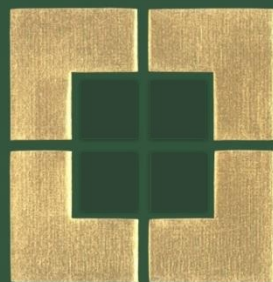


**Cameron**  
**Independent School District**  
**August 31, 2019**

***Financial Statements***



**BROCKWAY  
GERSBACH  
FRANKLIN &  
NIEMEIER, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**CAMERON INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED AUGUST 31, 2019**



**CAMERON INDEPENDENT SCHOOL DISTRICT  
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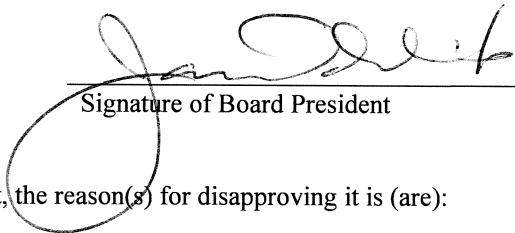
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**CERTIFICATE OF BOARD**

Cameron Independent School District      Milam      166-901  
Name of School District                                  County                                  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, 2019, at a meeting of the Board of Trustees of such school district on the 9th day of December, 2019.

  
\_\_\_\_\_  
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)

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Cameron Independent School District  
Cameron, 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 Cameron Independent School District (the District) as of and for the year ended August 31, 2019, 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.

### ***Auditors' 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 auditors' 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 Cameron Independent School District, as of August 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



**INDEPENDENT AUDITORS' REPORT  
(CONTINUED)**

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 9 through 14, budgetary comparison information on page 55, schedules of the District's proportionate share of the net pension and other postemployment (OPEB) liability on pages 56 - 57 and page 60, and schedules of District contributions on pages 58 - 59 and 61 identified as Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and nonmajor fund financial statement and the TEA required 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*, and is also not a required part of the basic financial statements.

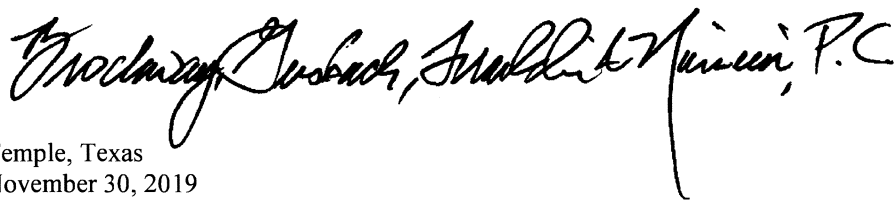
The combining and nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management, were derived from, and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been 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.

**INDEPENDENT AUDITORS' REPORT  
(CONTINUED)**

The Texas Education Agency requires school districts to include certain information in the Annual Financial Report in conformity with laws and regulations of the State of Texas. This information is included in schedules on pages 70 through 73. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance

A handwritten signature in black ink that reads "Rodney Cusack, CPA". The signature is written in a cursive style and is positioned above the typed name and date.

Temple, Texas  
November 30, 2019

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CAMERON INDEPENDENT SCHOOL DISTRICT  
FOR THE YEAR ENDED AUGUST 31, 2019**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial Report, we, the managers of Cameron Independent School District (the District), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2019. Please read it in conjunction with the Independent Auditors' Report on pages 5 - 7, and the District's Basic Financial Statements which begin on page 17.

**FINANCIAL HIGHLIGHTS**

- The General Fund ended the year with a fund balance of \$ 7,022,198.
- The General Fund had a decrease in total expenditures of approximately \$ 247,000 from the prior year, due to a decrease in capital outlay for construction and acquisition of long-term assets. General Fund expenditures were approximately \$ 725,000 less than budgeted expenditures.
- During the year the District generated \$ 16,967,812 in tax and other revenues for governmental activities. These revenues exceeded the District's governmental activities expenses by \$ 511,230.
- The total cost of all the District's programs increased approximately \$ 201,000 from the prior year due primarily to increases in instruction costs, curriculum and instructional staff development costs and acquisition of long-term assets.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other information in addition to the basic financial statements themselves.

***Government-wide financial statements.*** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to that of a private sector business.

The statement of net position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as uncollected property tax.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes, intergovernmental revenues, and user fees & charges (governmental activities). The governmental activities of the District include the education of District students and the programs necessary to support such education.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CAMERON INDEPENDENT SCHOOL DISTRICT  
FOR THE YEAR ENDED AUGUST 31, 2019**

***Fund financial statements.*** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and agency funds.

***Governmental funds.*** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The District maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Debt Service Funds as they are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with this budget. Supplementary budgetary comparison schedules have also been prepared for the Child Nutrition and Debt Service Funds and are included in the other supplementary information section of this report.

***Agency funds.*** Agency funds are used to account for resources held for the benefit of parties outside the government. Agency funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

***Notes to the financial statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

***Other information.*** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. In addition, certain information required by the Texas Education Agency and the federal government regarding tax collection and grant expenditures is also presented along with required supplementary information related to the District's contributions to a cost-sharing pension plan with the Teacher Retirement System of Texas.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CAMERON INDEPENDENT SCHOOL DISTRICT  
FOR THE YEAR ENDED AUGUST 31, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

We will present both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$ 818,922 to \$ 1,370,222. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$ 3,802,457) at August 31, 2019. This is an increase of \$ 293,802 in governmental unrestricted net position.

**Table I  
Cameron Independent School District**

**NET POSITION**

	Governmental Activities 2019	Governmental Activities 2018	Change
Current and Other Assets	\$ 10,531,054	\$ 9,834,001	\$ 697,053
Capital Assets	21,426,035	22,617,228	(1,191,193)
Total Assets	31,957,089	32,451,229	(494,140)
Deferred Outflows of Resources	3,263,546	1,520,068	1,743,478
Other Liabilities	1,880,812	1,730,870	149,942
Long-Term Liabilities	29,014,408	28,404,700	609,708
Total Liabilities	30,895,220	30,135,570	759,650
Deferred Inflows of Resources	2,955,193	3,016,735	(61,542)
Net Position:			
Invested in Capital Assets, Net of Related Debt	3,767,592	3,391,573	376,019
Restricted	1,405,087	1,523,678	(118,591)
Unrestricted (Deficit)	(3,802,457)	(4,096,259)	293,802
Total Net Position	\$ 1,370,222	\$ 818,992	\$ 551,230

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CAMERON INDEPENDENT SCHOOL DISTRICT  
FOR THE YEAR ENDED AUGUST 31, 2019**

**Table II  
Cameron Independent School District**

**CHANGES IN NET POSITION**

	Governmental Activities 2019	Governmental Activities 2018	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 176,872	\$ 252,914	\$ (76,042)
Operating Grants and Contributions	3,610,957	(200,293)	3,811,250
General Revenues:			
Maintenance and Operations Taxes	4,148,997	3,749,788	399,209
Debt Service Taxes	1,304,452	1,186,345	118,107
State Aid - Formula Grants	11,093,650	11,655,733	(562,083)
Investment Earnings	259,726	179,297	80,429
Miscellaneous Income	160,987	97,828	63,159
Total Revenues	<u>20,755,641</u>	<u>16,921,612</u>	<u>3,834,029</u>
Expenses:			
Instruction, Curriculum and Media Services	11,414,078	7,451,637	3,962,441
Instructional and School Leadership	1,029,150	508,453	520,697
Student Support Services	1,014,158	520,698	493,460
Food Services	1,308,309	1,081,754	226,555
Extracurricular Activities	1,592,606	1,358,933	233,673
General Administration	778,043	516,027	262,016
Plant Maintenance, Security, and Data Processing	2,098,341	1,844,583	253,758
Community Services	81,958	11,659	70,299
Debt Services - Interest and Bond Fees	761,936	669,049	92,887
Capital Outlay	-	-	-
Payments to Other Districts/Agencies	125,832	135,660	(9,828)
Total Expenses	<u>20,204,411</u>	<u>14,098,453</u>	<u>6,105,958</u>
Excess of Revenues Over Expenses	<u>551,230</u>	<u>2,823,159</u>	<u>(2,271,929)</u>
Change in Net Position	551,230	2,823,159	(2,271,929)
Net Position - Beginning	818,992	8,409,266	(7,590,274)
Prior period adjustment	<u>-</u>	<u>(10,413,433)</u>	<u>10,413,433</u>
Net Position - Ending	<u>\$ 1,370,222</u>	<u>\$ 818,992</u>	<u>\$ 551,230</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CAMERON INDEPENDENT SCHOOL DISTRICT  
FOR THE YEAR ENDED AUGUST 31, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The District's total revenues increased by approximately \$ 3.8 million from the prior year. The District's cost of all programs and services increased from the prior year by approximately \$ 6.1 million.

**THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on pages 20-21) reported a combined fund balance of \$ 8,430,509, which is \$ 506,250 more than last year's total of \$ 7,924,319. This is due primarily to an increase in property tax revenue and also fewer capital outlays in 2019.

The District's General Fund balance of \$ 7,022,198 reported on page 20 differs from the General Fund's budgeted fund balance of \$ 6,633,721 reported in the budgetary comparison schedule on page 55 due to expenditures less than amounts budgeted.

Over the course of the year, the Board of Trustees revised the District's budget three times. Significant budget amendments were due to a final installment to Ideal Energy, the purchase of an unbudgeted used school bus, payoff of Bond Series 2010 due to refunding, replacement of a Security Camera Server, the remainder of the Student Resources Officer's salary that exceeded the amount of the grant, replacement of the PA System at the high school and an increase in budgeted revenues for SHARS and the cafeteria.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2019, the District had \$ 21,426,035, net of depreciation, invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

This year's major additions included:

Buildings and Improvements	\$ 184,112
Furniture and Equipment	<u>446,267</u>
Total	<u><u>\$ 630,379</u></u>

**Debt**

At year-end, the District had \$ 16,560,611 in bonds and leases outstanding versus \$ 18,452,391 last year, a decrease due to principal payments made on balances during the year. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements starting on page 37.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CAMERON INDEPENDENT SCHOOL DISTRICT  
FOR THE YEAR ENDED AUGUST 31, 2019**

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

The following factors were considered in establishing the District's budget for 2019-2020:

- The District's budgeted expenditures for the 2019-2020 school year total \$ 16,177,815
- The District's total tax rate for 2018-2019 was \$ 1.37 per \$ 100 of valuation. The rate adopted for the 2019-2020 schoolyear is \$ 1.3195 per \$ 100 valuation. The rates approved were \$ 0.97 for maintenance and operations and \$ 0.3495 for interest and sinking.

**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 show 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, at Cameron Independent School District, P. O. Box 712, Cameron, Texas 76520.

## **BASIC FINANCIAL STATEMENTS**

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**CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2019**

Data Control Codes	<u>Primary Government</u>  Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 9,050,508
1220 Property Taxes Receivable (Delinquent)	330,266
1230 Allowance for Uncollectible Taxes	(99,080)
1240 Due from Other Governments	1,019,231
1290 Other Receivables, Net	37,392
1410 Prepaid expenses	50,697
1995 Prepaid Expenses - noncurrent	142,040
Capital Assets:	
1510 Land	728,654
1520 Buildings, Net	18,512,590
1530 Furniture and Equipment, Net	2,184,791
1000 Total Assets	<u>31,957,089</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Amount on Refunding	284,892
1705 Deferred Outflow Related to TRS Pension	2,444,668
1706 Deferred Outflow Related to TRS OPEB	533,986
1700 Total Deferred Outflows of Resources	<u>3,263,546</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	272,782
2140 Interest Payable	21,888
2150 Payroll Deductions and Withholdings Payable	2,876
2160 Accrued Wages Payable	782,526
2200 Accrued Expenditures	18,883
2300 Unearned Revenues	781,857
Noncurrent Liabilities:	
2501 Due Within One Year	1,365,774
2502 Due in More Than One Year	16,577,561
2540 Net Pension Liability (District's Portion)	4,625,610
2545 Net OPEB Liability (District's Portion)	6,445,463
2000 Total Liabilities	<u>30,895,220</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	506,691
2606 Deferred Inflow Related to TRS OPEB	2,448,502
2600 Total Deferred Inflows of Resources	<u>2,955,193</u>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	3,767,592
3820 Restricted for Federal and State Programs	331,372
3850 Restricted for Debt Service	1,073,715
3900 Unrestricted (Deficit)	(3,802,457)
3000 Total Net Position	<u>\$ 1,370,222</u>

The accompanying notes are an integral part of the financial statements.

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**CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2019**

Data Control Codes	1	Program Revenues		Net (Expense)
		3	4	Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 10,806,662	\$ -	\$ 1,544,482	\$ (9,262,180)
12 Instructional Resources and Media Services	235,435	-	6,715	(228,720)
13 Curriculum and Instructional Staff Development	371,981	-	9,781	(362,200)
23 School Leadership	1,029,150	-	36,229	(992,921)
31 Guidance, Counseling and Evaluation Services	340,831	-	13,231	(327,600)
32 Social Work Services	62,606	-	1,622	(60,984)
33 Health Services	157,316	-	11,598	(145,718)
34 Student (Pupil) Transportation	453,405	-	28,483	(424,922)
35 Food Services	1,308,309	82,707	1,160,643	(64,959)
36 Extracurricular Activities	1,592,606	94,165	17,931	(1,480,510)
41 General Administration	778,043	-	14,949	(763,094)
51 Facilities Maintenance and Operations	1,644,100	-	31,569	(1,612,531)
52 Security and Monitoring Services	77,311	-	-	(77,311)
53 Data Processing Services	376,930	-	8,471	(368,459)
61 Community Services	81,958	-	2,812	(79,146)
72 Debt Service - Interest on Long-Term Debt	625,152	-	722,441	97,289
73 Debt Service - Bond Issuance Cost and Fees	136,784	-	-	(136,784)
93 Payments related to Shared Services Arrangements	125,832	-	-	(125,832)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 20,204,411</u>	<u>\$ 176,872</u>	<u>\$ 3,610,957</u>	<u>(16,416,582)</u>
Data Control Codes				
General Revenues:				
Taxes:				
MT	Property Taxes, Levied for General Purposes			4,148,997
DT	Property Taxes, Levied for Debt Service			1,304,452
SF	State Aid - Formula Grants			11,093,650
IE	Investment Earnings			259,726
MI	Miscellaneous Local and Intermediate Revenue			160,987
TR	Total General Revenues			<u>16,967,812</u>
CN	Change in Net Position			551,230
NB	Net Position - Beginning			<u>818,992</u>
NE	Net Position - Ending			<u>\$ 1,370,222</u>

The accompanying notes are an integral part of the financial statements.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2019**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds
<b>ASSETS</b>			
1110	\$ 7,495,704	\$ 1,037,825	\$ 516,979
1220	252,460	77,806	-
1230	(75,738)	(23,342)	-
1240	863,471	40,000	115,760
1260	66,106	-	20,007
1290	37,392	-	-
1410	50,697	-	-
1995	142,040	-	-
1000	<u>\$ 8,832,132</u>	<u>\$ 1,132,289</u>	<u>\$ 652,746</u>
<b>LIABILITIES</b>			
2110	\$ 97,320	\$ -	\$ 175,462
2150	2,876	-	-
2160	710,394	-	72,132
2170	20,007	-	66,106
2200	14,493	-	4,390
2300	781,857	-	-
2000	<u>1,626,947</u>	<u>-</u>	<u>318,090</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2600	182,987	58,574	-
	<u>182,987</u>	<u>58,574</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3430	192,737	-	-
Restricted Fund Balance:			
3450	-	-	331,372
3480	-	1,073,715	-
Assigned Fund Balance:			
3590	-	-	3,284
3600	6,829,461	-	-
3000	<u>7,022,198</u>	<u>1,073,715</u>	<u>334,656</u>
4000	<u>\$ 8,832,132</u>	<u>\$ 1,132,289</u>	<u>\$ 652,746</u>

The accompanying notes are an integral part of the financial statements.

Total Governmental Funds	
\$	9,050,508
	330,266
	(99,080)
	1,019,231
	86,113
	37,392
	50,697
	<u>142,040</u>
\$	<u>10,617,167</u>
\$	272,782
	2,876
	782,526
	86,113
	18,883
	<u>781,857</u>
	<u>1,945,037</u>
	<u>241,561</u>
	<u>241,561</u>
	192,737
	331,372
	1,073,715
	3,284
	<u>6,829,461</u>
	<u>8,430,569</u>
\$	<u>10,617,167</u>



**CAMERON INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2019**

<b>Total Fund Balances - Governmental Funds</b>		<b>\$ 8,430,569</b>
<b>1</b>	Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds. These assets consist of:	
	Land	\$ 728,654
	Buildings and improvements	41,262,544
	Furniture and equipment	5,733,407
	Accumulated depreciation	<u>(26,298,570)</u>
	Total capital assets	<u>\$ 21,426,035</u>
		21,426,035
<b>2</b>	Deferred outflows of resources represent the consumption of net position that applies to future periods and will not be recognized as an expense until then:	
	Deferred amounts on refunding	\$ 284,892
	Deferred outflows related to TRS Pension	2,444,668
	Deferred outflows related to TRS OPEB	<u>533,986</u>
		<u>\$ 3,263,546</u>
		3,263,546
<b>3</b>	Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected.	241,561
<b>4</b>	Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet. Those liabilities consist of:	
	Accrued interest on debt	\$ (21,888)
	Bonds	(16,380,000)
	Capital leases	(180,611)
	Premiums/discounts	(1,382,724)
	Net pension liability	(4,625,610)
	Net OPEB liability	<u>(6,445,463)</u>
		<u>\$ (29,036,296)</u>
		(29,036,296)
<b>5</b>	Deferred inflow of resources represent an acquisition of net position that applies to future periods and so will not be recognized as revenue until then:	
	Deferred inflows related to TRS Pension	\$ (506,691)
	Deferred inflows related to TRS OPEB	<u>(2,448,502)</u>
		<u>\$ (2,955,193)</u>
		(2,955,193)
<b>19</b>	<b>Net Position of Governmental Activities</b>	<u><u>\$ 1,370,222</u></u>

The accompanying notes are an integral part of the financial statements.

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**CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds
<b>REVENUES:</b>			
5700	\$ 4,592,828	\$ 1,337,318	\$ 82,707
5800	11,093,650	722,441	310,177
5900	321,187	-	1,750,968
5020	<u>16,007,665</u>	<u>2,059,759</u>	<u>2,143,852</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011	8,742,253	-	892,715
0012	173,203	-	-
0013	326,927	-	26,486
0023	939,303	-	-
0031	314,333	-	-
0032	58,248	-	-
0033	145,106	-	-
0034	521,141	-	-
0035	27,134	-	1,128,262
0036	1,006,713	-	-
0041	744,194	-	-
0051	1,636,434	-	-
0052	49,174	-	28,137
0053	333,676	-	-
0061	71,716	-	5,563
0081	74,459	-	-
<b>Debt Service:</b>			
0071	62,718	1,210,000	-
0072	12,654	515,764	-
0073	-	136,784	-
<b>Intergovernmental:</b>			
0093	125,832	-	-
6030	<u>15,365,218</u>	<u>1,862,548</u>	<u>2,081,163</u>
1100	<u>642,447</u>	<u>197,211</u>	<u>62,689</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911	-	9,515,000	-
7916	-	372,189	-
8940	-	(10,283,286)	-
7915	-	-	17,606
8911	(17,606)	-	-
7080	<u>(17,606)</u>	<u>(396,097)</u>	<u>17,606</u>
1200	<u>624,841</u>	<u>(198,886)</u>	<u>80,295</u>
0100	<u>6,397,357</u>	<u>1,272,601</u>	<u>254,361</u>
3000	<u>\$ 7,022,198</u>	<u>\$ 1,073,715</u>	<u>\$ 334,656</u>

The accompanying notes are an integral part of the financial statements.

Total  
Governmental  
Funds

---

\$ 6,012,853  
12,126,268  
2,072,155

---

20,211,276

9,634,968  
173,203  
353,413  
939,303  
314,333  
58,248  
145,106  
521,141  
1,155,396  
1,006,713  
744,194  
1,636,434  
77,311  
333,676  
77,279  
74,459

1,272,718  
528,418  
136,784

125,832

---

19,308,929

902,347

---

9,515,000  
372,189  
(10,283,286)  
17,606  
(17,606)

---

(396,097)

506,250

7,924,319

\$ 8,430,569

---

**CAMERON INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2019**

**Total Net Change in Fund Balances - Governmental Funds** \$ 506,250

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	\$ 630,379	
Depreciation expense	(1,817,640)	
Net effects of various miscellaneous transactions involving capital assets	(3,933)	
	\$ (1,191,194)	(1,191,194)

Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognizing deferred revenue as revenue and adjusting current year revenue to show the revenue earned from the current year's tax levy and to reflect the disposals of capital assets. The net effect these reclassifications and recognitions is to decrease net position.

36,931

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt is an expenditure in the governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Issuance of refunding bonds	\$ (9,515,000)	
Discount/(premium) on issuance	(372,189)	
Bond principal repayments	1,210,000	
Capital lease principal repayments	61,780	
Principal retired by refunding bonds	10,135,000	
Amortization of bond issuance premiums	123,164	
Amortization of deferred amounts on refundings	(75,542)	
Net adjustment	\$ 1,567,213	1,567,213

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. This amount is the change in accrued interest.

3,930

GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$ 274,107. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$ 283,418. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$ 335,462. The net result is a decrease in the change in net position.

(344,773)

GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$ 83,241. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$ 80,052. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$ 21,316. The net result is an increase to the change in net position

(27,127)

**Change in Net Position of Governmental Activities**

\$ 551,230

**CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
AUGUST 31, 2019**

	Agency Funds
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 119,306
Total Assets	<u>\$ 119,306</u>
<b>LIABILITIES</b>	
Due to Student Groups	\$ 119,306
Total Liabilities	<u>\$ 119,306</u>

The accompanying notes are an integral part of the financial statements.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The Board of Trustees (the "Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the Cameron Independent School District (the "District"). Because members of the Board are elected by the public; have the authority to make decisions, appoint administrators, and significantly influence operations; and have the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB") Statement No. 61, "The Financial Reporting Entity-Omnibus" and GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units." There are no component units included within the reporting entity.

The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in GASB Statement No. 75, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"; 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 District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities. However, the District is not included in any other governmental reporting entity. The District is a governmental entity exempt from federal income taxation and reporting under Internal Revenue Code Section 115.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes, state funding revenue, and user service charges.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. All capital asset depreciation is reported as a direct expense of the functional program that benefits from the use of the capital assets. Indirect costs associated with grant activities are allocated to administrative and support services functions to cover the overhead cost of providing the program. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirement of a particular function, as well as, charges for services relating to the food service function. Taxes and other items are not properly included among program revenues and are reported instead as general revenues.

Separate financial statements are provided for governmental funds and agency funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.



**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This measurement focus means that only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present resources (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when the obligation has matured.

Property taxes, state revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Grant funds are considered to be earned when all eligibility requirements have been met and to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received in advance, they are recorded as unearned revenue.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. The District reports the following major governmental funds:

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

The *Debt Service Fund* is used to account for revenues collected to pay interest and related costs and to retire long-term debt.

Additionally, the District reports the following non-major fund types:

*Special revenue funds* are used to account for resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federal and state financial assistance generally is accounted for in a *special revenue fund*. Generally, unused balances are returned to the grantor at the close of specified project periods. With respect to the food service and campus activity funds, funds are rolled over from year to year for use in the program(s).

*Agency funds* (a fiduciary fund type) are custodial in nature and are used to account for clearing accounts and the activities of student groups and District scholarships. The student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include operating grants and contributions, food service user charges, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

**D. ASSETS, DEFERRED OUTFLOW OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY**

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Another type of interfund transaction is a transfer, which occurs when resources of one fund are transferred to another.

All property tax receivables are shown net of an allowance for uncollectible taxes. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based upon historical experience in collecting personal 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.

Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of donated food commodities are recorded at fair values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, the fair value is supplied by the Texas Department of Human Services and recorded as inventory and revenue when received. When requisitioned, inventory is depleted and expenditures are charged. Inventories also include facilities maintenance and operation supplies, as well as instructional supplies. Supplies inventory reported in the General Fund and Child Nutrition Fund is offset in the fund level financial statements by a fund balance reserve that indicates that it is "non-spendable resources".

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items reported in the General Fund are offset in the fund level financial statements by a fund balance reserve that indicates that it is "non-spendable resources".

Pensions

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

Other Post-Employment Benefits

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

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

Governmental Fund Balances

Certain resources of the governmental funds are set aside for the repayment or use of specific programs and are recorded to four categories of designations:

Non-spendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board or Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as non-spendable, restricted or committed.

Unassigned fund balances are amounts that are available for any purpose; these amounts can be reported only in the District's General Fund. The District's unassigned fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund balance may only be appropriated by resolution of the Board. Amendments or modifications of the committed fund balance must also be approved by resolutions of the Board. When it is appropriate for fund balance to be assigned, the Board has delegated authority by resolution to the Superintendent. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted, committed, assigned and unassigned.

Capital Assets

Capital assets, which include land, buildings, furniture and equipment are reported in the governmental activities columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$ 5,000 and an estimated life greater than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of the 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.

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

Assets	Years
Buildings	30-50
Building Improvements	10-30
Vehicles	5-10
Computer Equipment	3-5
Other Equipment	5-10

Compensated Absences

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. There are limitations on carryover and accumulation of benefits and as a result the liability for accrued but unused benefits is not significant and therefore not recorded.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Equity/Net Position

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In the fund financial statements, governmental funds report non-spendable, restrictions or commitments of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties or through action of the Board for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change and are neither restricted nor committed.

Deferred Outflows and Inflows of Resources

The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**DATA CONTROL CODES**

The data control codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. The TEA requires school districts to display those codes in the financial statements filed with the Agency in order to ensure accuracy in building a stateside database for policy development and funding plans.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

**E. IMPLEMENTATION OF NEW STANDARD**

GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (“GASB 75”) establishes accounting and financial reporting standards for other post-employment benefits (OPEB) that are provided to the employees of state and local governmental employers through plans that are administered through trusts or similar arrangements that meet certain criteria. The Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities of using a discount rate and a healthcare cost trend rate that are on percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedules showing the causes of increased and decreased in the OPEB liability and a schedule comparing a government’s actual OPEB contributions to its contribution requirements.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Child Nutrition Program which is included in the Special Revenue Funds. 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 and the other two reports appear in Exhibits J-4 and J-5.

The following procedures are followed in establishing the budgetary data reflected in the 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. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end.
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.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

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 deposit. 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.

At August 31, 2018, the District had no investments that meet these criteria.

Additional Contractual Provisions governing deposits and investments are as follows:

The funds of the District must be deposited and invested under the terms of a contract, the 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, 2019, the carrying amount of the District's deposits was \$ 9,050,508 and the bank balance was \$ 9,559,589. The District's cash deposits at August 31, 2019 and during the year ended August 31, 2018, were covered by FDIC insurance or by pledged securities by the District's agent bank in the District's name.

Policies Governing Deposits and Investments

1. Foreign Currency Risk – The District's deposits and investments are not exposed to foreign currency risk.
2. Custodial Credit Risk – The District's policy is to be collateralized. The District was fully collateralized during the year.
3. Interest Rate Risk – The District has no debt securities which have interest rate risk.
4. Other Credit Risk Exposure – The District does not have investments which would expose the District to credit risk.
5. Concentration of Credit Risk – The District does not have investments which would expose the District to this risk.

**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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

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**C. INTERFUND RECEIVABLES AND PAYABLES**

The purpose of the interfund balance is mainly for cash flows concerns, and the amounts are anticipated to be repaid in the current year. Interfund balances at August 31, 2019 consisted of the following balances:

Fund	Due from Other Funds	Due to Other Funds
<u>General Fund:</u>		
Non-major Special Revenue Funds	\$ 66,106	\$ 20,007
Total General Fund	<u>66,106</u>	<u>20,007</u>
<u>Non-major Special Revenue Funds:</u>		
General Fund	20,007	66,106
Other Non-major Special Revenue Funds		
Total Non-major Special Revenue Funds	<u>20,007</u>	<u>66,106</u>
TOTAL	<u>\$ 86,113</u>	<u>\$ 86,113</u>

**D. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended August 31, 2019, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Land	\$ 728,654	\$ -	\$ -	\$ 728,654
Building and Improvements	41,078,432	184,112	-	41,262,544
Furniture and Equipment	5,484,429	446,267	(197,289)	5,733,407
Totals at Historic Cost	<u>47,291,515</u>	<u>630,379</u>	<u>(197,289)</u>	<u>47,724,605</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(21,249,686)	(1,500,268)	-	(22,749,954)
Furniture and Equipment	(3,424,601)	(317,372)	193,357	(3,548,616)
Total Accumulated Depreciation	<u>(24,674,287)</u>	<u>(1,817,640)</u>	<u>193,357</u>	<u>(26,298,570)</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,617,228</u>	<u>\$ (1,187,261)</u>	<u>\$ (3,932)</u>	<u>\$ 21,426,035</u>

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Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 773,879
Instructional Resources and Media Services	51,834
Curriculum Development	589
School Leadership	26,189
Guidance, Counseling and Evaluation Services	5,561
Health Services	2,342
Student Transportation	106,659
Food Services	116,862
Extracurricular Activities	552,529
General Administration	3,191
Facilities Maintenance and Operations	146,756
Data Processing Services	31,249
Total Depreciation Expense	<u><u>\$ 1,817,640</u></u>

**E. LEASES**

The District accounts for short-term debts through the appropriate funds. Short-term debts include leases made in accordance with the provisions of the Texas Education Code. The proceeds from leases are shown in the governmental fund financial statements as Other Resources.

In May 2018, the District entered into a capital lease agreement to purchase copy machines. The interest rate and payments for the capital lease is outlined below:

Date of Issue and Purpose	Interest Rate	Maturity Date	Amounts Outstanding 9/1/2018	Issued Current Year	(Retired) Current Year	Amounts Outstanding 8/31/2019	Due Within One Year
5/20/2018 Copier Lease	4.0%	6/20/2023	\$ 242,391	\$ -	\$ (61,780)	\$ 180,611	\$ 62,610
			<u>\$ 242,391</u>	<u>\$ -</u>	<u>\$ (61,780)</u>	<u>\$ 180,611</u>	<u>\$ 62,610</u>



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The required payments to maturity are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2020	\$ 62,610	\$ 6,391	\$ 69,001
2021	65,161	3,840	69,001
2022	52,840	1,191	54,031
	<u>\$ 180,611</u>	<u>\$ 11,422</u>	<u>\$ 192,033</u>

**F. BONDS**

Bonded indebtedness of the District is reflected in the Statement of Net Position and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended August 31, 2019, were as follows:

Date of Issue and Purpose	Interest Rate	Amounts Outstanding 9/1/2018	Issued Current Year	(Retired/ Refunded) Current Year	Amounts Outstanding 8/31/2019	Due Within One Year
11/1/2010 Unlimited Tax Refunding Bonds, Series 2010	3.0-4.0%	\$ 10,600,000	\$ -	\$ (10,600,000)	\$ -	\$ -
7/15/2014 Unlimited Tax School Building Bonds, Series 2014	2.0-4.0%	4,805,000	-	(170,000)	4,635,000	180,000
11/1/2015 Unlimited Tax Refunding Bonds, Series 2015	4.0%	2,805,000	-	(440,000)	2,365,000	450,000
11/1/2018 Unlimited Tax Refunding Bonds, Series 2018	3.1-4.0%	-	9,515,000	(135,000)	9,380,000	550,000
<b>Total</b>		<u>\$ 18,210,000</u>	<u>\$ 9,515,000</u>	<u>\$ (11,345,000)</u>	<u>\$ 16,380,000</u>	<u>\$ 1,180,000</u>

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Debt service requirements are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2020	\$ 1,180,000	\$ 551,325	\$ 1,731,325
2021	1,215,000	514,775	1,729,775
2022	1,255,000	478,013	1,733,013
2023	1,295,000	438,600	1,733,600
2024	1,335,000	395,050	1,730,050
2025-2029	5,965,000	1,290,963	7,255,963
2030-2032	4,135,000	215,923	4,350,923
	<u>\$ 16,380,000</u>	<u>\$ 3,884,649</u>	<u>\$ 20,264,649</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2019.

**G. CHANGES IN LONG-TERM LIABILITIES, DEFERRED AMOUNT ON REFUNDING**

Long-term liability activity for the year ended August 31, 2019 was as follows:

	Beginning Balance	Additions	Reductions/ Amortization	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 18,210,000	\$ 9,515,000	\$ (11,345,000)	\$ 16,380,000	\$ 1,180,000
Capital Leases	242,391	-	(61,780)	180,611	62,610
Bond Premium	1,133,699	372,189	(123,164)	1,382,724	123,164
Net Pension Liability	2,879,935	2,028,775	(283,100)	4,625,610	-
Net OPEB Liability	5,938,675	595,840	(89,052)	6,445,463	-
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 28,404,700</u>	<u>\$ 12,511,804</u>	<u>\$ (11,902,096)</u>	<u>\$ 29,014,408</u>	<u>\$ 1,365,774</u>

The following is a summary of deferred amounts on refunding for the year ended August 31, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Unlimited Tax Refunding Bonds	\$ 360,435	\$ -	\$ (75,543)	\$ 284,892	\$ (75,543)

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**H. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2019, are summarized below. Most federal grants shown below are passed through the TEA and all are reported on the statement of net position as Due from Other Governments.

Fund	State Entitlements	State & Federal Grants	Total
General	\$ 863,471	\$ -	\$ 863,471
Debt Service	-	40,000	40,000
Nonmajor Governmental Funds	-	115,760	115,760
<b>Total</b>	<b>\$ 863,471</b>	<b>\$ 155,760</b>	<b>\$ 1,019,231</b>

**I. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the current year, revenues from local and intermediate sources as shown on the statement of revenues, expenditures and changes in fund balances of governmental funds consisted of the following:

	General Fund	Debt Service Fund	Nonmajor Special Revenue Funds	Total
Property Taxes	\$ 4,062,837	\$ 1,289,164	\$ -	\$ 5,352,001
Penalties, Interest and Other				
Tax-Related Income	47,979	15,288	-	63,267
Investment Income	293,635	32,866	-	326,501
Food Sales	-	-	82,707	82,707
Extracurricular Student Activities	94,165	-	-	94,165
Other	94,212	-	-	94,212
<b>Total</b>	<b>\$ 4,592,828</b>	<b>\$ 1,337,318</b>	<b>\$ 82,707</b>	<b>\$ 6,012,853</b>

**J. DEFINED BENEFIT PENSION PLAN**

**Plan Description.** Cameron Independent School 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.

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**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.texas.gov/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided.** TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 will remain the same.

	<u>Contribution Rates</u>	2018	2019
Member		7.7%	7.7%
Non-Employer Contributing Entity (State)		6.8%	6.8%
Employers		6.8%	6.8%
Current fiscal year employer contributions			\$ 274,107
Current fiscal year member contributions			797,715
2018 measurement year NECE on-behalf contributions			541,959

Contributions to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The Sate contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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As the non-employer contributing entity for public education, 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 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 90 days of employment.
- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instruction or administrative employees; and 100% of the state contribution rate for all other employees.

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

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

**Actuarial Assumptions.** The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-Term Expected Investment Rate of Return	7.25%
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post employment benefit changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the three-year period ending August 31, 2018 and adopted in July 2018.

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**Discount Rate.** The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation <sup>1</sup>	Long-Term Expected Geometric Real Rate of Return <sup>3</sup>	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
U. S.	18.00%	5.70%	1.04%
Non-U.S. Developed	13.00%	6.90%	0.90%
Emerging Markets	9.00%	8.95%	0.80%
Directional Hedge Funds	4.00%	3.53%	0.14%
Private Equity	13.00%	10.18%	1.32%
<b>Stable Value</b>			
U. S. Treasuries	11.00%	1.11%	0.12%
Absolute Return	0.00%	0.00%	0.00%
Stable Value Hedge Funds	4.00%	3.09%	0.12%
Cash	1.00%	0.30%	0.00%
<b>Real Return</b>			
Global Inflation-Linked Bonds	3.00%	0.70%	0.02%
Real Assets	14.00%	5.21%	0.73%
Energy and Natural Resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
<b>Risk Parity</b>			
Risk Parity	5.00%	3.70%	0.18%
Inflation Expectation			2.30%
Volatility Drag <sup>2</sup>			-0.79%
<b>Total</b>	<b>100.00%</b>		<b>7.25%</b>

<sup>1</sup> Target allocations are based on the TRS FY2016 policy model.

<sup>2</sup> The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

<sup>3</sup> Capital market assumptions come from Aon Hewitt (2017 Q4)

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**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1.0% less than, and a 1.0% greater than the discount rate that was used (6.907%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
CISD's Proportionate Share of the Net Pension Liability:	\$ 6,981,155	\$ 4,625,610	\$ 2,718,657

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2018, the District reported a net pension liability of \$ 4,625,610 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 4,625,610
State's Proportionate Share that is Associated with the District	<u>8,860,664</u>
Total	<u><u>\$ 13,486,274</u></u>

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.0084037180% which is a decrease of 0.0006032241% from its proportion measured as of August 31, 2017.

**Changes Since the Prior Actuarial Valuation** –The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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

For the year ended August 31, 2019, the District recognized pension expense of \$ 1,495,850 and revenue of \$ 876,970 for support provided by the State.

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At August 31, 2019, 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	\$ 28,832	\$ 113,494
Changes in actuarial assumptions	1,667,755	52,117
Difference between projected and actual investment earnings	-	87,767
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	473,974	253,313
Total as of December 31, 2018 measurement date	2,170,561	506,691
Contributions paid to TRS subsequent to the measurement date	274,107	-
Total as of fiscal year end	<u>\$ 2,444,668</u>	<u>\$ 506,691</u>

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

Year Ending August 31,	Pension Expense Amount
2020	\$ 457,004
2021	272,302
2022	221,808
2023	277,304
2024	273,406
Thereafter	162,046
	<u>\$ 1,663,870</u>

**K. DEFINED OTHER POST EMPLOYMENT BENEFIT PLANS**

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

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

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



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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage the period from January 1, 2018 through December 31, 2018.

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

\* or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2018</u>	<u>2019</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 83,241
Current fiscal year member contributions		67,339
2018 measurement year NECE on-behalf contributions		120,809

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$ 182.6 million in fiscal year 2018. The 85<sup>th</sup> Texas Legislature, House Bill 30 provided an additional \$ 212 million in one-time supplemental funding for the fiscal year 2018-2019 biennium to continue to support the program. This was also received in fiscal year 2018 bringing the total appropriations received in fiscal year 2018 to \$ 394.6 million.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

**Actuarial Assumptions.** The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

A change was made in the measurement date of the total OPEB liability for the TRS 2018 fiscal year. The actuarial valuation was performed as of August 31, 2017. Updated procedures were used to roll forward the total OPEB liability to August 31, 2018. This was the first year the roll-forward procedures were used.

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for TRS, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability; and most of the economic assumptions, were identical to those used in the respective TRS valuation.

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale.

Initial medical trend rates of 107.74% and 9.00% for Medicare retirees and an initial medical trend rate of 6.75% for non-Medicare retirees were used. The initial prescription drug trend rate was 11.00% for all retirees. The first-year trend increase for the Medicare Advantage (medical) premiums reflects the anticipated return of the Health Insurer Fee (HIF) in 2020.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	
Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.69% *
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post employment benefit changes	None

\* Sourced from fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

**Discount Rate.** A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.69%)	Current Single Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
CISD's Proportionate Share of the Net OPEB Liability:	\$ 7,672,315	\$ 6,445,463	\$ 5,474,943

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At August 31, 2019, the District reported a liability of \$ 6,445,463 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 6,445,463
State's Proportionate Share that is Associated with the District	8,756,472
Total	\$ 15,201,935

The Net OPEB Liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018 the employer’s proportion of the collective Net OPEB Liability was 0.0129087610% which was a decrease of 0.0007476821% from its proportion measured as of August 31, 2017.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used.

	1% Decrease in Healthcare Trend Rate (8.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
CISD's Proportionate Share of the Net OPEB Liability:	\$ 5,353,062	\$ 6,445,463	\$ 7,884,178

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumptions was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the Total OPEB Liability \$ 2.3 billion.

The following are changes in benefit terms since the prior measurement date effective September 1, 2017 by the 85th Texas Legislature:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Adventure plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed TRS-Care to provide other appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during plan years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

For the year ended August 31, 2019, the District recognized OPEB expense of \$ 428,876 and revenue of \$ 318,508 to support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 342,037	\$ 101,719
Changes in actuarial assumptions	107,557	1,936,492
Difference between projected and actual investment earnings	1,127	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	24	410,291
Total as of December 31, 2018 measurement date	450,745	2,448,502
Contributions paid to TRS subsequent to the measurement date	83,241	-
Total as of fiscal year end	\$ 533,986	\$ 2,448,502

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

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

Year Ending August 31,	OPEB Expense Amount
2020	\$ (304,714)
2021	(304,714)
2022	(304,714)
2023	(304,928)
2024	(305,049)
Thereafter	(473,638)
	\$ (1,997,757)

**L. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS**

The Medicare Prescription Drug, Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended August 31, 2019, the contribution made on behalf of the District was \$ 38,745.

**M. COMMITMENTS AND CONTINGENCIES**

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2019 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**N. SHARED SERVICE ARRANGEMENTS**

Cameron ISD is not a fiscal agent for any shared service arrangements.

The District participates in the BURLISON-MILAM SPECIAL SERVICES COOPERATIVE which is a shared services arrangement (SSA) for resource education services. This SSA includes nine participating independent school district with the Rockdale ISD acting as fiscal agent for the SSA. Financial transactions of the SSA are accounted for in accordance with Model 3 of the SSA section of the Texas Education Agency Financial *Account System Resource Guide*. This SSA is funded partially through State and Local funds and partially through federal programs.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

The individual programs and the Cameron ISD participation in each which were included in this SSA were as follows:

Program	CFDA Number	District Value
State and Local	--	\$ 106,433
IDEA-B,	84.027	332,395
IDEA-B, Preschool	84.173	9,928
Total		<u>\$ 448,756</u>

The expenditures under the above programs were classified as follows:

Classification	Amount
6100 - Payroll Costs	\$ 324,019
6200 - Contracted Services	92,530
6300 - Supplies and Materials	17,852
6400 - Other Operating Costs	14,355
6500 - Debt Service	-
6600 - Capital Outlay	-
	<u>\$ 448,756</u>

**O. HEALTH CARE COVERAGE AND MAINTENANCE OF EFFORT**

During the year ended August 31, 2019, employees of the District were covered by the state health insurance plan. The District contributed \$ 250 per month per full time employee, the state paid \$ 75 per month, and the employees authorized payroll deductions to cover the remaining premiums due for the desired coverage. Contributions were paid to TRS Active Care.

The total District premium paid for health care was approximately \$ 767,000 for the 194 participating employees at August 31, 2019. There were 268 employees eligible for coverage at August 31, 2019.

**P. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION**

The Texas Education Agency requires the budgets for the governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in two functional categories in the General Fund for the year ended August 31, 2019.

**Q. RELATED PARTY TRANSACTIONS**

During fiscal year 2019, a company which is owned in part by a member of the District's Board of Trustees was hired for renovations at the high school. The total amount expended for the project was \$ 28,909. All amounts due were paid by August 31, 2019.

**R. EVALUATION OF SUBSEQUENT EVENTS**

The District has evaluated all subsequent events through November 30, 2019, the date the financial statements were available to be issued. The District believes there has been no significant subsequent events.

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**.REQUIRED SUPPLEMENTARY INFORMATION**



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**CAMERON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 4,827,359	\$ 4,827,359	\$ 4,592,828	\$ (234,531)
5800	State Program Revenues	11,179,217	11,179,217	11,093,650	(85,567)
5900	Federal Program Revenues	100,000	320,049	321,187	1,138
5020	Total Revenues	<u>16,106,576</u>	<u>16,326,625</u>	<u>16,007,665</u>	<u>(318,960)</u>
	EXPENDITURES:				
	Current:				
0011	Instruction	9,353,121	8,931,162	8,742,253	188,909
0012	Instructional Resources and Media Services	178,875	178,875	173,203	5,672
0013	Curriculum and Instructional Staff Development	321,302	334,302	326,927	7,375
0023	School Leadership	965,535	965,535	939,303	26,232
0031	Guidance, Counseling and Evaluation Services	376,100	376,100	314,333	61,767
0032	Social Work Services	45,000	59,000	58,248	752
0033	Health Services	153,634	153,634	145,106	8,528
0034	Student (Pupil) Transportation	499,744	580,744	521,141	59,603
0035	Food Services	-	38,000	27,134	10,866
0036	Extracurricular Activities	1,184,700	1,184,700	1,006,713	177,987
0041	General Administration	872,234	872,234	744,194	128,040
0051	Facilities Maintenance and Operations	1,548,613	1,708,613	1,636,434	72,179
0052	Security and Monitoring Services	20,500	55,701	49,174	6,527
0053	Data Processing Services	350,300	346,099	333,676	12,423
0061	Community Services	3,000	83,000	71,716	11,284
0081	Facilities Acquisition and Construction	-	26,775	74,459	(47,684)
	Debt Service:				
0071	Principal on Long-Term Debt	-	69,955	62,718	7,237
0072	Interest on Long-Term Debt	-	-	12,654	(12,654)
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts	125,832	125,832	125,832	-
6030	Total Expenditures	<u>15,998,490</u>	<u>16,090,261</u>	<u>15,365,218</u>	<u>725,043</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>108,086</u>	<u>236,364</u>	<u>642,447</u>	<u>406,083</u>
	OTHER FINANCING SOURCES (USES):				
8911	Operating Transfers Out	-	-	(17,606)	17,606
7080	Total Other Financing Sources (Uses)	-	-	(17,606)	17,606
1200	Net Change in Fund Balances	<u>108,086</u>	<u>236,364</u>	<u>624,841</u>	<u>423,689</u>
0100	Fund Balance - September 1 (Beginning)	<u>6,397,357</u>	<u>6,397,357</u>	<u>6,397,357</u>	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 6,505,443</u>	<u>\$ 6,633,721</u>	<u>\$ 7,022,198</u>	<u>\$ 423,689</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2019**

	<u>2018</u>	<u>2017</u>
District's Proportion of the Net Pension Liability (Asset)	0.008403718%	0.009006942%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,625,610	\$ 2,879,935
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>8,860,664</u>	<u>4,955,912</u>
Total	<u>\$ 13,486,274</u>	<u>\$ 7,835,847</u>
District's Covered Employee Payroll	\$ 10,016,716	\$ 9,705,865
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered Employee Payroll	46.18%	29.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%

Note: Only four years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**EXHIBIT G-2  
(Continued)**

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.008265662%	0.008996400%	0.006393600%
\$ 3,123,471	\$ 3,180,108	\$ 1,707,819
<u>5,613,014</u>	<u>5,414,269</u>	<u>4,516,526</u>
<u>\$ 8,736,485</u>	<u>\$ 8,594,377</u>	<u>\$ 6,224,345</u>
\$ 8,990,042	\$ 8,878,985	\$ 8,609,608
34.74%	35.82%	19.84%
78.00%	78.43%	83.25%

**CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2019**

	Fiscal Year Ended August 31,		
	2019	2018	2017
Contractually Required Contribution	\$ 274,107	\$ 283,418	\$ 295,195
Contribution in Relation to the Contractually Required Contribution	<u>(274,107)</u>	<u>(283,418)</u>	<u>(295,195)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 10,359,918	\$ 10,016,716	\$ 9,705,865
Contributions as a Percentage of Covered Employee Payroll	2.65%	2.83%	3.04%

Note: Only three years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

2016	2015
\$ 261,991	\$ 266,388
(261,991)	(266,388)
\$ -	\$ -
\$ 8,990,042	\$ 8,878,985
2.91%	3.00%

**CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2019**

	Measurement Year Ended August 31,	
	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0129087610%	0.0136564431%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 6,445,463	\$ 5,938,675
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	<u>8,756,472</u>	<u>7,356,237</u>
Total	<u>\$ 15,201,935</u>	<u>\$ 13,294,912</u>
District's Covered Employee Payroll *	\$ 10,016,716	\$ 9,705,865
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its covered Employee Payroll	64.35%	61.19%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	0.91%

\* As of the measurement

Note: Only one year of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR OTHER  
POST EMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2019**

	Fiscal Year Ended August 31,	
	2019	2018
Contractually Required Contribution	\$ 83,241	\$ 89,052
Contribution in Relation to the Contractually Required Contribution	<u>(83,241)</u>	<u>(89,052)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	10,359,918	10,008,345
Contributions as a Percentage of Covered Employee Payroll	0.80%	0.89%

Note: Only one year of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."



**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2019**

Budgetary Information

The Board of Trustees adopts an “appropriated budget” for the General Fund, Debt Service Fund, and the National School Breakfast and Lunch Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenue and expenditures. The District presented the General Fund budgetary comparison schedule as required supplementary information, while the National School Breakfast and Lunch and Debt Service Funds budgetary comparison schedules are presented as required TEA schedules.

The following procedures are followed in establishing the budgetary data reflected in the 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 10 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. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments, made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, amendments were necessary during the year.
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.

## **COMBINING SCHEDULES**

**CAMERON INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2019**

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Vocational Education Basic Grant	255 ESEA II, A Training and Recruiting	
<b>ASSETS</b>						
1110	Cash and Cash Equivalents	\$ -	\$ 388,751	\$ 16,302	\$ -	\$ -
1240	Due from Other Governments	94,648	-	-	3,667	8,779
1260	Due from Other Funds	-	-	-	-	-
1290	Other Receivables	-	-	-	-	-
1410	Deferred Expenses	-	-	-	-	-
1000	Total Assets	<u>\$ 94,648</u>	<u>\$ 388,751</u>	<u>\$ 16,302</u>	<u>\$ 3,667</u>	<u>\$ 8,779</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
2110	Accounts Payable	\$ -	\$ 55,081	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	34,341	37,791	-	-	-
2170	Due to Other Funds	56,683	-	-	67	8,045
2200	Accrued Expenditures	3,624	766	-	-	-
2000	Total Liabilities	<u>94,648</u>	<u>93,638</u>	<u>-</u>	<u>67</u>	<u>8,045</u>
Fund Balances:						
Restricted Fund Balance:						
3450	Federal or State Funds Grant Restriction	-	295,113	16,302	3,600	734
Assigned Fund Balance:						
3590	Other Assigned Fund Balance	-	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>295,113</u>	<u>16,302</u>	<u>3,600</u>	<u>734</u>
4000	Total Liabilities and Fund Balances	<u>\$ 94,648</u>	<u>\$ 388,751</u>	<u>\$ 16,302</u>	<u>\$ 3,667</u>	<u>\$ 8,779</u>

**EXHIBIT H-1**

263 Title III Bilingual/ESL	270 Title IV, B Rural & Low Inc Sch Prg	289 Rural Educ. Achievement Program	410 State Textbook Fund	484 Centex Workforce Grant	486 Austin Food Bank Grant	Total Nonmajor Governmental Funds
\$ 2,701	\$ -	\$ 4,896	\$ 101,045	\$ 217	\$ 3,067	\$ 516,979
(3,850)	10,786	-	1,730	-	-	115,760
1,149	-	1,252	17,606	-	-	20,007
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 10,786</u>	<u>\$ 6,148</u>	<u>\$ 120,381</u>	<u>\$ 217</u>	<u>\$ 3,067</u>	<u>\$ 652,746</u>
\$ -	\$ -	\$ -	\$ 120,381	\$ -	\$ -	\$ 175,462
-	-	-	-	-	-	72,132
-	1,311	-	-	-	-	66,106
-	-	-	-	-	-	4,390
-	1,311	-	120,381	-	-	318,090
-	9,475	6,148	-	-	-	331,372
-	-	-	-	217	3,067	3,284
-	9,475	6,148	-	217	3,067	334,656
<u>\$ -</u>	<u>\$ 10,786</u>	<u>\$ 6,148</u>	<u>\$ 120,381</u>	<u>\$ 217</u>	<u>\$ 3,067</u>	<u>\$ 652,746</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019**

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Vocational Education Basic Grant	255 ESEA II, A Training and Recruiting	
<b>REVENUES:</b>						
5700	Total Local and Intermediate Sources	\$ -	\$ 82,707	\$ -	\$ -	\$ -
5800	State Program Revenues	-	5,131	-	-	-
5900	Federal Program Revenues	457,750	1,131,844	-	25,135	60,725
5020	Total Revenues	<u>457,750</u>	<u>1,219,682</u>	<u>-</u>	<u>25,135</u>	<u>60,725</u>
<b>EXPENDITURES:</b>						
Current:						
0011	Instruction	440,963	-	-	21,535	57,679
0013	Curriculum and Instructional Staff Development	12,184	-	-	3,600	3,047
0035	Food Services	-	1,128,262	-	-	-
0052	Security and Monitoring Services	-	-	-	-	-
0061	Community Services	4,603	-	-	-	-
6030	Total Expenditures	<u>457,750</u>	<u>1,128,262</u>	<u>-</u>	<u>25,135</u>	<u>60,726</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
7915	Operating Transfers In	-	-	-	-	-
	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	91,420	-	-	(1)
0100	Fund Balance - September 1 (Beginning)	-	203,693	16,302	3,600	735
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 295,113</u>	<u>\$ 16,302</u>	<u>\$ 3,600</u>	<u>\$ 734</u>

**EXHIBIT H-2**

263 Title III Bilingual/ESL	270 Title IV, B Rural & Low Inc Sch Prg	289 Rural Educ. Achievement Program	410 State Textbook Fund	484 Centex Workforce Grant	486 Austin Food Bank Grant	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,707
-	-	-	305,046	-	-	310,177
8,832	34,749	31,933	-	-	-	1,750,968
<u>8,832</u>	<u>34,749</u>	<u>31,933</u>	<u>305,046</u>	<u>-</u>	<u>-</u>	<u>2,143,852</u>
6,672	28,294	-	337,572	-	-	892,715
1,200	6,455	-	-	-	-	26,486
-	-	-	-	-	-	1,128,262
-	-	28,137	-	-	-	28,137
960	-	-	-	-	-	5,563
<u>8,832</u>	<u>34,749</u>	<u>28,137</u>	<u>337,572</u>	<u>-</u>	<u>-</u>	<u>2,081,163</u>
-	-	-	17,606	-	-	17,606
-	-	-	17,606	-	-	17,606
-	-	3,796	(14,920)	-	-	80,295
-	9,475	2,352	14,920	217	3,067	254,361
<u>\$ -</u>	<u>\$ 9,475</u>	<u>\$ 6,148</u>	<u>\$ -</u>	<u>\$ 217</u>	<u>\$ 3,067</u>	<u>\$ 334,656</u>

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**REQUIRED TEA SCHEDULES**



**EXHIBIT J-1**

Last 10 Years Ended August 31,	(1) (2) Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and Prior Years	\$ 1.21750	\$ 0.28350	Various
2011	1.040000	0.300000	\$ 270,473,196
2012	1.040000	0.270000	276,174,127
2013	1.040000	0.300000	249,705,919
2014	1.040000	0.300000	254,853,505
2015	1.040000	0.300000	294,157,324
2016	1.040000	0.280000	266,013,936
2017	1.040000	0.350000	290,193,772
2018	1.040000	0.350000	346,851,721
2019 (School Year Under Audit)	1.040000	0.330000	398,564,903
100 TOTALS			

**EXHIBIT J-1**

(10) Beginning Balance 9/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2019
\$ 33,440	\$ -	\$ 729	\$ 181	\$ (2,932)	\$ 29,598
8,885	-	264	76	-	8,545
10,207	-	305	88	(83)	9,731
11,910	-	1,222	353	(107)	10,228
12,062	-	1,421	382	596	10,855
13,795	-	2,403	809	1,534	12,117
21,003	-	3,906	1,315	1,542	17,324
46,112	-	10,761	3,415	(2,289)	29,647
120,100	-	46,846	14,865	(11,422)	46,967
-	5,460,339	4,007,582	1,271,636	(25,867)	155,254
<u>\$ 277,514</u>	<u>\$ 5,460,339</u>	<u>\$ 4,075,439</u>	<u>\$ 1,293,120</u>	<u>\$ (39,028)</u>	<u>\$ 330,266</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – CHILD NUTRITION PROGRAM**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 133,127	\$ 133,127	\$ 82,707	\$ (50,420)
5800	State Program Revenues	5,500	5,500	5,131	(369)
5900	Federal Program Revenues	859,312	1,210,157	1,131,844	(78,313)
5020	Total Revenues	<u>997,939</u>	<u>1,348,784</u>	<u>1,219,682</u>	<u>(129,102)</u>
	EXPENDITURES:				
0035	Food Services	<u>958,763</u>	<u>1,038,763</u>	<u>1,128,262</u>	<u>(89,499)</u>
6030	Total Expenditures	<u>958,763</u>	<u>1,038,763</u>	<u>1,128,262</u>	<u>(89,499)</u>
1200	Net Change in Fund Balances	39,176	310,021	91,420	(218,601)
0100	Fund Balance - September 1 (Beginning)	<u>203,693</u>	<u>203,693</u>	<u>203,693</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 242,869</u>	<u>\$ 513,714</u>	<u>\$ 295,113</u>	<u>\$ (218,601)</u>

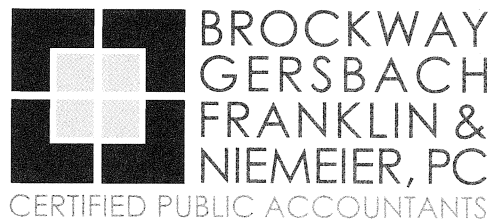
**CAMERON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – DEBT SERVICE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ 1,405,471	\$ 1,405,471	\$ 1,337,318	\$ (68,153)
5800	State Program Revenues	741,789	741,789	722,441	(19,348)
5020	Total Revenues	<u>2,147,260</u>	<u>2,147,260</u>	<u>2,059,759</u>	<u>(87,501)</u>
	<b>EXPENDITURES:</b>				
	Debt Service:				
0071	Principal on Long-Term Debt	1,730,425	1,740,956	1,210,000	530,956
0072	Interest on Long-Term Debt	686,100	686,100	515,764	170,336
0073	Bond Issuance Cost and Fees	3,000	3,000	136,784	(133,784)
6030	Total Expenditures	<u>2,419,525</u>	<u>2,430,056</u>	<u>1,862,548</u>	<u>567,508</u>
	Excess (Deficiency) of Revenues				
1100	Over (Under) Expenditures	<u>(272,265)</u>	<u>(282,796)</u>	<u>197,211</u>	<u>(655,009)</u>
	<b>OTHER FINANCING SOURCES (USES):</b>				
7911	Issuance of refunding debt	-	-	9,515,000	(9,515,000)
7916	Premium or discount on issuance of bonds	-	-	372,189	(372,189)
8940	Payment to bond refunding escrow agent	-	-	(10,283,286)	10,283,286
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(396,097)</u>	<u>396,097</u>
1200	Net Change in Fund Balances	<u>(272,265)</u>	<u>(282,796)</u>	<u>(198,886)</u>	<u>(258,912)</u>
0100	Fund Balance - September 1 (Beginning)	<u>1,272,601</u>	<u>1,272,601</u>	<u>1,272,601</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 1,000,336</u>	<u>\$ 989,805</u>	<u>\$ 1,073,715</u>	<u>\$ (258,912)</u>

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**FEDERAL AWARDS SECTION**

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**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***

To the Board of Trustees  
Cameron Independent School District  
Cameron, Texas

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 Cameron Independent School District (the District), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated November 30, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

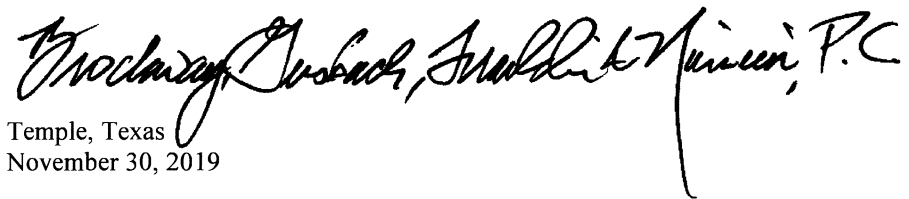
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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



**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***  
**(CONTINUED)**

**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.

  
Temple, Texas  
November 30, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees  
Cameron Independent School District  
Cameron, Texas

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

We have audited Cameron Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2019. The 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the 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 about the 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 the District's compliance.

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

In our opinion, the 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, 2019.

**Report on Internal Control Over Compliance**

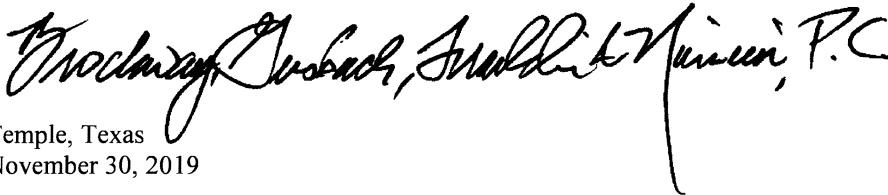
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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 the 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 the District's internal control over compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED THE UNIFORM GUIDANCE  
(CONTINUED)**

*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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Temple, Texas  
November 30, 2019

**CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

**I. Summary of Auditors' Results**

**A. Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes \_\_\_X\_\_\_ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_ Yes \_\_\_X\_\_\_ None reported

Noncompliance material to financial statements noted? \_\_\_ Yes \_\_\_X\_\_\_ No

**B. Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes \_\_\_X\_\_\_ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_ Yes \_\_\_X\_\_\_ None reported

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

Any audit findings disclosed that are required to be Reported in accordance with the 2 CFR 200.516(a)? \_\_\_ Yes \_\_\_X\_\_\_ No

Identification of Major Programs:

CFDA Number (s)	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster

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

Auditee qualified as low risk auditee? \_\_\_X\_\_\_ Yes \_\_\_ No

**CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

**II. Financial Statement Findings**

None

**III. Federal Award Findings and Questioned Costs**

<u>Program</u>	<u>Finding/ Noncompliance</u>	<u>Questioned Costs</u>
	NONE	

**CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2019**

Prior Year Findings:

Finding 2018-001

- Condition: The operating bank account was not able to be reconciled to the general ledger at various times throughout the year, including at August 31, 2018.
- Criteria: The District's Administrative Procedures Manual, Section 806, states that all bank accounts should be reconciled monthly.
- Cause of Condition: Bank account reconciliations were performed timely however instances of out-of-balance conditions occurred during several months, including the reconciliation at August 31, 2018. Changes to the bank reconciliation module of the accounting system during 2018 are suspected, in part, as the cause the out-of-balance conditions.
- Effect of Condition: Cash balances noted on the bank statements which do not reconcile to the general ledger indicate that one or more general ledger account balances may be misstated.
- Recommendation: Resolve instances of being out-of-balance in the bank account reconciliation process in a timely manner to ensure that account balances are not misstated.

Corrective Action Plan

Business Office personnel will continue to attend trainings offered by the Texas Association of School Business Officials (TASBO), the Region VI Service Center, and any other TASBO-sanctioned workshops. Special emphasis will be placed on end-of-year processes, specifically deferred revenues and payables, as a lack of knowledge and understanding in those areas was determined to have contributed to the reconciliation issues. To the extent possible, there will be one day designated each month to reconcile all bank statements and resolve any issues.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2019**

(1)	(2)	(3)	(4)	(5)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION</b>				
<u>Passed Through State Department of Education</u>				
ESEA, Title I, Part A - Improving Basic Programs	84.010A	S010A180043	\$ -	\$ 457,750
Career and Technical Education - Basic Grants	84.048A	V048A180043	-	25,135
Rural Education Achievement Program	84.358B	S358B180043	-	34,749
English Language Acquisition	84.365A		-	8,832
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	S367A180041	-	60,726
ESEA Title IV, Part A	84.424A	S424A180045		28,137
Summer School LEP	84.369A	S369A160045		1,252
Total Passed Through State Department of Education			-	616,581
<b>TOTAL DEPARTMENT OF EDUCATION</b>			-	616,581
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<u>Passed Through State Department of Agriculture</u>				
*School Breakfast Program	10.553	201919N109946	-	380,126
*National School Lunch Program	10.555	201919N109946	-	678,557
Total Child Nutrition Cluster			-	1,058,683
Commodity Supplemental Food Program	10.565		-	69,579
Total Passed Through the State Department of Agriculture			-	1,128,262
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			-	1,128,262
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 1,744,843

\*Clustered Programs

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2019**

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Cameron Independent School District under programs of the federal government for the year ended August 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cameron Independent School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cameron Independent School District.

**Note B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C – Indirect Cost Rate**

Cameron Independent School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Expenditures Reported:**

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 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, 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 and Agency Funds. This 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. During the current year, the District received the following funds which are not included in the Schedule of Expenditures of Federal Awards.

Total expenditures of Federal Awards	\$	1,744,843
Medicaid Reimbursement (SHARS)		321,187
		_____
Federal Revenues per Financial Statements	\$	2,066,030