

CORRIGAN CAMDEN
INDEPENDENT SCHOOL DISTRICT
Corrigan, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2016

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INTRODUCTORY SECTION

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD
August 31, 2016

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, 2016, at a meeting of the Board of Trustees of such school district on the 17th day of January, 2017.



Signature of Board Secretary



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, 2016, 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, 2016, 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 and pension schedules on pages 8-12 and 38-41 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 January 17, 2017, 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 59-60 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.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
January 17, 2017

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2016

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, 2016. 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 \$6,481,218 at August 31, a \$114,791 decrease from the previous year.
- The General Fund reported a fund balance this year of \$3,112,262, down \$385,807 from the previous year.

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 and liabilities, 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

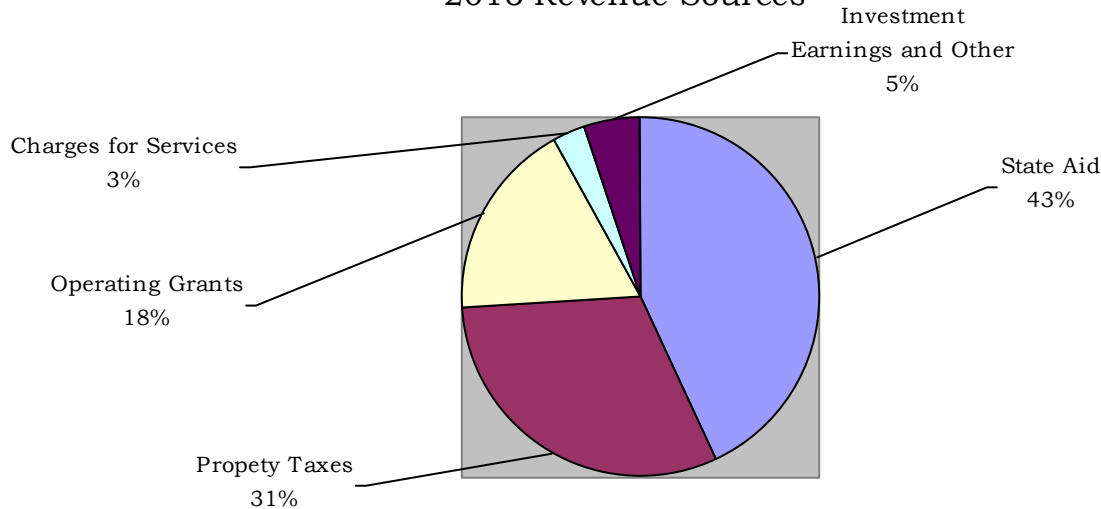
Net Position. The District's Net Position from governmental activities were approximately \$6.5 million at August 31. The approximately \$2.1 million of unrestricted Net Position represents resources available to fund the programs of the District next year.

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

	2016	2015
Current and other assets	\$ 6 724	\$ 7 951
Capital and non-current assets	8 330	5 874
TOTAL ASSETS	15 054	13 825
 Deferred outflows	 1 698	 598
Current liabilities	3 003	1 551
Long term liabilities	6 832	5 996
TOTAL LIABILITIES	9 835	7 547
 Deferred inflows	 435	 280
 Net Position:		
Invested in capital assets, net		
of related debt	3 183	376
Restricted	1 210	3 574
Unrestricted	2 088	2 646
TOTAL NET POSITION	\$ 6 481	\$ 6 596

Changes in Net Position. The District's total revenues were approximately \$12.79 million. 31% of the District's revenue comes from taxes (see Figure A-2), 18% comes from operating grants, and 44% comes from state aid-formula grants.

2016 Revenue Sources



- The total cost of all programs and services was \$12.9 million. 50 percent of these costs are for instruction and instructional resources.
- The amount that our taxpayers paid through property taxes for these activities was approximately \$3.9 million, an increase of approximately \$250 thousand over the previous year.
- The amount received in state aid-formula was \$5.58 million, a decrease of approximately \$0.45 million over the previous year.
- Some of the cost was paid by those who directly benefited from the programs (\$403 thousand) or by grants and contributions (\$2.4 million).

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

	YEAR ENDED	
	2016	2015
Revenues:		
Program Revenues:		
Charges for services	\$ 403	\$ 691
Operating grants and contributions	2 400	1 678
General Revenues:		
Property taxes	3 882	3 636
State aid - Formula	5 579	6 032
Investment earnings	9	9
Other	514	214
TOTAL REVENUES	<u>12 787</u>	<u>12 260</u>
Expenses:		
Instructional and instructional resources	6 393	5 511
Curriculum, staff development, school and instructional leadership	1 047	1 063
Guidance, social work, health, transportation	1 125	972
Food service	682	687
Extracurricular activities	707	672
General administration	413	432
Plant maintenance and operations, security and data processing	1 483	955
Community services	114	-
Debt service	211	184
Capital outlay	420	6
Payments to fiscal agent/member districts - Shared service/ other governments	304	282
TOTAL EXPENSES	<u>12 899</u>	<u>10 764</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ (115)</u>	<u>\$ 1 496</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		NET COST	
	OF SERVICES		OF SERVICES	
	2016	2015	2016	2015
Instruction	\$ 6 385	\$ 5 051	\$ 4 787	\$ 4 376
Plant maintenance and operations	\$ 920	\$ 793	\$ 920	\$ 793
Debt service	\$ 211	\$ 184	\$ 211	\$ 184
School leadership	\$ 670	\$ 683	\$ 670	\$ 683

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

Revenues from governmental fund types (Exhibit C-2) totaled \$12.80 million.

Expenditures from governmental fund types (Exhibit C-2) totaled \$15.54 million.

The fund balance for all governmental fund types was \$4.322 million, with an excess of expenditures over revenues of \$2.7 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 \$430 thousand below the final budgeted amounts.

Revenues received were \$265 thousand over the final budgeted amounts. Local and intermediate revenue was over budgeted amounts by \$342 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2016, the District had invested \$8.3 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)

	2016	2015
Land	\$ 530	\$ 309
Construction in progress	1 971	-
Buildings and improvements	16 347	16 220
Furniture and equipment	2 817	2 192
TOTALS AT HISTORICAL COST	21 665	18 721
Total accumulated depreciation	(13 335)	(12 845)
NET CAPITAL ASSETS	<u>\$ 8 330</u>	<u>\$ 5 876</u>

Long-term Liabilities

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

	<u>2016</u>	<u>2015</u>
Bonds payable	\$ 4 285	\$ 4 635
Capital leases	759	787
Loans	58	76
Compensated absences	45	42
Net pension liability	<u>2 202</u>	<u>915</u>
TOTAL LONG-TERM DEBT	<u>\$ 7 349</u>	<u>\$ 6 455</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District's 2017 refined average daily attendance is expected to remain steady compared to 2016 ADA.

These indicators were taken into account when adopting the general fund budget for 2017.

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, 2016

EXHIBIT A-1

DATA CONTROL CODES		1 GOVERNMENTAL ACTIVITIES
	ASSETS	
1110	Cash and cash equivalents	\$ 5 504 496
1120	Investments	379 677
1225	Property taxes receivable	78 134
1240	Due from other governments	589 121
1290	Other receivables	54 903
1410	Prepaid expenses	117 525
	Capital Assets:	
1510	Land	529 735
1520	Buildings and improvements, net	4 882 512
1530	Furniture and equipment, net	946 589
1580	Construction in progress	<u>1 971 316</u>
1000	TOTAL ASSETS	<u>15 054 008</u>
	DEFERRED OUTFLOWS	
1700	Deferred pension outflows	<u>1 697 650</u>
	TOTAL DEFERRED OUTFLOWS	<u>1 697 650</u>
	TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 16 751 658</u>
	LIABILITIES	
2110	Accounts payable	\$ 1 435 229
2140	Interest payable	27 660
2165	Accrued liabilities	513 544
2180	Due to state	320 098
2516	Premium on bond issue	190 737
2501	Due within one year	515 261
	Noncurrent Liabilities:	
2502	Due in more than one year	4 631 144
2540	Net pension liability	<u>2 201 621</u>
2000	TOTAL LIABILITIES	<u>9 835 294</u>
	DEFERRED INFLOWS	
2600	Unearned revenue	54 903
2600	Deferred pension inflows	<u>380 243</u>
	TOTAL DEFERRED INFLOWS	<u>435 146</u>
	NET POSITION	
3200	Investment in capital assets, net of related debt	3 183 747
3850	Restricted for debt service	214 567
3860	Restricted for capital projects	656 736
3820	Restricted for state and federal grants	338 383
3900	Unrestricted	<u>2 087 785</u>
3000	TOTAL NET POSITION	<u>\$ 6 481 218</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, 2016

EXHIBIT B-1

DATA CONTROL CODES	FUNCTIONS/PROGRAMS	1 EXPENSES	3 PROGRAM REVENUES		4 OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
			CHARGES FOR SERVICES			GOVERNMENTAL ACTIVITIES
	Governmental Activities:					
11	Instruction	\$ 6 384 691	\$ -	\$ 1 597 337	\$	(4 787 354)
12	Instruction resources and media services	8 599	-	-		(8 599)
13	Curriculum and staff development	33 436	-	3 788		(29 648)
21	Instructional leadership	343 572	-	120 657		(222 915)
23	School leadership	670 414	-	-		(670 414)
31	Guidance, counseling, and evaluation services	439 417	-	78 174		(361 243)
33	Health services	122 760	-	-		(122 760)
34	Student transportation	563 141	-	-		(563 141)
35	Food services	682 302	118 665	559 952		(3 685)
36	Cocurricular/extracurricular activities	706 691	284 475	333		(421 883)
41	General administration	413 095	-	-		(413 095)
51	Plant maintenance and operations	919 584	-	-		(919 584)
52	Security and monitoring	3 756	-	-		(3 756)
53	Data processing services	559 783	-	-		(559 783)
61	Community services	114 093	-	34 796		(79 297)
72	Debt service	211 307	-	-		(211 307)
81	Capital outlay	419 789	-	-		(419 789)
93	Payments related to shared services arrangements	225 986	-	-		(225 986)
99	Other governmental charges	78 406	-	4 488		(73 918)
TG	TOTAL GOVERNMENTAL ACTIVITIES	<u>12 900 822</u>	<u>403 140</u>	<u>2 399 525</u>		<u>(10 098 157)</u>
TP	TOTAL PRIMARY GOVERNMENT	\$ <u>12 900 822</u>	\$ <u>403 140</u>	\$ <u>2 399 525</u>		<u>(10 098 157)</u>

General Revenues:

MT	Property taxes, levied for general purposes	3 429 743
DT	Property taxes, levied for debt service	452 002
IE	Investment earnings	9 316
GC	Grants and contributions not restricted to specific programs	5 578 633
MI	Miscellaneous	513 672
TR	TOTAL GENERAL REVENUES	<u>9 983 366</u>
CN	CHANGE IN NET POSITION	(114 791)
NB	Net position - Beginning	<u>6 596 009</u>
NE	NET POSITION - ENDING	\$ <u>6 481 218</u>

The accompanying notes are an integral part of this statement.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
August 31, 2016

EXHIBIT C-1

DATA CONTROL CODES		10	60	98	
		GENERAL FUND	CAPITAL PROJECT FUND	OTHER GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
	ASSETS				
1110	Cash and cash equivalents	\$ 3 823 286	\$ 1 275 531	\$ 405 679	\$ 5 504 496
1120	Investments	379 677	-	-	379 677
1225	Taxes receivable, net	67 453	-	10 681	78 134
1240	Due from other governments	174 256	-	414 865	589 121
1260	Due from other funds	71 838	-	350 716	422 554
1290	Other receivables	54 903	-	-	54 903
1410	Prepaid expense	-	-	117 525	117 525
1000	TOTAL ASSETS	<u>\$ 4 571 413</u>	<u>\$ 1 275 531</u>	<u>\$ 1 299 466</u>	<u>\$ 7 146 410</u>
	LIABILITIES				
2110	Accounts payable	\$ 244 653	\$ 618 795	\$ 571 781	\$ 1 435 229
2150	Other accrued expense	100 517	-	-	100 517
2160	Accrued wages payable	308 048	-	104 979	413 027
2170	Due to other funds	363 479	-	59 075	422 554
2180	Due to state	320 098	-	-	320 098
2000	TOTAL LIABILITIES	<u>1 336 795</u>	<u>618 795</u>	<u>735 835</u>	<u>2 691 425</u>
	DEFERRED INFLOWS				
2600	Unearned revenue	122 356	-	10 681	133 037
2600	TOTAL DEFERRED INFLOWS	<u>122 356</u>	<u>-</u>	<u>10 681</u>	<u>133 037</u>
	Fund Balances:				
	Restricted Fund Balances:				
3480	Retirement of long term debt	-	-	214 567	214 567
3450	Other restricted fund balance	-	-	338 383	338 383
3470	Construction	-	656 736	-	656 736
	Assigned Fund Balances:				
3570	Capital Projects/Technology	500 000	-	-	500 000
3600	Unassigned Fund Balance	2 612 262	-	-	2 612 262
3000	TOTAL FUND BALANCE	<u>\$ 3 112 262</u>	<u>\$ 656 736</u>	<u>\$ 552 950</u>	<u>\$ 4 321 948</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, 2016

EXHIBIT C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS BALANCE SHEET	\$	4 321 948
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.		8 330 152
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		78 134
Payables for debt which are not due in the current period are not reported in the funds.		(5 146 405)
Payables for interest which are not due in the current period are not reported in the funds.		(27 660)
Bonds issue and premiums are amortized in governmental activity and expensed in the funds.		(190 737)
Deferred pension inflows are deferred in the governmental activities not in the funds.		(380 243)
Deferred pension outflows are deferred in the governmental activities not in the funds.		1 697 650
The liability for net pensions is recognized in the governmental activities not in the funds.		<u>(2 201 621)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	\$	<u><u>6 481 218</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, 2016

EXHIBIT C-2

DATA CONTROL CODES		10	60	98	
		GENERAL FUND	CAPITAL PROJECT FUND	OTHER GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
Revenues:					
5700	Local and intermediate sources	\$ 3 777 317	\$ 252 854	\$ 1 278 539	\$ 5 308 710
5800	State program revenues	5 425 634	-	249 102	5 674 736
5900	Federal program revenues	115 388	-	1 692 846	1 808 234
5020	TOTAL REVENUES	<u>9 318 339</u>	<u>252 854</u>	<u>3 220 487</u>	<u>12 791 680</u>
Expenditures:					
Current:					
0011	Instruction	4 956 965	-	1 037 756	5 994 721
0012	Instructional resources and media services	8 243	-	-	8 243
0013	Curriculum and staff development	28 263	-	3 788	32 051
0021	Instructional leadership	12 401	-	310 527	322 928
0023	School leadership	630 516	-	-	630 516
0031	Guidance, counseling and evaluation services	154 738	-	259 995	414 733
0033	Health services	115 853	-	-	115 853
0034	Student transportation	665 917	-	-	665 917
0035	Food services	-	-	647 839	647 839
0036	Cocurricular/extracurricular activities	426 423	-	244 924	671 347
0041	General administration	390 084	-	-	390 084
0051	Plant maintenance and operations	834 162	-	47 601	881 763
0052	Security and monitoring services	3 600	-	-	3 600
0053	Data processing services	535 170	-	-	535 170
0061	Community services	190 062	-	-	190 062
0071	Principle on long-term debt	120 495	-	471 913	592 408
0081	Capital outlay	340 672	2 798 967	-	3 139 639
0093	Payments to shared service arrangements	225 986	-	-	225 986
0099	Other governmental charges	73 918	-	4 488	78 406
6030	TOTAL EXPENDITURES	<u>9 713 468</u>	<u>2 798 967</u>	<u>3 028 831</u>	<u>15 541 266</u>
	EXCESS REVENUE OVER EXPENDITURES	<u>(395 129)</u>	<u>(2 546 113)</u>	<u>191 656</u>	<u>(2 749 586)</u>
Other Financing Sources:					
7915	Transfer in	9 322	-	-	9 322
8911	Transfer out	-	-	(9 322)	(9 322)
	TOTAL OTHER FINANCING SOURCES	<u>9 322</u>	<u>-</u>	<u>(9 322)</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	(385 807)	(2 546 113)	182 334	(2 749 586)
0100	Fund balances - Beginning	<u>3 498 069</u>	<u>3 202 849</u>	<u>370 616</u>	<u>7 071 534</u>
3000	FUND BALANCES - ENDING	<u>\$ 3 112 262</u>	<u>\$ 656 736</u>	<u>\$ 552 950</u>	<u>\$ 4 321 948</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, 2016

EXHIBIT C-2R

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (2 749 586)
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.	2 944 867
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.	(489 057)
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.	(5 649)
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.	381 091
Current year pension contributions are deferred in the governmental statements due to a measurement year for the liability prior to the current year.	<u>(196 467)</u>
CHANGE IN NET POSITION - STATEMENT OF ACTIVITIES	\$ <u><u>(114 791)</u></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, 2016

EXHIBIT E-1

DATA CONTROL CODES		SCHOLARSHIP FUNDS	STUDENT ACTIVITIES FUND	TOTAL
	ASSETS			
1110	Cash and cash equivalents	\$ 47 091	\$ 16 801	\$ 63 892
1000	TOTAL ASSETS	\$ 47 091	\$ 16 801	\$ 63 892
	LIABILITIES			
	Current Liabilities:			
2190	Due to students	\$ 47 091	\$ 16 801	\$ 63 892
2000	TOTAL LIABILITIES	\$ 47 091	\$ 16 801	\$ 63 892

The accompanying notes are an integral part of this statement.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2016

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.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2016

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 some times 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.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2016

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:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	30
Building improvements	30
Equipment	5-18
Buses and vehicles	5-10

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.
- 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. Subsequent Events

Management has evaluated subsequent events through January 17, 2017, the date the financial statements were available to be issued.

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.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

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.

B. Budgetary Deficits

The District exceeded budget on expenditures by function in the following fund:

<u>GENERAL FUND</u>	<u>AMOUNT</u>
Function 34	\$ 23 005
Function 61	62

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 \$5,568,388 and the bank balance was \$5,516,578.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2016

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>379 677</u>	73 days

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.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2016

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

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.

D. Capital Asset Activity

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

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 308 563	\$ 221 172	\$ -	\$ 529 735
Construction in progress	-	1 971 316	-	1 971 316
TOTAL NON-DEPRECIABLE ASSETS	<u>308 563</u>	<u>2 192 488</u>	<u>-</u>	<u>2 501 051</u>
Depreciable Assets:				
Buildings and improvements	16 219 805	127 318	-	16 347 123
Furniture and equipment	2 191 647	625 061	-	2 816 708
TOTAL DEPRECIABLE ASSETS	<u>18 411 452</u>	<u>752 379</u>	<u>-</u>	<u>19 163 831</u>
TOTAL AT COST	<u>18 720 015</u>	<u>2 944 867</u>	<u>-</u>	<u>21 664 882</u>
Less Accumulated Depreciation:				
Buildings and improvements	11 071 512	393 099	-	11 464 611
Furniture and equipment	1 774 161	95 958	-	1 870 119
TOTAL ACCUMULATED DEPRECIATION	<u>12 845 673</u>	<u>489 057</u>	<u>-</u>	<u>13 334 730</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 5 874 342</u>	<u>\$ 2 455 810</u>	<u>\$ -</u>	<u>\$ 8 330 152</u>

Depreciation expense was charged to governmental functions as follows:

DATA CONTROL CODES	FUNCTIONS/PROGRAMS	EXPENSES
Governmental Activities:		
11	Instruction	\$ 259 108
12	Instructional resources and media services	356
13	Curriculum and staff development	1 385
21	Instructional leadership	13 958
23	School leadership	27 253
31	Guidance, counseling, and evaluation services	17 926
33	Health services	5 008
34	Student (pupil) transportation	28 783
35	Food services	28 001
36	Cocurricular/extracurricular activities	29 018
41	General administration	16 861
51	Plant maintenance and operations	38 112
52	Security and monitoring	156
53	Data processing	23 132
	TOTAL DEPRECIATION EXPENSE	<u>\$ 489 057</u>

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2016

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	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Governmental Activities:						
Unlimited Tax School						
Building Bonds:						
2012 series - Current	2.0 to 2.25%	\$ 1 445 000	\$ -	\$ (165 000)	\$ 1 280 000	\$ 165 000
2015 series - Current	2.0 to 3.0%	3 190 000	-	(185 000)	3 005 000	260 000
Bond premium		216 503	-	(25 766)	190 737	-
Capital leases		828 692	-	(69 641)	759 051	71 549
Loan	3%	75 999	-	(18 167)	57 832	18 712
Compensated absences		42 361	2 161	-	44 522	-
		<u>\$ 5 798 555</u>	<u>\$ 2 161</u>	<u>\$ (463 574)</u>	<u>\$ 5 337 142</u>	<u>\$ 515 261</u>

2. Bonds:

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

YEAR ENDING AUGUST 31,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2017	\$ 425 000	\$ 112 112	\$ 537 112
2018	485 000	100 163	585 163
2019	495 000	87 212	582 212
2020	505 000	73 763	578 763
2021	525 000	59 700	584 700
2022-2025	1 850 000	97 969	1 947 969
	<u>\$ 4 285 000</u>	<u>\$ 530 919</u>	<u>\$ 4 815 919</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, and a capital lease for wireless technology at a cost of \$61,590 to be financed at 0.84% for three years.

FUTURE LEASE PAYMENTS	
2017	\$ 98 056
2018	76 167
2019	76 167
2020	76 167
2021	76 167
Thereafter	533 172
Total	<u>935 896</u>
Amount for interest	<u>(176 845)</u>
	<u>\$ 759 051</u>

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2016

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

4. During the year, the District took a loan at 3% for four years for the purchase of scoreboards.

YEAR ENDING AUGUST 31,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2017	\$ 18 712	\$ 1 735	\$ 20 447
2018	19 273	1 174	20 447
2019	19 847	600	20 447
	\$ 57 832	\$ 3 509	\$ 61 341

F. Pension Plan

Plan Description:

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

Funding Policy:

Contribution requirements are not actuarially determined, but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution limits were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2016, 2015 and 2014. Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Contribution rates and amounts are shown in the table below for fiscal years 2016-2014.

CONTRIBUTION RATES AND AMOUNTS						
YEAR	MEMBER		STATE		SCHOOL DISTRICT	
	RATE	AMOUNT	RATE	AMOUNT	RATE	AMOUNT
2016	0.65%	\$ 43 357	1.00%	\$ 66 703	0.55%	\$ 36 687
2015	0.65%	\$ 41 421	1.00%	\$ 63 725	0.55%	\$ 35 049
2014	0.65%	\$ 45 035	0.50%	\$ 69 285	0.55%	\$ 38 107

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2016

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

Medicare Prescription Drug, Improvement and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for Texas Public School Retiree Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2016, 2015 and 2014, the subsidy payments received by TRS-Care on behalf of the District were:

<u>YEAR</u>		<u>AMOUNT</u>
2016	\$	25 879
2015	\$	27 932
2014	\$	17 579

G. Healthcare and Workers' Compensation Insurance

Plan Description:

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

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

Pension Plan Fiduciary Net Position:

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

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2016

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

Contributions:

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2015 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2016 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2015 and 2016.

	CONTRIBUTION RATES	
	2015	2016
Member	6.70%	6.70%
Non-Employer Contributing Entity (State)	6.80%	6.80%
Employers	6.80%	6.80%
Employer Contributions	\$	184 422
Member Contributions	\$	160 443
NECE On-behalf Contributions	\$	380 271

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.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2016

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

- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

Actuarial Assumptions:

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment rate of Return	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

* Includes Inflation of 3%

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

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2016

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

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 8.0%. 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, 2015 are summarized below:

ASSET CLASS	TARGET ALLOCATION	REAL RETURN GEOMETRIC BASIS	LONG-TERM EXPECTED PORTFOLIO REAL RATE OF RETURN*
Global Equity			
U.S.	18.0%	7.0%	1.4%
Non-U.S. Developed	13.0%	7.3%	1.1%
Emerging Markets	9.0%	8.1%	0.9%
Directional Hedge Funds	4.0%	5.4%	0.2%
Private Equity	13.0%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11.0%	2.9%	0.3%
Absolute Return	0.0%	4.0%	0.0%
Stable Value Hedge Funds	4.0%	5.2%	0.2%
Cash	1.0%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	3.1%	0.0%
Real Assets	16.0%	7.3%	1.5%
Energy and Natural Resources	3.0%	8.8%	0.3%
Commodities	0.0%	3.4%	0.0%
Risk Parity			
Risk Parity	5.0%	8.9%	0.4%
Alpha	0.0%		1.0%
Total	<u>100%</u>		<u>8.7%</u>

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

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2016

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

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 2015 Net Pension Liability.

	1% DECREASE IN DISCOUNT RATE (7.0%)	DISCOUNT RATE (8.0%)	1% INCREASE IN DISCOUNT RATE (9.0%)
District share of the net pension liability	\$ 3 449 525	\$ 2 201 621	\$ 1 162 194

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

At August 31, 2015, the District reported a liability of \$2,201,621 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 proportionate share of the net pension liability	\$ 2 201 621
State's proportionate share that is associated with the District	1 494 056
TOTAL	\$ 3 695 677

The net pension liability was measured as of August 31, 2015 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, 2014 thru August 31, 2015.

At August 31, 2015 the District's proportion of the collective net pension liability was 0.0062% which was an increase of 0.0028% from its proportion measured as of August 31, 2014.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the District's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2015. The amount of the expected resultant change in the District's proportion cannot be determined at this time.

For the year ended August 31, 2016, the District recognized pension expense of \$196,467 and revenue of \$380,271 for support provided by the State.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2016

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

At August 31, 2016, 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	\$ 11 766	\$ 84 610
Changes in actuarial assumptions	49 455	78 544
Difference between projected and actual investment earnings	542 210	209 709
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	640 637	7 380
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	453 582	-
TOTAL	\$ 1 697 650	\$ 380 243

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
2016	\$ 157 674
2017	\$ 157 674
2018	\$ 157 674
2019	\$ 227 577
2020	\$ 91 291
Thereafter	\$ 71 935

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 \$2,160 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 \$5,918 as expenditures incurred on behalf of Corrigan-Camden ISD.*

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2016

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:

	<u>IDEA-B</u>	<u>IDEA-B PRESCHOOL</u>	<u>VISUALLY IMPAIRED</u>
Big Sandy ISD	\$ 91 785	\$ 2 546	\$ 479
Corrigan Camden ISD	183 570	5 092	958
Leggett ISD	33 816	938	176
Onalaska ISD	<u>173 908</u>	<u>4 824</u>	<u>907</u>
	\$ <u>483 079</u>	\$ <u>13 400</u>	\$ <u>2 520</u>

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, 2016

EXHIBIT G-1

DATA CONTROL CODES		BUDGETED AMOUNTS		3 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		1 ORIGINAL	2 FINAL		
Revenues:					
5700	Local and intermediate sources	\$ 3 435 000	\$ 3 435 000	\$ 3 777 317	\$ 342 317
5800	State program revenues	5 618 028	5 618 028	5 425 634	(192 394)
5900	Federal program revenue	-	-	115 388	115 388
5020	TOTAL REVENUES	<u>9 053 028</u>	<u>9 053 028</u>	<u>9 318 339</u>	<u>265 311</u>
Expenditures:					
Current:					
0011	Instruction	5 071 398	5 133 822	4 956 965	176 857
0012	Instructional resources and media services	11 300	11 300	8 243	3 057
0013	Curriculum and staff development	31 950	31 950	28 263	3 687
0021	Instructional leadership	8 650	14 650	12 401	2 249
0023	School leadership	636 555	672 289	630 516	41 773
0031	Guidance, counseling and evaluation services	185 627	185 853	154 738	31 115
0033	Health services	116 466	121 966	115 853	6 113
0034	Student (pupil) transportation	523 111	642 912	665 917	(23 005)
0036	Cocurricular/extracurricular activities	408 192	451 810	426 423	25 387
0041	General administration	427 627	424 827	390 084	34 743
0051	Plant maintenance and operations	1 065 080	971 334	834 162	137 172
0052	Security and monitoring	5 900	5 900	3 600	2 300
0053	Data processing services	134 392	605 344	535 170	70 174
0061	Community services	-	190 000	190 062	(62)
0071	Debt service	103 280	120 580	120 495	85
0081	Facility acquisition	-	425 332	340 672	84 660
0093	Payment to shared service arrangements	247 000	247 000	225 986	21 014
0099	Other governmental charges	76 500	76 500	73 918	2 582
6030	TOTAL EXPENDITURES	<u>9 053 028</u>	<u>10 333 369</u>	<u>9 713 468</u>	<u>619 901</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(1 280 341)</u>	<u>(395 129)</u>	<u>885 212</u>
Other Financing Sources:					
7915	Transfer in	-	-	9 322	9 322
8911	Transfer out	-	(60 000)	-	60 000
	TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>(60 000)</u>	<u>9 322</u>	<u>69 322</u>
1200	NET CHANGE IN FUND BALANCES	-	(1 340 341)	(385 807)	954 534
0100	Fund balance - Beginning	<u>3 498 069</u>	<u>3 498 069</u>	<u>3 498 069</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 3 498 069</u>	<u>\$ 2 157 728</u>	<u>\$ 3 112 262</u>	<u>\$ 954 534</u>

See independent auditors' report.

PENSION 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

	2015	2014
District's proportion of the net pension liability (asset)	0.0062%	0.0034%
District's proportionate share of the net pension liability (asset)	\$ 2 201 621	\$ 914 838
State's proportionate share of the net pension liability (asset) associated with the District	1 494 056	707 776
TOTAL	\$ 3 695 677	\$ 1 622 614
District's covered-employee payroll	\$ 6 670 324	\$ 6 939 986
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.01%	13.18%
Plan fiduciary net position as a percentage of the total pension liability	78.43%	83.25%

* 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

	2015	2014
Contractually required contribution	\$ 196 467	\$ 84 581
Contributions in relation to the contractually required contribution	(196 467)	(84 581)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -
District's covered-employee payroll	\$ 6 670 324	\$ 6 969 986
Contributions as a percentage of covered-employee payroll	2.95%	1.21%

* 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.

COMBINING SCHEDULES

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 August 31, 2016

EXHIBIT H-1

DATA CONTROL CODES		DEBT SERVICE FUND	SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS (SEE EXHIBIT C-1)
	ASSETS			
1110	Cash and cash equivalents	\$ 214 567	\$ 191 112	\$ 405 679
1225	Taxes receivable, net	10 681	-	10 681
1240	Due from other government	-	414 865	414 865
1260	Due from other funds	-	350 716	350 716
1410	Prepaid expense	-	117 525	117 525
1000	TOTAL ASSETS	\$ 225 248	\$ 1 074 218	\$ 1 299 466
	LIABILITIES			
	Current Liabilities:			
2110	Accounts payable	\$ -	\$ 571 781	\$ 571 781
2160	Accrued wages payable	-	104 979	104 979
2170	Due to other funds	-	59 075	59 075
2000	TOTAL LIABILITIES	-	735 835	735 835
	DEFERRED INFLOWS			
2300	Unearned revenue	10 681	-	10 681
	TOTAL DEFERRED INFLOW	10 681	-	10 681
	FUND BALANCES			
	Restricted Fund Balances:			
3490	Other	214 567	338 383	552 950
3000	TOTAL FUND BALANCE	214 567	338 383	552 950
4000	TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 225 248	\$ 1 074 218	\$ 1 299 466

See independent auditors' report.

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

August 31, 2016

EXHIBIT H-2

DATA CONTROL CODES		DEBT SERVICE FUND	SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS (SEE EXHIBIT C-3)
	Revenues:			
5700	Local and intermediate sources	\$ 452 237	\$ 826 302	\$ 1 278 539
5800	State program revenues	37 611	211 491	249 102
5900	Federal program revenues	-	1 692 846	1 692 846
5020	TOTAL REVENUES	<u>489 848</u>	<u>2 730 639</u>	<u>3 220 487</u>
	Expenditures:			
	Current:			
0011	Instruction	-	1 037 756	1 037 756
0013	Curriculum and instructional staff development	-	3 788	3 788
0021	Instructional leadership	-	310 527	310 527
0031	Guidance, counseling, and evaluation services	-	259 995	259 995
0035	Food services	-	647 839	647 839
0036	Extracurricular activities	-	244 924	244 924
0051	Plant maintenance and operations	-	47 601	47 601
0071	Principle on long-term debt	350 000	-	350 000
0072	Interest on long-term debt	121 163	-	121 163
0073	Bond issuance costs and fees	750	-	750
0099	Other governmental charges	-	4 488	4 488
6030	TOTAL EXPENDITURES	<u>471 913</u>	<u>2 556 918</u>	<u>3 028 831</u>
1100	EXCESS REVENUE OVER EXPENDITURES	<u>17 935</u>	<u>173 721</u>	<u>191 656</u>
	Other Financing Sources and (Uses):			
8700	Transfer out	-	(9 322)	(9 322)
	TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>(9 322)</u>	<u>(9 322)</u>
1200	NET CHANGE IN FUND BALANCES	17 935	164 399	182 334
0100	Fund balances - Beginning	196 632	173 984	370 616
3000	FUND BALANCES - ENDING	<u>\$ 214 567</u>	<u>\$ 338 383</u>	<u>\$ 552 950</u>

See independent auditors' report.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 August 31, 2016

DATA CONTROL CODES		211	240	244	255
<u> </u>		<u>ESEA</u> <u>TITLE I</u>	<u>CHILD</u> <u>NUTRITION</u>	<u>VOCATIONAL</u> <u>EDUCATION</u>	<u>TITLE II,</u> <u>PART A</u> <u>TRAINING</u>
	ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 35	\$ -
1242	Due from other government	-	64 866	-	-
1260	Due from other funds	90 318	964	-	36 123
1410	Prepaid expenses	-	109 946	-	-
1000	TOTAL ASSETS	<u>\$ 90 318</u>	<u>\$ 175 776</u>	<u>\$ 35</u>	<u>\$ 36 123</u>
	LIABILITIES				
	Current Liabilities:				
2110	Accounts payable	\$ 30 620	\$ 111 116	\$ -	\$ 5 157
2160	Accrued wages payable	13 960	12 490	-	4 645
2170	Due to other funds	3 992	-	-	23 845
2000	TOTAL LIABILITIES	<u>48 572</u>	<u>123 606</u>	<u>-</u>	<u>33 647</u>
	FUND BALANCES				
	Restricted Fund Balances:				
3490	Other restricted of fund balance	41 746	52 170	35	2 476
3000	TOTAL FUND BALANCES	<u>41 746</u>	<u>52 170</u>	<u>35</u>	<u>2 476</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 90 318</u>	<u>\$ 175 776</u>	<u>\$ 35</u>	<u>\$ 36 123</u>

See independent auditors' report.

EXHIBIT H-3
PAGE 1 OF 2

270	289	313	314	350	385	392
TITLE IV, PART B	SUMMER SCHOOL LEP PROGRAM	SPECIAL EDUCATION SHARED SERVICES ARRANGEMENT	SPECIAL EDUCATION SHARED SERVICES ARRANGEMENT	TITLE III SHARED SERVICES ARRANGEMENT	VISUALLY IMPAIRED COOPERATIVE	POLK COUNTY RESPITE CARE
\$ -	\$ 6 566	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	137 888	-	5 428	-	-
12 168	-	96 318	8 126	217	-	-
-	-	7 579	-	-	-	-
<u>\$ 12 168</u>	<u>\$ 6 566</u>	<u>\$ 241 785</u>	<u>\$ 8 126</u>	<u>\$ 5 645</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4 056	\$ -	\$ 169 971	\$ 7 460	\$ 5 645	\$ -	\$ -
-	-	52 380	320	-	-	-
-	-	19 434	-	-	-	-
<u>4 056</u>	<u>-</u>	<u>241 785</u>	<u>7 780</u>	<u>5 645</u>	<u>-</u>	<u>-</u>
<u>8 112</u>	<u>6 566</u>	<u>-</u>	<u>346</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8 112</u>	<u>6 566</u>	<u>-</u>	<u>346</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 12 168</u>	<u>\$ 6 566</u>	<u>\$ 241 785</u>	<u>\$ 8 126</u>	<u>\$ 5 645</u>	<u>\$ -</u>	<u>\$ -</u>

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED
 August 31, 2016

		410	429	437	450
DATA CONTROL CODES		STATE TEXTBOOK FUND	RURAL SCHOOL TECHNOLOGY	SPECIAL EDUCATION COOPERATIVE	HIGH SCHOOL ALLOTMENT
	ASSETS				
1110	Cash and cash equivalents	\$ 31 680	\$ -	\$ -	\$ 62 101
1242	Due from other government	-	4 480	202 203	-
1260	Due from other funds	22 161	-	84 321	-
1410	Prepaid expenses	-	-	-	-
1000	TOTAL ASSETS	<u>\$ 53 841</u>	<u>\$ 4 480</u>	<u>\$ 286 524</u>	<u>\$ 62 101</u>
	LIABILITIES				
	Current Liabilities:				
2110	Accounts payable	\$ 8 358	\$ 4 480	\$ 222 013	\$ -
2160	Accrued wages payable	-	-	21 184	-
2170	Due to other funds	-	-	11 804	-
2000	TOTAL LIABILITIES	<u>8 358</u>	<u>4 480</u>	<u>255 001</u>	<u>-</u>
	FUND BALANCES				
	Restricted Fund Balances:				
3490	Other restricted of fund balance	45 483	-	31 523	62 101
3000	TOTAL FUND BALANCES	<u>45 483</u>	<u>-</u>	<u>31 523</u>	<u>62 101</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 53 841</u>	<u>\$ 4 480</u>	<u>\$ 286 524</u>	<u>\$ 62 101</u>

See independent auditors' report.

451	461	481	
COUNTY AVAILABLE FUNDS	CAMPUS ACTIVITY FUND	ELEMENTARY ACTIVITY FUND	SPECIAL REVENUE FUNDS (SEE EXHIBIT H-1)
\$ 17 319	\$ 72 629	\$ 782	\$ 191 112
-	-	-	414 865
-	-	-	350 716
-	-	-	117 525
<u>\$ 17 319</u>	<u>\$ 72 629</u>	<u>\$ 782</u>	<u>\$ 1 074 218</u>
\$ -	\$ 2 905	\$ -	\$ 571 781
-	-	-	104 979
-	-	-	59 075
<u>-</u>	<u>2 905</u>	<u>-</u>	<u>735 835</u>
<u>17 319</u>	<u>69 724</u>	<u>782</u>	<u>338 383</u>
<u>17 319</u>	<u>69 724</u>	<u>782</u>	<u>338 383</u>
<u>\$ 17 319</u>	<u>\$ 72 629</u>	<u>\$ 782</u>	<u>\$ 1 074 218</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, 2016

		211	240	244	255
DATA CONTROL CODES		ESEA TITLE I	CHILD NUTRITION	VOCATIONAL EDUCATION	TITLE II, PART A TRAINING
	Revenues:				
5700	Local and intermediate sources	\$ -	\$ 118 665	\$ -	\$ -
5800	State program revenues	-	12 426	-	-
5900	Federal program revenues	485 576	547 526	4 310	95 902
5020	TOTAL REVENUES	<u>485 576</u>	<u>678 617</u>	<u>4 310</u>	<u>95 902</u>
	Expenditures:				
	Current:				
0011	Instruction	402 515	-	4 310	93 426
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	41 315	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-
0035	Food services	-	647 839	-	-
0036	Curriculum/extracurricular activities	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0099	Other governmental charges	-	-	-	-
6030	TOTAL EXPENDITURES	<u>443 830</u>	<u>647 839</u>	<u>4 310</u>	<u>93 426</u>
	EXCESS REVENUE OVER EXPENDITURES	<u>41 746</u>	<u>30 778</u>	<u>-</u>	<u>2 476</u>
	Other Financing Sources:				
8911	Transfers out	-	-	-	-
	TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCE	41 746	30 778	-	2 476
0100	Fund balances - Beginning	<u>-</u>	<u>21 392</u>	<u>35</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ 41 746</u>	<u>\$ 52 170</u>	<u>\$ 35</u>	<u>\$ 2 476</u>

See independent auditors' report.

EXHIBIT H-4
PAGE 1 OF 2

270	289	313	314	350	385	392
TITLE IV, PART B	SUMMER SCHOOL LEP PROGRAM	SPECIAL EDUCATION SHARED SERVICES ARRANGEMENT	SPECIAL EDUCATION SHARED SERVICES ARRANGEMENT	TITLE III SHARED SERVICES ARRANGEMENT	VISUALLY IMPAIRED COOPERATIVE	POLK COUNTY RESPITE CARE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	17 054	248	-	2 520	4 488
<u>15 485</u>	<u>1 113</u>	<u>523 185</u>	<u>14 321</u>	<u>5 428</u>	<u>-</u>	<u>-</u>
<u>15 485</u>	<u>1 113</u>	<u>540 239</u>	<u>14 569</u>	<u>5 428</u>	<u>2 520</u>	<u>4 488</u>
11 869	-	224 099	7 916	5 428	2 520	-
-	-	3 788	-	-	-	-
-	-	79 342	-	-	-	-
-	-	223 987	6 008	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	4 488
<u>11 869</u>	<u>-</u>	<u>531 216</u>	<u>13 924</u>	<u>5 428</u>	<u>2 520</u>	<u>4 488</u>
<u>3 616</u>	<u>1 113</u>	<u>9 023</u>	<u>645</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(9 023)</u>	<u>(299)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(9 023)</u>	<u>(299)</u>	<u>-</u>	<u>-</u>	<u>-</u>
3 616	1 113	-	346	-	-	-
<u>4 496</u>	<u>5 453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 8 112</u>	<u>\$ 6 566</u>	<u>\$ -</u>	<u>\$ 346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2016

DATA CONTROL CODES		410	429	437	450
		STATE TEXTBOOK FUND	RURAL SCHOOL TECHNOLOGY	SPECIAL EDUCATION COOPERATIVE	HIGH SCHOOL ALLOTMENT
Revenues:					
5700	Local and intermediate sources	\$ -	\$ -	\$ 447 944	\$ -
5800	State program revenues	86 156	4 480	15 837	67 949
5900	Federal program revenues	-	-	-	-
5020	TOTAL REVENUES	<u>86 156</u>	<u>4 480</u>	<u>463 781</u>	<u>67 949</u>
Expenditures:					
Current:					
0011	Instruction	40 673	4 480	193 938	46 347
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	189 870	-
0031	Guidance, counseling, and evaluation services	-	-	30 000	-
0035	Food services	-	-	-	-
0036	Curriculum/extracurricular activities	-	-	-	-
0051	Plant maintenance and operations	-	-	18 450	-
0099	Other governmental charges	-	-	-	-
6030	TOTAL EXPENDITURES	<u>40 673</u>	<u>4 480</u>	<u>432 258</u>	<u>46 347</u>
	EXCESS REVENUE OVER EXPENDITURES	<u>45 483</u>	<u>-</u>	<u>31 523</u>	<u>21 602</u>
Other Financing Sources:					
8911	Transfers out	-	-	-	-
	TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCE	45 483	-	31 523	21 602
0100	Fund balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>40 499</u>
3000	FUND BALANCES - ENDING	<u>\$ 45 483</u>	<u>\$ -</u>	<u>\$ 31 523</u>	<u>\$ 62 101</u>

See independent auditors' report.

451	461	481	
COUNTY AVAILABLE FUNDS	CAMPUS ACTIVITY FUND	ELEMENTARY ACTIVITY FUND	SPECIAL REVENUE FUNDS (SEE EXHIBIT H-2)
\$ 11 698	\$ 247 245	\$ 750	\$ 826 302
-	333	-	211 491
-	-	-	1 692 846
<u>11 698</u>	<u>247 578</u>	<u>750</u>	<u>2 730 639</u>
-	-	235	1 037 756
-	-	-	3 788
-	-	-	310 527
-	-	-	259 995
-	-	-	647 839
-	244 924	-	244 924
29 151	-	-	47 601
-	-	-	4 488
<u>29 151</u>	<u>244 924</u>	<u>235</u>	<u>2 556 918</u>
<u>(17 453)</u>	<u>2 654</u>	<u>515</u>	<u>173 721</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(9 322)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(9 322)</u>
(17 453)	2 654	515	164 399
<u>34 772</u>	<u>67 070</u>	<u>267</u>	<u>173 984</u>
<u>\$ 17 319</u>	<u>\$ 69 724</u>	<u>\$ 782</u>	<u>\$ 338 383</u>

REQUIRED TEA SCHEDULES

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 For the Year Ended August 31, 2016

LAST 10 YEARS	(1) TAX RATES (2)		(3) ASSESSED/APPRaisal VALUE FOR SCHOOL TAX PURPOSES
	MAINTENANCE	DEBT SERVICE	
2007 and prior years	Various	Various	Various
2008	1.0400	0.1428	\$ 210 015 218
2009	1.0400	0.1278	\$ 241 614 215
2010	1.0400	0.1490	\$ 254 922 743
2011	1.0400	0.1620	\$ 242 905 961
2012	1.0400	0.1675	\$ 247 955 148
2013	1.0400	0.1529	\$ 251 546 345
2014	1.0400	0.1600	\$ 260 871 613
2015	1.0400	0.1400	\$ 290 942 847
2016 (School year under audit)	1.0400	0.1400	\$ 323 151 509
TOTALS			

See independent auditors' report.

EXHIBIT J-1

(10) BEGINNING BALANCE 09/01	(20) CURRENT PERIOD'S TOTAL LEVY	(31) MAINTENANCE COLLECTIONS	(32) DEBT SERVICE COLLECTIONS	(40) ENTIRE PERIOD'S ADJUSTMENTS	(50) ENDING BALANCE 08/31
\$ 135 455	\$ -	\$ 8 041	\$ 1 693	\$ (6 985)	\$ 118 736
15 129	-	682	94	(996)	13 357
18 214	-	1 097	135	(1 128)	15 854
20 168	-	904	130	(1 148)	17 986
24 234	-	1 335	208	(2 321)	20 370
26 399	-	1 752	282	(2 842)	21 523
31 960	-	234	119	(4 755)	26 852
45 949	-	4 093	630	(6 282)	34 944
101 406	-	38 135	5 134	(10 860)	47 277
-	3 813 188	3 310 609	445 660	16 856	73 775
<u>\$ 418 914</u>	<u>\$ 3 813 188</u>	<u>\$ 3 366 884</u>	<u>\$ 454 083</u>	<u>\$ (20 463)</u>	<u>\$ 390 672</u>

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 For The Year Ended August 31, 2016

EXHIBIT J-2

DATA CONTROL CODES		1	2	3	4
		BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
		ORIGINAL	FINAL		
	Revenues:				
5700	Local and intermediate sources	\$ 134 325	\$ 134 325	\$ 118 665	\$ (15 660)
5800	State program revenues	14 462	14 462	12 426	(2 036)
5900	Federal program revenues	<u>508 816</u>	<u>489 856</u>	<u>547 526</u>	<u>57 670</u>
5020	TOTAL REVENUES	<u>657 603</u>	<u>638 643</u>	<u>678 617</u>	<u>39 974</u>
	Expenditures:				
	Current:				
	Support Services - Student:				
0035	Food services	<u>698 643</u>	<u>698 643</u>	<u>647 839</u>	<u>50 804</u>
6030	TOTAL EXPENDITURES	<u>698 643</u>	<u>698 643</u>	<u>647 839</u>	<u>50 804</u>
1100	EXCESS REVENUE OVER EXPENDITURES	<u>(41 040)</u>	<u>(60 000)</u>	<u>30 778</u>	<u>90 778</u>
	Other Financing Sources (Uses):				
7915	Transfer in	<u>-</u>	<u>60 000</u>	<u>-</u>	<u>(60 000)</u>
	TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>60 000</u>	<u>-</u>	<u>(60 000)</u>
1200	NET CHANGE IN FUND BALANCES	(41 040)	-	30 778	30 778
0100	Fund balance - Beginning	<u>21 392</u>	<u>21 392</u>	<u>21 392</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ (19 648)</u>	<u>\$ 21 392</u>	<u>\$ 52 170</u>	<u>\$ 30 778</u>

See independent auditors' report.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 For the Year Ended August 31, 2016

EXHIBIT J-3

DATA CONTROL CODES		1	2	3	4
		BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
		ORIGINAL	FINAL		
	Revenues:				
5700	Local and intermediate sources	\$ 458 046	\$ 458 046	\$ 452 237	\$ (5 809)
5800	State program revenues	14 117	14 117	37 611	23 494
5020	TOTAL REVENUES	<u>472 163</u>	<u>472 163</u>	<u>489 848</u>	<u>17 685</u>
	Expenditures:				
	Debt Service:				
0071	Principal on Long-term debt	472 163	472 163	471 913	250
	TOTAL DEBT SERVICE	<u>472 163</u>	<u>472 163</u>	<u>471 913</u>	<u>250</u>
6030	TOTAL EXPENDITURES	<u>472 163</u>	<u>472 163</u>	<u>471 913</u>	<u>250</u>
1200	NET CHANGE IN FUND BALANCES	-	-	17 935	17 935
0100	Fund balance - Beginning	<u>196 632</u>	<u>196 632</u>	<u>196 632</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 196 632</u>	<u>\$ 196 632</u>	<u>\$ 214 567</u>	<u>\$ 17 935</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, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated January 17, 2017.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. See Findings 2016-01 and 2016-02.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the schedule of findings and questioned costs as item 2016-02.

District's Response to Findings

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

Purpose of this Report

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

Lufkin, Texas
January 17, 2017


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, 2016. 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, 2016.

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
January 17, 2017

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended August 31, 2016

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:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I

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

Finding 2016-01

Condition: The District lacked adequate segregation of duties to assure proper controls.

Criteria: During the year, the District changed business office personnel, and at times, did not possess enough people to adequately segregate functions.

Potential Effect: Misstatements may not have been corrected or detected in a timely manner.

Recommendations: Assure adequate segregation of key functions.

Client Response: The District's Business Manager will reorganize the functions to segregate key items.

Responsible Party: Business Manager

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the Year Ended August 31, 2016

Finding 2016-02

Condition: The District exceeded budget in the general fund expenditures by function.

Criteria: The State requires approved budgets before expenditures are encumbered.

Potential Effect: Expenditures could occur without appropriate board approval.

Recommendations: Budgets should be amended as necessary.

Client Response: The Business Manager will amend the budget as needed during the year.

Responsible Party: Business Manager

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, 2016

Finding 2015-01:

During the year, the Business Manager changed the organization of several functions within the Business office, and has filled several vacated positions. However, there were times during the year that the District lacked adequate personnel to segregate essential duties.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
For the Year Ended August 31, 2016

Finding 2016-01:

The Business Manager has filled several vacant positions and will work with the Board of trustees to reorganize the functions within the Business office to segregate key controls.

Finding 2016-02:

The Administration will amend the budget as needed during the year to avoid over expenditures by any functions.

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2016

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	16610101187904	\$ 485 576
ESEA, Title II, Part A - Teacher/principal training	84.367A	16694501187904	95 902
Title IV, Part B	84.358	16696001187904	15 485
Title III, English Language Acquisition	84.365	16671001187904	5 428
IDEA-B, Formula	84.027	16660001187904	523 185
IDEA-B, Preschool	84.173	16661001187904	14 321
Summer School LEP	84.369	16671001187904	1 113
Vocational Education	84.048	N/A	4 310
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1 145 320</u>
U.S. Department of Agriculture:			
Direct Programs:			
Commodity Supplemental Food Program	10.565	N/A	49 640
TOTAL DIRECT PROGRAMS			<u>49 640</u>
Passed Through State Department of Agriculture:			
National School Breakfast Program	10.553	71300501	150 285
National School Lunch Program	10.555	71400501	342 601
Equipment Assistance Grant	10.579	6TX310385	5 000
TOTAL PASSED THROUGH STATE DEPARTMENT OF AGRICULTURE			<u>497 886</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>547 526</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1 692 846</u>
Reconciliation for Exhibit C-2			
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1 549 530
Other Federal Programs:			
School Health and Related Services	93.778	N/A	115 388
TOTAL FEDERAL REVENUE PER EXHIBIT C-2			\$ <u>1 808 234</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, 2016

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).

CORRIGAN CAMDEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED
SCHOOL FIRST INDICATORS
As of August 31, 2016

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.	\$ 2 201 621
SF13	Pension Expense (6147) at fiscal year-end.	\$ 196 467