ <u>17 201 022</u>
	LIABILITIES	
2110	Accounts payable	\$ 110 444
2140	Interest payable	23 284
2165	Accrued liabilities	346 823
2180	Due to state	618 345
2514	Premium on bond issue	139 204
2501	Due within one year	591 877
	Noncurrent Liabilities:	
2502	Due in more than one year	3 460 793
2540	Net pension liability	1 866 848
2545	Net OPEB liability	3 692 266
2000	TOTAL LIABILITIES	<u>10 849 884</u>
	DEFERRED INFLOWS	
2600	Deferred pension inflows	664 912
2600	Deferred OPEB inflows	1 544 482
	TOTAL DEFERRED INFLOWS	<u>2 209 394</u>
	NET POSITION	
3200	Net investment in capital assets	5 294 507
3850	Restricted for debt service	214 454
3820	Restricted for state and federal grants	586 926
3900	Unrestricted	(1 954 143)
3000	TOTAL NET POSITION	<u>4 141 744</u>
	TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION	\$ <u>17 201 022</u>

The accompanying notes are an integral part of this statement.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended August 31, 2018

EXHIBIT B-1

DATA CONTROL CODES	FUNCTIONS/PROGRAMS	1 EXPENSES	3 PROGRAM REVENUES		4 OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE)
			CHARGES FOR SERVICES			REVENUE AND CHANGES IN NET ASSETS
						GOVERNMENTAL ACTIVITIES
	Governmental Activities:					
11	Instruction	\$ 4 880 107	\$ 59 326	\$	870 904	\$ (3 949 877)
12	Instruction resources and media services	5 980	-		-	(5 980)
13	Curriculum and staff development	17 990	-		5 091	(12 899)
21	Instructional leadership	380 551	-		138 332	(242 219)
23	School leadership	760 702	-		-	(760 702)
31	Guidance, counseling, and evaluation services	435 515	-		356 948	(78 567)
33	Health services	145 412	-		-	(145 412)
34	Student transportation	456 092	-		-	(456 092)
35	Food services	685 079	88 195		530 950	(65 934)
36	Cocurricular/extracurricular activities	601 842	169 959		287	(431 596)
41	General administration	533 161	-		-	(533 161)
51	Plant maintenance and operations	851 934	22 508		-	(829 426)
52	Security And monitoring	14 107	-		-	(14 107)
53	Data processing services	84 915	-		-	(84 915)
61	Community services	167 082	-		-	(167 082)
72	Debt service	95 585	-		-	(95 585)
81	Capital outlay	149 269	-		-	(149 269)
93	Payments related to shared services arrangements	137 822	-		-	(137 822)
99	Other governmental charges	78 197	-		4 320	(73 877)
TG	TOTAL GOVERNMENTAL ACTIVITIES	<u>10 481 342</u>	<u>339 988</u>		<u>1 906 832</u>	<u>(8 234 522)</u>
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 10 481 342</u>	<u>\$ 339 988</u>		<u>\$ 1 906 832</u>	<u>(8 234 522)</u>
General Revenues:						
MT	Property taxes, levied for general purposes					3 915 577
DT	Property taxes, levied for debt service					614 987
IE	Investment earnings					7 731
GC	Grants and contributions not restricted to specific programs					5 390 861
MI	Miscellaneous					1 148 100
TR	TOTAL GENERAL REVENUES					<u>11 077 256</u>
CN	CHANGE IN NET POSITION					<u>2 842 734</u>
NB	Net position - Beginning					7 817 520
PA	Prior period adjustment					(6 518 510)
	NET POSITION - BEGINNING (RESTATED)					<u>1 299 010</u>
NE	NET POSITION - ENDING					<u>\$ 4 141 744</u>

The accompanying notes are an integral part of this statement.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
August 31, 2018

EXHIBIT C-1

DATA CONTROL CODES		10  GENERAL FUND	OTHER GOVERN- MENTAL FUNDS	98  TOTAL GOVERN- MENTAL FUNDS
	ASSETS			
1110	Cash and cash equivalents	\$ 4 941 777	\$ 423 571	\$ 5 365 348
1120	Investments	383 874	-	383 874
1225	Taxes receivable, net	68 024	9 471	77 495
1240	Due from other governments	231 967	250 180	482 147
1260	Due from other funds	311 378	367 055	678 433
1290	Other receivables	15 487	-	15 487
1900	Other assets	-	109 946	109 946
1000	TOTAL ASSETS	<u>\$ 5 952 507</u>	<u>\$ 1 160 223</u>	<u>\$ 7 112 730</u>
	LIABILITIES			
2110	Accounts payable	\$ 58 573	\$ 51 871	\$ 110 444
2150	Other accrued expense	7 031	-	7 031
2160	Accrued wages payable	339 792	-	339 792
2170	Due to other funds	380 932	297 501	678 433
2180	Due to state	618 345	-	618 345
2000	TOTAL LIABILITIES	<u>1 404 673</u>	<u>349 372</u>	<u>1 754 045</u>
	Deferred Inflow:			
2600	Unearned revenue	83 462	-	92 933
	TOTAL LIABILITIES AND DEFERRED INFLOW	<u>1 488 135</u>	<u>349 372</u>	<u>1 846 978</u>
	Fund Balances:			
	Restricted Fund Balances:			
3480	Retirement of long term debt	-	214 454	214 454
3490	Other restricted fund balance	-	586 926	586 926
	Assigned Fund Balances:			
3510	Construction	1 700 000	-	1 700 000
3590	Other	300 000	-	300 000
3600	Unassigned fund balance	2 464 372	-	2 464 372
3000	TOTAL FUND BALANCE	<u>4 464 372</u>	<u>801 380</u>	<u>5 265 752</u>
4000	TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5 952 507</u>	<u>\$ 1 160 223</u>	<u>\$ 7 112 730</u>

The accompanying notes are an integral part of this statement.



CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
August 31, 2018

EXHIBIT C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS BALANCE SHEET	\$	5 265 752
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets net of depreciation used in governmental activities are not reported in the funds.		9 304 558
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		92 933
Payables for debt which are not due in the current period are not reported in the funds.		(4 052 670)
Payables for interest which are not due in the current period are not reported in the funds.		(23 284)
Bonds issue and premiums are amortized in governmental activity and expensed in the funds.		(139 204)
Deferred pension and OPEB inflows are deferred in the governmental activities not in the funds.		(2 209 394)
Deferred pension and OPEB outflows are deferred in the governmental activities not in the funds.		1 462 167
The liability for net pension and OPEB is recognized in the governmental activities not in the funds.		<u>(5 559 114)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	\$	<u><u>4 141 744</u></u>

The accompanying notes are an integral part of this statement.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended August 31, 2018

EXHIBIT C-2

DATA CONTROL CODES		10  GENERAL FUND	OTHER GOVERN- MENTAL FUNDS	98  TOTAL GOVERN- MENTAL FUNDS
	Revenues:			
5700	Local and intermediate sources	\$ 4 912 281	\$ 1 676 898	\$ 6 589 179
5800	State program revenues	4 591 389	118 543	4 709 932
5900	Federal program revenues	156 152	1 861 521	2 017 673
5020	TOTAL REVENUES	<u>9 659 822</u>	<u>3 656 962</u>	<u>13 316 784</u>
	Expenditures:			
	Current:			
0011	Instruction	4 870 500	1 030 748	5 901 248
0012	Instructional resources and media services	5 627	-	5 627
0013	Curriculum and staff development	10 832	6 201	16 923
0021	Instructional leadership	5 688	352 424	358 112
0023	School leadership	715 848	-	715 848
0031	Guidance, counseling and evaluation services	122 911	286 931	409 842
0033	Health services	136 463	-	136 463
0034	Student transportation	514 494	-	514 494
0035	Food services	-	643 984	643 984
0036	Cocurricular/extracurricular activities	446 142	130 909	577 051
0041	General administration	501 724	-	501 724
0051	Plant maintenance and operations	787 036	22 361	809 397
0052	Security and monitoring services	13 275	-	13 275
0053	Data processing services	79 908	-	79 908
0061	Community services	167 082	-	167 082
0071	Principle on long-term debt	124 377	586 163	710 540
0081	Capital outlay	-	492 210	492 210
0093	Payments to shared service arrangements	137 822	-	137 822
0099	Other governmental charges	73 877	4 320	78 197
6030	TOTAL EXPENDITURES	<u>8 713 606</u>	<u>3 556 141</u>	<u>12 269 747</u>
	EXCESS REVENUE OVER EXPENDITURES	<u>946 216</u>	<u>100 821</u>	<u>1 047 037</u>
	Other Financing Sources:			
7915	Transfer in	-	77 748	77 748
8911	Transfer out	<u>(75 528)</u>	<u>(2 220)</u>	<u>(77 748)</u>
	TOTAL OTHER FINANCING SOURCES (USES)	<u>(75 528)</u>	<u>75 528</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	870 688	176 349	1 047 037
0100	Fund balances - Beginning	<u>3 593 684</u>	<u>625 031</u>	<u>4 218 715</u>
3000	FUND BALANCES - ENDING	<u>\$ 4 464 372</u>	<u>\$ 801 380</u>	<u>\$ 5 265 752</u>

The accompanying notes are an integral part of this statement.

CORRIGAN CAMDEN 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

EXHIBIT C-2R

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1 047 037
Current year capital outlays, disposal of capital assets and long-term debt principle payments and debt issues are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays and debt is to increase net position.	460 663
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(673 266)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	7 292
Payments for debt principal are recorded as debt service at the fund level, and changes in long-term debt in the government wide statements. The reduction in long-term debt increase net position.	614 955
Current year pension contributions are deferred in the governmental statements due to a measurement year for the liability prior to the current year.	1 386 052
Rounding	<u>1</u>
CHANGE IN NET POSITION - STATEMENT OF ACTIVITIES	\$ <u>2 842 734</u>

The accompanying notes are an integral part of this statement.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
August 31, 2018

EXHIBIT E-1

DATA CONTROL CODES		SCHOLARSHIP FUNDS	STUDENT ACTIVITIES FUND	TOTAL
	ASSETS			
1110	Cash and cash equivalents	\$ 58 367	\$ 18 208	\$ 76 575
1000	TOTAL ASSETS	\$ 58 367	\$ 18 208	\$ 76 575
	LIABILITIES			
	Current Liabilities:			
2190	Due to students	\$ 58 367	\$ 18 208	\$ 76 575
2000	TOTAL LIABILITIES	\$ 58 367	\$ 18 208	\$ 76 575

The accompanying notes are an integral part of this statement.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Corrigan Camden Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board ("GASB") and other authoritative sources identified in Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the GASB in its Statement No. 14, *The Financial Reporting Entity*. There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Corrigan Camden Independent School District nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

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

Interfund activities between governmental funds appear as due to/due from on the governmental fund Balance sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Fund Accounting

The District reports the following major governmental funds:

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

Capital Project Fund - The capital project fund is used to account for the construction of assets for the District.

Additionally, the District reports the following fund types:

Governmental Funds

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

Debt Service Fund - The debt service fund is used to account for the property taxes and bond expense related to the District's bonds.

E. Other Accounting Policies

It is the District's policy to permit some employees to accumulate earned but unused and sick pay benefits. There a liability for local leave that is reimbursed upon retirements up to a maximum of 20 days. The liability for leave is accrued when incurred in the government-wide fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

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

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

ASSETS	YEARS
Buildings	30
Building improvements	30
Equipment	5-18
Buses and vehicles	5-10

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., School Board). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the School Board or by an official or body to which the School Board delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The School Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by School Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

When the District incurs an expense for which it may use either restricted, committed, assigned, or unrestricted assets, it uses the restricted, committed or assigned assets first whenever they will have to be returned if they are not used.

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

F. Pensions

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

G. Other Post-Employment Benefits

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

H. Subsequent Events

Management has evaluated subsequent events through November 12, 2018, the date the financial statements were available to be issued.



CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2018

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

The Board adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1, the Food Service budget and Debt Service budget reports appear in Exhibits J-2 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes.
4. Each budget 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.

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments

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

At August 31, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,826,552 and the bank balance was \$6,003,954.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposits. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, the District had the following investments:

NAME	CARRYING AMOUNT	DAYS WEIGHTED MATURITY
Certificate of Deposit	\$ <u>383 874</u>	<u>34 days</u>

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy does address the following risks:

**Custodial Credit Risk - Deposits:** This is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the District's agent bank in the District's name.

**Custodial Credit Risk - Investments:** This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form; thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

**B. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due 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 31 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.

**C. Delinquent Taxes Receivable**

The allowance for uncollectible tax receivables within the General Fund is based on 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.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

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

<u>DUE TO FUND</u>	<u>DUE FROM FUND</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
General Fund	Special Revenue Funds	\$ 311 378	Short-term loans
Special Revenue Funds	General Fund	367 055	Short-term loans
	TOTAL	<u>\$ 678 433</u>	

All amounts due are scheduled to be repaid within one year

D. Capital Asset Activity

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

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land and improvements	\$ 529 735	\$ -	\$ -	\$ 529 735
Construction in progress	836 582	342 941	(1 179 523)	-
TOTAL NON-DEPRECIABLE ASSETS	<u>1 366 317</u>	<u>342 941</u>	<u>(1 179 523)</u>	<u>529 735</u>
Depreciable Assets:				
Buildings and improvements	19 027 935	1 179 523	-	20 207 458
Furniture and equipment	3 258 155	117 723	-	3 375 878
TOTAL DEPRECIABLE ASSETS	<u>22 286 090</u>	<u>1 297 246</u>	<u>-</u>	<u>23 583 336</u>
TOTAL AT COST	<u>23 652 407</u>	<u>1 640 187</u>	<u>(1 179 523)</u>	<u>24 113 071</u>
Less Accumulated Depreciation:				
Buildings and improvements	12 125 696	515 076	-	12 640 772
Furniture and equipment	2 009 552	158 189	-	2 167 741
TOTAL ACCUMULATED DEPRECIATION	<u>14 135 248</u>	<u>673 265</u>	<u>-</u>	<u>14 808 513</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 9 517 159</u>	<u>\$ 966 922</u>	<u>\$ (1 179 523)</u>	<u>\$ 9 304 558</u>

Depreciation expense was charged to governmental functions as follows:

<u>DATA CONTROL CODES</u>	<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>
Governmental Activities:		
11	Instruction	\$ 372 390
12	Instructional resources and media services	353
13	Curriculum and staff development	1 067
21	Instructional leadership	22 438
23	School leadership	44 853
31	Guidance, counseling, and evaluation services	25 672
33	Health services	8 948
34	Student (pupil) transportation	32 236
35	Food services	41 093
36	Cocurricular/extracurricular activities	36 225
41	General administration	31 436
51	Plant maintenance and operations	50 714
52	Security and monitoring	832
53	Data processing	5 007
	TOTAL DEPRECIATION EXPENSE	<u>\$ 673 265</u>

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

E. Long-Term Obligations

1. Long-Term Obligation Activity

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

DESCRIPTION	INTEREST RATE PAYABLE	AMOUNTS OUTSTANDING 08/31/2017	INCREASES	DECREASES	AMOUNTS OUTSTANDING 08/31/2018
Energy efficiency project lease	3.45%	\$ 687 499	\$ -	\$ (52 448)	\$ 635 051
Scoreboard loan	3%	19 827	-	(19 827)	-
Unlimited Tax Refunding					
Bond Series 2012	2 to 2.25%	1 115 000	-	(175 000)	940 000
Premium		68 601	-	(13 720)	54 881
Unlimited Tax Refunding					
Bond Series 2015	2 to 3%	2 745 000	-	(310 000)	2 435 000
Premium		96 370	-	(12 047)	84 323
Bus lease	2.10%	28 365	-	(28 365)	-
Local leave		44 225	-	(1 606)	42 619
		<u>\$ 4 804 887</u>	<u>\$ -</u>	<u>\$ (600 966)</u>	<u>\$ 4 203 921</u>

2. Bonds:

Debt service requirements on bonds at August 31, are as follows:

YEAR ENDING AUGUST 31,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2019	\$ 495 000	\$ 87 212	\$ 582 212
2020	505 000	73 763	578 763
2021	525 000	59 700	584 700
2022	540 000	45 169	585 169
2023	560 000	30 150	590 150
2024-2025	750 000	22 650	772 650
	<u>\$ 3 375 000</u>	<u>\$ 318 644</u>	<u>\$ 3 693 644</u>

3. Capital Lease:

The District entered into a capital lease for energy efficient air conditioning and lighting controls for all buildings at a cost of \$882,500 to be financed at 3.45% for fifteen years, a capital lease for wireless technology at a cost of \$61,590 to be financed at 0.84% for three years, and a capital lease for a bus at a cost of \$85,099, to be financed at 2.10% for three years.

FUTURE LEASE PAYMENTS	
2019	\$ 76 167
2020	76 167
2021	76 167
2022	76 167
2023	76 167
Thereafter	380 835
Total	<u>761 670</u>
Amount for interest	<u>(126 619)</u>
	<u>\$ 635 051</u>

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

F. Healthcare Insurance

**Plan Description:**

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

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

**Pension Plan Fiduciary Net Position:**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2016.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**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 (A) above.

**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.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2017 and 2018.

	CONTRIBUTION RATES	
	2017	2018
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Employer Contributions - 2018	\$	516 876
Member Contributions - 2018	\$	199 554
NECE On-behalf Contributions - 2017	\$	346 282

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.

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.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

**Actuarial Assumptions:**

The total pension liability in the August 31, 2018 actuarial valuation 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	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases	3.50% to 9.50% including inflation
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.

**Discount Rate:**

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION*</u>	<u>LONG-TERM EXPECTED GEOMETRIC REAL RATE OF RETURN</u>	<u>EXPECTED CONTRIBUTION TO LONG-TERM PORTFOLIO RETURNS**</u>
<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	- %	1.8%	- %
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	(0.2)%	- %
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	- %
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	- %	1.2%	- %
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

\* 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 Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

**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.

	<u>1% DECREASE IN DISCOUNT RATE (7.0%)</u>	<u>DISCOUNT RATE (8.0%)</u>	<u>1% INCREASE IN DISCOUNT RATE (9.0%)</u>
District proportionate share of the net pension liability	\$ 3 147 137	\$ 1 866 848	\$ 800 800



CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

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

At August 31, 2018, the District reported a liability of \$1,866,848 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$	1 866 848
State's proportionate share that is associated with the District		3 385 448
TOTAL	\$	5 252 296

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 thru August 31, 2017.

At August 31, 2017 the District's proportion of the collective net pension liability was 0.0058% which was an increase (decrease) of (0.0003)% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, the District recognized pension expense of \$258,229 and revenue of \$258,229 for support provided by the State.

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

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 27 313	\$ 100 677
Changes in actuarial assumptions	85 038	48 682
Difference between projected and actual investment earnings	287 100	423 151
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	485 900	92 402
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	516 876	-
TOTAL	\$ 1 402 227	\$ 664 912

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

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	\$ 44 280
2020	\$ 163 445
2021	\$ 35 121
2022	\$ (3 601)
2023	\$ (5 036)
Thereafter	\$ (13 770)

G. Defined Other Post-Employment Benefit Plans

**Plan Description**

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

**OPEB Plan Fiduciary Net Position**

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling 512.542.6592.

**Benefits Provided**

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public 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 the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

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.

<b>TRS-Care Plan Premium Rates</b>			
Effective September 1, 2016 - December 31, 2017			
	<b>TRS-Care 1 Basic Plan</b>	<b>TRS-Care 2 Optional Plan</b>	<b>TRS-Care 3 Optional Plan</b>
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

**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 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private Funding remitted by Employers	1.00%	1.25%
Employer Contributions - 2018	\$ 59 363	
Member Contributions - 2018	\$ 43 632	
NECE On-behalf Contributions - 2017	\$ 57 706	

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

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

**Actuarial Assumptions**

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

**Actuarial Methods and Assumptions:**

<b>Valuation Date</b>	August 31, 2017
<b>Methods and Assumptions:</b>	
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Single Discount Rate	3.42% as of August 31, 2017
Demographic Assumptions	Based on the experience study performed for the Teachers Retirement System of Texas of the period ending August 31, 2014.
Mortality Assumption	The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using Scale BB.
Healthcare Trend Rates	Initial medical trend rates of 7.00% for non-Medicare retirees and 10.00% for Medicare retirees. Initial prescription drug trend rate of 12.00% for all retirees.
Election Rates	Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years. Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
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.

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
Rate of Termination	Expected Payroll Growth
Rates of Disability Incidence	

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

**Discount Rate**

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44 % in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. ***The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.***

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

<b>Teacher Retirement System of Texas</b>			
<b>Asset Allocation and Long-Term Expected Rate of Return</b>			
<b>As of August 31, 2016</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	- %	1.8%	- %
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	(0.2)%	- %
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	- %
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources Commodities	3%	6.6%	0.2%
	- %	1.2%	- %
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>TOTAL</b>	<u>100%</u>		<u>8.7%</u>

*\*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 Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.*

**Discount Rate Sensitivity Analysis**

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

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of the Net OPEB Liability	\$ 4 357 791	\$ 3 692 266	\$ 3 157 335

**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 \$3,692,266 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provide 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	\$ 3 692 266
State's proportionate share that is associated with the District	<u>4 826 713</u>
TOTAL	<u>\$ 8 518 979</u>

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

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

At August 31, 2017, the employer's proportion of the collective Net OPEB Liability was 0.0085% which was the same proportion measured as of August 31, 2016.

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

The following assumptions and other inputs which are specific to TRS-Care were updated from the prior year's report:

1. Significant plan changes were adopted during 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.
2. 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.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 1, 2017. This change lowered the total OPEB liability.

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 \$1,615,146 and revenue of \$1,615,146 for support provided by the State.

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 resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 77 079
Changes in actuarial assumptions	-	1 467 403
Difference between projected and actual investment earnings	561	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	16	-
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	59 363	-
TOTAL	\$ 59 940	\$ 1 544 482

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

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

YEAR ENDED AUGUST 31,	OPEB EXPENSE AMOUNT
2019	\$ (203 719)
2020	\$ (203 719)
2021	\$ (203 719)
2022	\$ (203 719)
2023	\$ (203 859)
Thereafter	\$ (525 170)

H. Shared Services Arrangements

Membership

**Title II, Basic Grant Career and Technology Education Program:**

The District participates in a shared services arrangement for the education of career and technology students, funded under Title II, Basic Grant Career and Technology Education Program. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center - Region VI, nor does the District have a new equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the shared services arrangement. *Region VI is reporting \$2,350 as expenditures incurred on behalf of Corrigan-Camden ISD.*

**Title III, Part A, English Language Acquisition and Language Enhancement:**

The District participates in a shared services arrangement for the improvement of the education of limited English proficient children funded under ESEA Title III, Part A, English Language Acquisition and Language Enhancement. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center - Region VI, nor does the District have a new equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the shared services arrangement. *Region VI is reporting \$6,080 as expenditures incurred on behalf of Corrigan-Camden ISD.*

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides special education services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the district has accounted for the fiscal agent's activities of the SSA in three special revenue funds (IDEA-B Formula, IDEA-B Preschool, and State Special Education) and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are allocated to member districts based on the number of children enrolled, and are summarized below:

		IDEA-B PRESCHOOL	VISUALLY IMPAIRED
Big Sandy ISD	\$ 123 553	\$ 2 584	\$ 599
Corrigan Camden ISD	138 071	3 974	1 007
Leggett ISD	39 017	816	189
Onalaska ISD	279 619	5 849	1 355
	\$ 580 260	\$ 13 223	\$ 3 150

NOTE 4 - NEW ACCOUNTING PRONOUNCEMENTS

**GASB Statement No. 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.** Statement 75 was issued in June 2015. This Statement establishes new accounting and financial reporting standards for postemployment benefit plans. This standard becomes effective for the District's fiscal year 2018. The implementation had a significant effect on the District's Financial Statements (see Note 6).

**GASB Statement No. 81: Irrevocable Split-Interest Agreements.** Statement 81 was issued in March 2016. This Statement establishes guidance on the financial reporting and account for irrevocable split-interest agreements. This standard becomes effective for the District's fiscal year 2018. The implementation had no significant effect on the District's financial statements.

**GASB Statement No. 83: Certain Asset Retirement Obligations.** Statement 83 was issued in November 2016. This Statement establishes uniform criteria for governments to recognize and measure certain asset retirement obligations that may not have been previously reported. This standard becomes effective for the District's fiscal year 2019. The District has not yet determined the impact of this statement.

**GASB Statement No. 84: Fiduciary Activities.** Statement 84 was issued in January 2017. This Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. This standard becomes effective for the District's fiscal year 2020. The District has not yet determined the impact of this statement.

**GASB Statement No. 85: Omnibus 2017.** Statement 85 was issued in March 2017. This Statement will enhance consistency in the application of accounting and financial reporting requirements related to blending component units, goodwill, fair value measurement and application and postemployment benefits. This standard becomes effective for the District's fiscal year 2018. The implementation had no significant effect on the District's financial statements.



CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2018

NOTE 4 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED

**GASB Statement No. 86: Certain Debt Extinguishment Issues.** Statement 86 was issued in March 2017. This Statement will increase consistency in the accounting and financial reporting for debt extinguishment. This standard becomes effective for the District's fiscal year 2018. The implementation had no significant effect on the District's financial statements.

**GASB Statement No. 87: Leases.** Statement 87 was issued in June 2017. This Statement will require reporting of certain lease liabilities that currently are not reported, and enhance comparability among governments by requiring lessees and lessors to report leases under a single model. This standard becomes effective for the District's fiscal year 2021. The District has not yet determined the impact of this statement.

NOTE 5 - CHAPTER 313 AGREEMENT

The CCISD Board of Trustees approved an Agreement(s) with multiple companies for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to 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. Each company qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5), as manufacturing projects.

Value limitation agreements are 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 the statute. The project(s) under the Chapter 313 Agreement(s) must be consistent with the State's goal to "encourage large scale capital investments in this state." Chapter 313 of the Texas Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each Applicant 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' approval, each of the Agreements were deemed 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 requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>.

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 that an entity terminates the 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 the Agreement or to meet any material obligation under the Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of the 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 §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 §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.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2018

NOTE 5 - CHAPTER 313 AGREEMENT - CONTINUED

As of the date of this letter, the Applicant companies are in full compliance with all of their obligations under law and the individual Agreements.

This agreement limits the taxable value of the covered property to \$20,000,000 for a ten year period beginning with fiscal year 2018. The result of this limitation in valuation is an estimated reduction of taxes of \$-0- for the 2018 fiscal year and \$17,669,600 for the ten year period. For the fiscal year 2018, the Applicant Company has made a supplemental payment to the District of \$632,005.

NOTE 6 - PRIOR PERIOD ADJUSTMENT

With the implementation of GASB 75, the District recognized a prior period adjustment of \$6,518,510 for previously unrecognized Other Post-Employment Benefits (OPEB) in the government-wide statements.

#### 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.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended August 31, 2018

EXHIBIT G-1

DATA CONTROL CODES		BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		1	2	3	
		ORIGINAL	FINAL	ACTUAL	
Revenues:					
5700	Local and intermediate sources	\$ 4 475 801	\$ 4 475 801	\$ 4 912 281	\$ 436 480
5800	State program revenues	4 394 845	4 394 845	4 591 389	196 544
5900	Federal program revenue	75 000	75 000	156 152	81 152
5020	TOTAL REVENUES	<u>8 945 646</u>	<u>8 945 646</u>	<u>9 659 822</u>	<u>714 716</u>
Expenditures:					
Current:					
0011	Instruction	4 801 392	4 914 403	4 870 500	43 903
0012	Instructional resources and media services	7 965	5 965	5 627	338
0013	Curriculum and staff development	12 600	11 600	10 832	768
0021	Instructional leadership	7 550	6 300	5 688	612
0023	School leadership	684 427	753 801	715 848	37 953
0031	Guidance, counseling and evaluation services	130 807	137 007	122 911	14 096
0033	Health services	72 865	138 397	136 463	1 934
0034	Student (pupil) transportation	490 557	563 157	514 494	48 663
0036	Cocurricular/extracurricular activities	464 165	474 355	446 142	28 213
0041	General administration	496 177	541 237	501 724	39 513
0051	Plant maintenance and operations	838 153	846 334	787 036	59 298
0052	Security and monitoring	-	16 000	13 275	2 725
0053	Data processing services	110 328	90 328	79 908	10 420
0061	Community services	151 000	171 450	167 082	4 368
0071	Debt service	76 167	125 926	124 377	1 549
0093	Payment to shared service arrangements	195 000	148 000	137 822	10 178
0099	Other governmental charges	94 000	74 000	73 877	123
6030	TOTAL EXPENDITURES	<u>8 633 153</u>	<u>9 018 260</u>	<u>8 713 606</u>	<u>304 654</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>312 493</u>	<u>(72 614)</u>	<u>946 216</u>	<u>1 018 830</u>
Other Financing Sources:					
7915	Transfer in	5 780	5 780	-	(5 780)
8911	Transfer out	(50 000)	(50 000)	(75 528)	(25 528)
	TOTAL OTHER FINANCING SOURCES	<u>(44 220)</u>	<u>(44 220)</u>	<u>(75 528)</u>	<u>(31 308)</u>
1200	NET CHANGE IN FUND BALANCES	268 273	(116 834)	870 688	987 522
0100	Fund balance - Beginning	<u>3 593 684</u>	<u>3 593 684</u>	<u>3 593 684</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 3 861 957</u>	<u>\$ 3 476 850</u>	<u>\$ 4 464 372</u>	<u>\$ 987 522</u>

See independent auditors' report.

PENSION AND OPEB SCHEDULES

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

EXHIBIT G-2

	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0058%	0.0061%	0.0062%
District's proportionate share of the net pension liability (asset)	\$ 1 866 848	\$ 2 322 232	\$ 2 201 621
State's proportionate share of the net pension liability (asset) associated with the District	3 385 448	1 569 780	1 494 056
TOTAL	\$ 5 252 296	\$ 3 892 012	\$ 3 695 677
District's covered-employee payroll	\$ 6 556 984	\$ 6 670 324	\$ 6 793 588
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	28.47%	34.81%	32.41%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.40%

\* This schedule is illustrating 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.

See independent auditors' report.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS\*

EXHIBIT G-3

	2018	2017	2016
Contractually required contribution	\$ 516 876	\$ 504 888	\$ 480 263
Contributions in relation to the contractually required contribution	(516 876)	(504 888)	(480 263)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6 712 666	\$ 6 556 984	\$ 6 670 324
Contributions as a percentage of covered-employee payroll	7.70%	7.70%	7.20%

\* This schedule is illustrating 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.

See independent auditors' report.

CORRIGAN-CAMDEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF OPEB LIABILITY  
 AND DISTRICT'S OPEB CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS\*

EXHIBIT G-4

<b>District's Proportionate Share of Liability</b>	<b>2017</b>
District's proportion of the OPEBL	0.0085%
District's proportionate share of the OPEBL	\$ 3 692 266
State share of the OPEBL associated with the District	4 826 713
TOTAL	\$ 8 518 979
District's covered-employee payroll*	\$ 6 556 984
<i>*Prior FY TRS Gross - September through August</i>	
Proportionate share/covered payroll	56.31%
Plan fiduciary net position/total OPEB liability	0.91%
<hr/>	
<b>District Contributions</b>	<b>2018</b>
Contractually required contribution	\$ 59 363
Contributions to required contribution	(59 363)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -
Current fiscal year TRS gross	\$ 6 712 666
Contributions to covered payroll	0.88%

Information provided by the Teacher Retirement System of Texas.

\* This schedule is 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.

See independent auditors' report.



COMBINING SCHEDULES

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 August 31, 2018

EXHIBIT H-1

DATA CONTROL CODES		DEBT SERVICE FUND	CAPITAL PROJECT FUND	SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS (SEE EXHIBIT C-1)
ASSETS					
1110	Cash and cash equivalents	\$ 214 454	\$ 54 374	\$ 154 743	\$ 423 571
1225	Taxes receivable, net	9 471	-	-	9 471
1240	Due from other government	-	-	250 180	250 180
1260	Due from other funds	-	-	367 055	367 055
1900	Other assets	-	-	109 946	109 946
1000	TOTAL ASSETS	<u>\$ 223 925</u>	<u>\$ 54 374</u>	<u>\$ 881 924</u>	<u>\$ 1 160 223</u>
LIABILITIES					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ 51 871	\$ 51 871
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	297 501	297 501
2000	TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>349 372</u>	<u>349 372</u>
DEFERRED INFLOWS					
2600	Unearned revenue	9 471	-	-	9 471
	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>9 471</u>	<u>-</u>	<u>349 372</u>	<u>358 843</u>
FUND BALANCES					
Restricted Fund Balances:					
3450	Other reserved of fund balance	-	-	532 552	532 552
3470	Capital projects	-	54 374	-	54 374
3480	Debt service	214 454	-	-	214 454
3000	TOTAL FUND BALANCE	<u>214 454</u>	<u>54 374</u>	<u>532 552</u>	<u>801 380</u>
4000	TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 223 925</u>	<u>\$ 54 374</u>	<u>\$ 881 924</u>	<u>\$ 1 160 223</u>

See independent auditors' report.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS

August 31, 2018

EXHIBIT H-2

DATA CONTROL CODES		DEBT SERVICE FUND	CAPITAL PROJECT FUND	SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS (SEE EXHIBIT C-2)
	Revenues:				
5700	Local and intermediate sources	\$ 615 218	\$ 357 895	\$ 703 785	\$ 1 676 898
5800	State program revenues	-	-	118 543	118 543
5900	Federal program revenues	-	73 232	1 788 289	1 861 521
5020	TOTAL REVENUES	<u>615 218</u>	<u>431 127</u>	<u>2 610 617</u>	<u>3 656 962</u>
	Expenditures:				
	Current:				
0011	Instruction	-	-	1 030 748	1 030 748
0013	Curriculum and instructional staff development	-	-	6 091	6 091
0021	Instructional leadership	-	-	352 424	352 424
0031	Guidance, counseling, and evaluation services	-	-	286 931	286 931
0035	Food services	-	-	643 984	643 984
0036	Extracurricular activities	-	-	130 909	130 909
0051	Plant maintenance and operations	-	-	22 361	22 361
0071	Principle on long-term debt	485 000	-	-	485 000
0072	Interest on long-term debt	100 163	-	-	100 163
0073	Bond issuance costs and fees	1 000	-	-	1 000
0081		-	492 210	-	492 210
0099	Other governmental charges	-	-	4 320	4 320
6030	TOTAL EXPENDITURES	<u>586 163</u>	<u>492 210</u>	<u>2 477 768</u>	<u>3 556 141</u>
1100	EXCESS REVENUE OVER EXPENDITURES	<u>29 055</u>	<u>(61 083)</u>	<u>132 849</u>	<u>100 821</u>
	Other Financing Sources and (Uses):				
7915	Transfer in	-	70 000	7 748	77 748
8700	Transfer out	-	-	(2 220)	(2 220)
	TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>70 000</u>	<u>5 528</u>	<u>75 528</u>
1200	NET CHANGE IN FUND BALANCES	29 055	8 917	138 377	176 349
0100	Fund balances - Beginning	185 399	45 457	394 175	625 031
3000	FUND BALANCES - ENDING	<u>\$ 214 454</u>	<u>\$ 54 374</u>	<u>\$ 532 552</u>	<u>\$ 801 380</u>

See independent auditors' report.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 August 31, 2018

		211	240	244	255
DATA CONTROL CODES		ESEA TITLE I	CHILD NUTRITION	VOCATIONAL EDUCATION	TITLE II, PART A TRAINING
	ASSETS				
1110	Cash and cash equivalents	\$ 7 417	\$ 5 528	\$ 35	\$ 336
1242	Due from other government	24 519	88 201	-	13 864
1260	Due from other funds	90 318	964	-	36 123
1900	Other assets	-	109 946	-	-
1000	TOTAL ASSETS	<u>\$ 122 254</u>	<u>\$ 204 639</u>	<u>\$ 35</u>	<u>\$ 50 323</u>
	LIABILITIES				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ 42 041	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	3 992	150 733	-	23 845
2000	TOTAL LIABILITIES	<u>3 992</u>	<u>192 774</u>	<u>-</u>	<u>23 845</u>
	FUND BALANCES				
	Reserved Fund Balances:				
3490	Other reserved of fund balance	118 262	11 865	35	26 478
3000	TOTAL FUND BALANCES	<u>118 262</u>	<u>11 865</u>	<u>35</u>	<u>26 478</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 122 254</u>	<u>\$ 204 639</u>	<u>\$ 35</u>	<u>\$ 50 323</u>

See independent auditors' report.

EXHIBIT H-3  
PAGE 1 OF 2

263	270	289	313	314	350	385
TITLE III, ENGLISH LANGUAGE ACQUISITION	TITLE IV, PART B	SUMMER SCHOOL LEP PROGRAM	SPECIAL EDUCATION SHARED SERVICES ARRANGEMENT	SPECIAL EDUCATION SHARED SERVICES ARRANGEMENT	TITLE III, PART A SHARED SERVICES ARRANGEMENT	VISUALLY IMPAIRED COOPERATIVE
\$ -	\$ -	\$ 5 204	\$ 30 296	\$ -	\$ -	\$ 1 000
5 569	3 636	341	54 310	740	-	-
1 179	12 168	-	96 318	8 126	2 341	-
-	-	-	-	-	-	-
<u>\$ 6 748</u>	<u>\$ 15 804</u>	<u>\$ 5 545</u>	<u>\$ 180 924</u>	<u>\$ 8 866</u>	<u>\$ 2 341</u>	<u>\$ 1 000</u>
\$ -	\$ -	\$ -	\$ 1 771	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
5 565	3 460	-	19 434	622	2 341	-
<u>5 565</u>	<u>3 460</u>	<u>-</u>	<u>21 205</u>	<u>622</u>	<u>2 341</u>	<u>-</u>
1 183	12 344	5 545	159 719	8 244	-	1 000
<u>1 183</u>	<u>12 344</u>	<u>5 545</u>	<u>159 719</u>	<u>8 244</u>	<u>-</u>	<u>1 000</u>
<u>\$ 6 748</u>	<u>\$ 15 804</u>	<u>\$ 5 545</u>	<u>\$ 180 924</u>	<u>\$ 8 866</u>	<u>\$ 2 341</u>	<u>\$ 1 000</u>

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED  
 August 31, 2018

DATA CONTROL CODES		392 POLK COUNTY RESPITE CARE FUND	410 STATE TEXTBOOK FUND	427 VIRTUAL SCHOOL GRANT	429 RURAL SCHOOL TECHNOLOGY
	ASSETS				
1110	Cash and cash equivalents	\$ -	\$ 19 728	\$ -	\$ (49)
1242	Due from other government	-	-	1 154	-
1260	Due from other funds	-	22 161	401	633
1900	Other assets	-	-	-	-
1000	TOTAL ASSETS	<u>\$ -</u>	<u>\$ 41 889</u>	<u>\$ 1 555</u>	<u>\$ 584</u>
	LIABILITIES				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ 7 750	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	1 143	-
2000	TOTAL LIABILITIES	<u>-</u>	<u>7 750</u>	<u>1 143</u>	<u>-</u>
	FUND BALANCES				
	Reserved Fund Balances:				
3490	Other reserved of fund balance	-	34 139	412	584
3000	TOTAL FUND BALANCES	<u>-</u>	<u>34 139</u>	<u>412</u>	<u>584</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 41 889</u>	<u>\$ 1 555</u>	<u>\$ 584</u>

See independent auditors' report.

437	461	481	
SPECIAL EDUCATION COOPERATIVE	CAMPUS ACTIVITY FUND	ELEMENTARY ACTIVITY FUND	SPECIAL REVENUE FUNDS (SEE EXHIBIT H-1)
\$ -	\$ 84 466	\$ 782	\$ 154 743
57 846	-	-	250 180
96 323	-	-	367 055
-	-	-	109 946
<u>\$ 154 169</u>	<u>\$ 84 466</u>	<u>\$ 782</u>	<u>\$ 881 924</u>
\$ 309	\$ -	\$ -	\$ 51 871
-	-	-	-
<u>86 366</u>	<u>-</u>	<u>-</u>	<u>297 501</u>
<u>86 675</u>	<u>-</u>	<u>-</u>	<u>349 372</u>
<u>67 494</u>	<u>84 466</u>	<u>782</u>	<u>532 552</u>
<u>67 494</u>	<u>84 466</u>	<u>782</u>	<u>532 552</u>
<u>\$ 154 169</u>	<u>\$ 84 466</u>	<u>\$ 782</u>	<u>\$ 881 924</u>

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended August 31, 2018

DATA CONTROL CODES		211	240	244	255
		ESEA TITLE I	CHILD NUTRITION	VOCATIONAL EDUCATION	TITLE II, PART A TRAINING
	Revenues:				
5700	Local and intermediate sources	\$ -	\$ 90 195	\$ -	\$ -
5800	State program revenues	-	13 814	-	-
5900	Federal program revenues	514 940	517 136	-	59 336
5020	TOTAL REVENUES	<u>514 940</u>	<u>621 145</u>	<u>-</u>	<u>59 336</u>
	Expenditures:				
	Current:				
0011	Instruction	446 573	-	-	46 969
0013	Curriculum and instructional staff development	1 000	-	-	-
0021	Instructional leadership	51 880	-	-	7 677
0031	Guidance, counseling, and evaluation services	-	-	-	-
0035	Food services	-	643 984	-	-
0036	Curriculum/extracurricular activities	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0099	Other governmental charges	-	-	-	-
6030	TOTAL EXPENDITURES	<u>499 453</u>	<u>643 984</u>	<u>-</u>	<u>54 646</u>
	EXCESS REVENUE OVER EXPENDITURES	<u>15 487</u>	<u>(22 839)</u>	<u>-</u>	<u>4 690</u>
	Other Financing Sources:				
7915	Transfers in	-	5 528	-	2 220
8911	Transfers out	-	-	-	-
	TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>5 528</u>	<u>-</u>	<u>2 220</u>
1200	NET CHANGE IN FUND BALANCE	15 487	(17 311)	-	6 910
0100	Fund balances - Beginning	<u>102 775</u>	<u>29 176</u>	<u>35</u>	<u>19 568</u>
3000	FUND BALANCES - ENDING	<u>\$ 118 262</u>	<u>\$ 11 865</u>	<u>\$ 35</u>	<u>\$ 26 478</u>

See independent auditors' report.



EXHIBIT H-4  
PAGE 1 OF 2

263	270	289	313	314	350	385
TITLE III, ENGLISH LANGUAGE ACQUISITION	TITLE IV, PART B	SUMMER SCHOOL LEP PROGRAM	SPECIAL EDUCATION SHARED SERVICES ARRANGEMENT	SPECIAL EDUCATION SHARED SERVICES ARRANGEMENT	TITLE III, PART A SHARED SERVICES ARRANGEMENT	VISUALLY IMPAIRED COOPERATIVE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	3 150
<u>6 861</u>	<u>15 654</u>	<u>10 483</u>	<u>650 277</u>	<u>13 602</u>	<u>-</u>	<u>-</u>
<u>6 861</u>	<u>15 654</u>	<u>10 483</u>	<u>650 277</u>	<u>13 602</u>	<u>-</u>	<u>3 150</u>
5 678	15 582	9 284	213 908	8 778	-	3 150
-	-	-	5 091	-	-	-
-	-	-	78 775	-	-	-
-	-	-	282 486	4 445	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5 678</u>	<u>15 582</u>	<u>9 284</u>	<u>580 260</u>	<u>13 223</u>	<u>-</u>	<u>3 150</u>
<u>1 183</u>	<u>72</u>	<u>1 199</u>	<u>70 017</u>	<u>379</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(2 220)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	(2 220)	-	-	-	-
<u>-</u>	<u>-</u>	<u>(2 220)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1 183	72	(1 021)	70 017	379	-	-
-	12 272	6 566	89 702	7 865	-	1 000
<u>-</u>	<u>12 272</u>	<u>6 566</u>	<u>89 702</u>	<u>7 865</u>	<u>-</u>	<u>1 000</u>
<u>\$ 1 183</u>	<u>\$ 12 344</u>	<u>\$ 5 545</u>	<u>\$ 159 719</u>	<u>\$ 8 244</u>	<u>\$ -</u>	<u>\$ 1 000</u>

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended August 31, 2018

DATA CONTROL CODES		392 POLK COUNTY RESPITE CARE FUND	410 STATE TEXTBOOK FUND	427 VIRTUAL SCHOOL GRANT	429 RURAL SCHOOL TECHNOLOGY
	Revenues:				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	4 320	29 988	34 689	11 507
5900	Federal program revenues	-	-	-	-
5020	TOTAL REVENUES	<u>4 320</u>	<u>29 988</u>	<u>34 689</u>	<u>11 507</u>
	Expenditures:				
	Current:				
0011	Instruction	-	37 697	34 277	10 923
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-
0035	Food services	-	-	-	-
0036	Curriculum/extracurricular activities	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0099	Other governmental charges	4 320	-	-	-
6030	TOTAL EXPENDITURES	<u>4 320</u>	<u>37 697</u>	<u>34 277</u>	<u>10 923</u>
	EXCESS REVENUE OVER EXPENDITURES	<u>-</u>	<u>(7 709)</u>	<u>412</u>	<u>584</u>
	Other Financing Sources:				
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
	TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCE	-	(7 709)	412	584
0100	Fund balances - Beginning	<u>-</u>	<u>41 848</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 34 139</u>	<u>\$ 412</u>	<u>\$ 584</u>

See independent auditors' report.

437	461	481	SPECIAL REVENUE FUNDS (SEE EXHIBIT H-2)
SPECIAL EDUCATION COOPERATIVE	CAMPUS ACTIVITY FUND	ELEMENTARY ACTIVITY FUND	
\$ 481 088	\$ 132 502	\$ -	\$ 703 785
20 788	287	-	118 543
-	-	-	1 788 289
<u>501 876</u>	<u>132 789</u>	<u>-</u>	<u>2 610 617</u>
197 929	-	-	1 030 748
-	-	-	6 201
214 092	-	-	352 424
-	-	-	286 931
-	-	-	643 984
-	130 909	-	130 909
22 361	-	-	22 361
-	-	-	4 320
<u>434 382</u>	<u>130 909</u>	<u>-</u>	<u>2 477 768</u>
<u>67 494</u>	<u>1 880</u>	<u>-</u>	<u>132 849</u>
-	-	-	7 748
-	-	-	<u>(2 220)</u>
-	-	-	5 528
67 494	1 880	-	138 377
-	82 586	782	394 175
<u>\$ 67 494</u>	<u>\$ 84 466</u>	<u>\$ 782</u>	<u>\$ 532 552</u>

REQUIRED TEA SCHEDULES

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 For the Year Ended August 31, 2018

LAST 10 YEARS	TAX RATES		APPRaised VALUE FOR TAX PURPOSES	BEGINNING BALANCE
	MAINTENANCE	DEBT SERVICE		
2009 and prior years	Various	Various	Various	\$ 143 424
2010	1.0400	0.1620	\$ 254 922 743	15 979
2011	1.0400	0.1675	\$ 242 905 961	18 612
2012	1.0400	0.1529	\$ 247 955 148	19 935
2013	1.0400	0.1600	\$ 251 546 345	32 973
2014	1.0400	0.1400	\$ 260 871 613	35 751
2015	1.0400	0.1400	\$ 290 942 847	40 990
2016	1.0400	0.1400	\$ 323 151 509	42 945
2017	1.0400	0.1400	\$ 362 111 938	77 599
2018 (School year under audit)	1.0400	0.1400	\$ 381 217 542	-
TOTALS				\$ <u>428 208</u>

See independent auditors' report.

<u>CURRENT YEAR'S LEVY</u>	<u>MAINTENANCE COLLECTIONS</u>	<u>DEBT SERVICE COLLECTIONS</u>	<u>ADJUSTMENTS</u>	<u>TOTAL ENDING BALANCES</u>
\$ -	\$ 1 707	\$ 203	\$ (30 194)	\$ 111 320
-	285	41	(210)	15 443
-	755	118	(212)	17 527
-	1 076	173	(262)	18 424
-	8 778	1 290	(259)	22 646
-	8 560	1 317	(287)	25 587
-	9 330	1 255	(591)	29 814
-	12 682	1 707	(173)	28 383
-	32 239	4 339	(5 361)	35 660
<u>4 498 367</u>	<u>3 798 938</u>	<u>600 098</u>	<u>(16 658)</u>	<u>82 673</u>
\$ <u>4 498 367</u>	\$ <u>3 874 350</u>	\$ <u>610 541</u>	\$ <u>(54 207)</u>	\$ <u>387 477</u>

CORRIGAN CAMDEN 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	4
		BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
		ORIGINAL	FINAL		
Revenues:					
5700	Local and intermediate sources	\$ 111 393	\$ 111 393	\$ 90 195	\$ (21 198)
5800	State program revenues	496 605	15 038	13 814	(1 224)
5900	Federal program revenues	-	481 567	517 136	35 569
5020	TOTAL REVENUES	<u>607 998</u>	<u>607 998</u>	<u>621 145</u>	<u>13 147</u>
Expenditures:					
Current:					
Support Services - Student:					
0035	Food services	<u>177 573</u>	<u>635 025</u>	<u>643 984</u>	<u>(8 959)</u>
6030	TOTAL EXPENDITURES	<u>177 573</u>	<u>635 025</u>	<u>643 984</u>	<u>(8 959)</u>
1100	EXCESS REVENUE OVER EXPENDITURES	<u>430 425</u>	<u>(27 027)</u>	<u>(22 839)</u>	<u>4 188</u>
Other Financing Sources (Uses):					
7915	Transfer in	<u>27 027</u>	<u>85 000</u>	<u>5 528</u>	<u>(79 472)</u>
	TOTAL OTHER FINANCING SOURCES (USES)	<u>27 027</u>	<u>85 000</u>	<u>5 528</u>	<u>(79 472)</u>
1200	NET CHANGE IN FUND BALANCES	457 452	57 973	(17 311)	(75 284)
0100	Fund balance - Beginning	<u>29 176</u>	<u>29 176</u>	<u>29 176</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 486 628</u>	<u>\$ 87 149</u>	<u>\$ 11 865</u>	<u>\$ (75 284)</u>

See independent auditors' report.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended August 31, 2018

EXHIBIT J-3

DATA CONTROL CODES		1	2	3	4
		BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
		ORIGINAL	FINAL		
	Revenues:				
5700	Local and intermediate sources	\$ 586 163	\$ 586 163	\$ 615 218	\$ 29 055
5020	TOTAL REVENUES	<u>586 163</u>	<u>586 163</u>	<u>615 218</u>	<u>29 055</u>
	Expenditures:				
	Debt Service:				
0071	Principal on Long-term debt	<u>586 163</u>	<u>586 163</u>	<u>586 163</u>	<u>-</u>
	TOTAL DEBT SERVICE	<u>586 163</u>	<u>586 163</u>	<u>586 163</u>	<u>-</u>
6030	TOTAL EXPENDITURES	<u>586 163</u>	<u>586 163</u>	<u>586 163</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	-	-	29 055	29 055
0100	Fund balance - Beginning	<u>185 399</u>	<u>185 399</u>	<u>185 399</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 185 399</u>	<u>\$ 185 399</u>	<u>\$ 214 454</u>	<u>\$ 29 055</u>

See independent auditors' report.



FEDERAL AWARDS SECTION

INDEPENDENT AUDITORS' 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  
Corrigan Camden Independent School District  
Corrigan, Texas

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 Corrigan Camden Independent School District as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated November 12, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Corrigan Camden 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 Corrigan Camden Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Corrigan Camden Independent School District's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Lufkin, Texas  
November 12, 2018

  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Trustees  
Corrigan Camden Independent School District  
Corrigan, Texas

Members of the Board of Trustees:

**Report on Compliance for Each Major Federal Program**

We have audited Corrigan Camden Independent School District's compliance with the types of compliance requirements described in the Uniform Guidance that could have a direct and material effect on each of Corrigan Camden Independent School District's major federal programs for the year ended August 31, 2018. Corrigan Camden Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

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

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

## **Opinion on Each Major Federal Program**

In our opinion, Corrigan Camden Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

## **Report on Internal Control Over Compliance**

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

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

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

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

  
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas  
November 12, 2018

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended August 31, 2018

A. Summary of the Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

2. Federal Awards

Internal control over major programs:

Material control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended August 31, 2018

NONE

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
For the Year Ended August 31, 2018

NONE



CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 2018

EXHIBIT K-1

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) FEDERAL CFDA NUMBER	(2A) PASS-THROUGH ENTITY IDENTIFYING NUMBER	(3) FEDERAL EXPENDITURES
U.S. Department of Education:			
Passed Through State Department of Education:			
ESEA, Title I, Part A - Improving basic programs	84.010A	18610101187904	\$ 514 940
ESEA, Title II, Part A - Teacher/principal training	84.367A	18694501187904	59 336
Title IV, Part B	84.358	18696001187904	15 654
Title III, English Language Acquisition	84.365	18671001187904	6 861
IDEA-B, Formula	84.027	18660001187904	668 724
IDEA-B, Preschool	84.173	18661001187904	13 972
Student Support and Academic Enrichment	84.424	18680101187904	10 483
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1 289 970</u>
U.S. Department of Agriculture:			
Direct Programs:			
Commodity Supplemental Food Program	10.565	N/A	49 248
TOTAL DIRECT PROGRAMS			<u>49 248</u>
Passed Through State Department of Agriculture:			
National School Breakfast Program	10.553	71300701	182 251
National School Lunch Program	10.555	71400701	285 637
TOTAL PASSED THROUGH STATE DEPARTMENT OF AGRICULTURE			<u>467 888</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>517 136</u>
U.S. Department of Homeland Security:			
Direct Program:			
Disaster Grant - Public Assistance	97.036	N/A	73 232
TOTAL DIRECT PROGRAM			<u>73 232</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>73 232</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1 880 338</u>
<b>Reconciliation for Exhibit C-2</b>			
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1 880 338
Other Federal Programs:			
School Health and Related Services	93.778	N/A	137 335
TOTAL FEDERAL REVENUE PER EXHIBIT C-2			\$ <u>2 017 673</u>

See independent auditors report and the accompanying notes are integral part of this schedule.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
For the Year Ended August 31, 2018

1. For all federal programs, the district uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust funds are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. The basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
4. The District has elected not to use the 10-percent de minimis indirect cost rate per Uniform Guidance (2.CRF.200.414).

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED  
SCHOOL FIRST INDICATORS

As of August 31, 2018

Exhibit L-1

<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 on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not 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 hardships?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 1 866 848
SF13	Pension Expense (6147) at fiscal year-end.	\$ -