

**CAMERON INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT FOR THE**  
**YEAR ENDED AUGUST 31, 2015**

**CAMERON INDEPENDENT SCHOOL DISTRICT  
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CERTIFICATE OF BOARD

Cameron Independent School District  
Name of School District

Milam  
County

166901  
Co.-District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2015 at a meeting of the Board of Trustees of such school district on the 14th day of December, 2015.

  
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)

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cameron Independent School District as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District's activities, each major fund, and the aggregate remaining fund information of the Cameron Independent School District, as of August 31, 2015, 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.

### **Change in Accounting Principle**

As discussed in Notes A(2)g and H to the financial statements, in 2015 the District adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5–12 and 60–61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The accompanying schedules of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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 in Exhibits identified in the Table of Contents as J-1 through J-5. 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.

*Kimmy Jackson & Associates, LLC*

Temple, Texas  
December 14, 2015

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended August 31, 2015**

This discussion and analysis of the Cameron Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2015. It should be read in conjunction with the District's financial statements, which begin on page 14 of this report.

**FINANCIAL HIGHLIGHTS**

- The District's total combined net position at August 31, 2015 were \$ 7,559,173.
- For the fiscal year ended August 31, 2015, the District's total expenses were \$ 4,422,050 more than the \$16,748,065 generated from ad valorem tax collections, State foundation program entitlements and other grants and miscellaneous revenues.
- The General Fund reported a fund balance of \$ 4,350,794 at August 31, 2015.
- The Debt Service Fund reported a fund balance of \$ 539,201 at August 31, 2015.
- The District had no current year audit findings.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of three parts - *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplemental Information*. The basic financial statements include two kinds of statements that present different views of the District.

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current period's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2015**

The two government-wide statements report the District's net position and how it has changed. Net position is the difference between the District's assets and liabilities and is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base, staffing patterns, enrollment and attendance.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration and plant operation and maintenance are included in *Governmental activities*. Locally assessed property taxes, together with State Foundation Program entitlements, which are based upon student enrollment and attendance, finance most of the government activities.

### **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's most significant *funds* - not the District as a whole. Funds are simply accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.
- The Board of Trustees establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain taxes and grants.
- Other funds are used to account for assets held by the District in a custodial capacity - these assets do not belong to the District but the District is responsible to properly account for them.

The District has the following kinds of funds:

- *Governmental Funds* - Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds* - the District serves as the trustee, *or fiduciary*, for certain funds such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.



**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2015**

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

The District's combined net position was \$ 7,559,173 at August 31, 2015. *Table 1* focuses on the net position while *Table 2* shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2015.

**Table 1  
Net Position**

Description	Governmental Activities		Total Percentage Change
	2015	2014	2014-2015
Current Assets	\$ 5,985,586	\$ 10,352,486	-42.18%
Capital Assets	25,120,590	22,070,436	13.82%
Total Assets	31,106,176	32,422,922	-4.06%
Deferred Outflows of Resources	998,701	-	
Current Liabilities	478,458	463,852	3.15%
Long-Term Liabilities	23,544,819	22,635,645	4.02%
Total Liabilities	24,023,277	23,099,497	4.00%
Deferred Inflows of Resources	522,427	-	
Net Position:			
Invested in Capital Assets	3,248,046	(565,209)	-674.66%
Restricted	1,535,541	5,545,408	-72.31%
Unrestricted	2,775,586	4,343,226	-36.09%
Total Net Position	\$ 7,559,173	\$ 9,323,425	-18.92%

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2015**

**Table 2  
Changes in Net Position**

Description	Governmental Activities		Total Percentage Change
	2015	2014	2015-2014
<b>Program Revenues</b>			
Charges for Service	\$ 272,143	\$ 267,350	1.79%
Operating Grants and Contributions	2,267,574	2,467,134	-8.09%
General Revenues -			
Property taxes	4,185,008	3,851,529	8.66%
State Foundation Program	9,717,182	9,249,724	5.05%
Investment Earnings	75,932	72,486	4.75%
Other Revenues	250,894	6,919	3526.16%
Total Revenues	16,768,733	15,915,142	5.36%
<b>Program Expenditures</b>			
Instruction	8,229,524	8,484,116	-3.00%
Instructional Resources and Media Services	208,290	208,532	-0.12%
Curriculum and Staff Development	223,141	218,091	2.32%
School Leadership	777,874	853,515	-8.86%
Guidance and Counseling	258,873	284,851	-9.12%
Health Services	118,684	128,143	-7.38%
Student Transportation	323,476	307,358	5.24%
Food Services	1,146,628	1,014,269	13.05%
Extracurricular Activities	1,458,365	1,206,811	20.84%
General Administration	764,858	664,218	15.15%
Plant Operating and Maintenance	1,359,976	1,174,984	15.74%
Security and Monitoring Services	15,544	11,933	30.26%
Data Processing Services	296,237	233,057	27.11%
Community Services	12,056	37,058	-67.47%
Interest on Debt	807,465	659,213	22.49%
Bond Issuance Costs and Fees	1,300	140,563	0.00%
Capital Outlay	122,857	-	0.00%
Payments Related to Shared Service Arrangements	472,870	468,462	0.94%
Total Expenses	16,598,018	16,095,175	3.12%
Increase(Decrease) in Net Position	\$ 170,715	\$ (180,033)	-194.82%

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2015**

**GOVERNMENTAL ACTIVITIES**

Revenues for the District increased by approximately \$ 243,975 or 5.36%, while expenses increased by approximately \$ 502,843 or 3.12%.

Significant factors affecting the increase of \$ 170,715 in net assets included:

- The District's M & O tax rate and I & S tax rate increased to \$1.04 and \$0.35, respectively per \$100 of assessed valuation for the 2015 fiscal year. The net result of a increase in total taxes assessed of \$7,186,803 increased collections totaling \$275,754 over the prior year.
- Charges for services earnings increased \$4,793 and state foundation program revenues increased \$467,458 while investments earnings increased \$ 3,446 and operating grants and contributions decreased \$199,560 for the fiscal year 2015 when compared to fiscal year 2014.
- For the fiscal year ended August 31, 2015, the District's instruction costs; instructional resources and media services; curriculum and staff development costs; guidance and counseling costs; food service costs; general administration costs; and plant operations and maintenance costs; security and monitoring services costs; for data processing services costs; debt service costs; facilities acquisitions and construction costs increased \$276,595, \$6,792 \$16,227, \$251,961, \$107,674, \$14,364, \$3,611, \$67,543, \$94,656, and \$3,388,502, respectively. The District also had decreased expenditures of \$19,366 for school leadership; \$2,425 for health services; \$139,155 for student transportation services; \$19,183 for extracurricular activities costs.

**COST OF DISTRICT'S FUNCTIONS**

The District records its expenses in various cost centers or "functions" in accordance with the requirements of the Texas Education Agency. *Table 3* presents the cost of each of the functions with the largest expense totals with that function's net costs (total cost less fees and grants that are directly attributable to that function). The net cost of each function reflects what was funded primarily from state foundation program and tax revenues.

**Table 3  
Total and Net Cost of Selected District Functions**

Description	Total Cost of Services		Net Cost of Services		
	2015	2014	2015	2014	% Change
Instruction	\$ 8,229,524	\$ 8,484,116	\$ 7,047,317	\$ 7,300,495	-3.47%
Food Service	1,146,658	1,014,269	124,916	(194,170)	-164.33%
Plant Main. And Operations	1,359,976	1,174,984	1,325,625	1,144,188	15.86%
Extracurricular Activities	1,458,365	1,206,811	1,307,085	1,075,606	21.52%
Interest on Long-Term Debt	807,465	659,213	807,465	659,213	22.49%
School Leadership	777,875	853,515	734,700	805,378	-8.78%

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2015**

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

At the close of the fiscal year ending August 31, 2015, the District's combined governmental funds (as presented in the balance sheet, Exhibit C-1 on page 17 of this report) reported a combined fund balance of \$ 5,380,363. This compares to a combined fund balance of \$ 9,802,411 at August 31, 2014.

**Budgetary Highlights**

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the General Fund, the Food Service Special Revenue Fund, and for the Debt Service Fund. Special Revenue Funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended August 31, 2015, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. There were material changes between the original budget and the final amended budget in functions 11, 41, 51, 53 and 81.

Actual revenues were greater than budgeted revenues by \$434,723 and actual expenditures were less than budgeted expenditures by \$ 317,403 for an overall positive budget variance of \$752,126.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost or valued (if donated) of an amount determined by the Board. During the fiscal year ended August 31, 2015 the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000, were not included in the capital assets inventory.

At August 31, 2015, the District had a total of \$44,450,029 invested in capital assets such as land, buildings, vehicles and equipment (*see Table 4*). This total includes \$5,002,773 invested during the fiscal year ended August 31, 2015.

*Table 4* shows the classifications of capital assets together with the District's accumulated cost and depreciation of those assets. More detailed information regarding the District's capital assets is presented on page 32 of the notes to the financial statements.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2015**

**Table 4  
Capital Assets and Depreciation**

Asset Description	Governmental Activities		Total Percentage Change
	1900	1900	2015-2014
Land	\$ 728,654	\$ 734,376	-0.78%
Buildings and Improvement	39,381,119	35,020,529	12.45%
Vehicles and Equipment	4,340,256	4,344,733	-0.10%
<b>Total Historic Cost</b>	<b>44,450,029</b>	<b>40,099,638</b>	<b>10.85%</b>
<b>Accumulated Depreciation</b>	<b>19,329,439</b>	<b>18,029,202</b>	<b>7.21%</b>
<b>Net Capital Assets</b>	<b>\$ 25,120,590</b>	<b>\$ 22,070,436</b>	<b>13.82%</b>

*Long-Term Debt*

At August 31, 2015, the District had three bond issues outstanding of which the unpaid principal totaled \$21,775,642. In addition, the district's debt includes \$61,358 for the lease of copiers.

Table 5 summarizes the District's outstanding debt at August 31, 2015. More detailed information regarding the District's debt obligations is presented on page 33 of the notes to the financial statements.

**Table 5  
Analysis of Debt**

Description of Debt Outstanding	Governmental Activities		Total Percentage Change
	2015	2014	2015-2014
Bonds Payable	\$ 21,775,642	\$ 22,115,000	-1.53%
Copier Note Payable	61,358	80,003	-23.31%
<b>Total Debt Outstanding</b>	<b>\$ 21,837,000</b>	<b>\$ 22,195,003</b>	<b>-1.61%</b>

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2015**

**ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGET**

**Economic Factors**

The following factors were considered in establishing the District's budget for 2015-2016:

- Student population is expected to remain constant with a slight increase during 2015-2016 with the population increase being in the elementary grades. The overall population is expected to remain just over 1,681 total students.
- The certified tax appraisal rolls for 2015-2016 had a freeze adjusted taxable value of \$273,200,739, an increase of \$10,186,776 from the appraisal values of the previous year. This represents an increase of 4% from the previous year.
- The approved tax rates for M&O and I&S during the 2015-2016 tax year will be \$1.04 and \$.35 respectively. The overall tax rate of \$1.39 will remain constant for the 2015-2016 school year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students and creditors with a general fund overview of the District's finances and to demonstrate the District's commitment to accountability for the money it receives. If you have questions about this report or need additional information, contact Allan Sapp, Superintendent at (254) 697-3512.

**BASIC FINANCIAL STATEMENTS**

CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2015

EXHIBIT A-1

Data Control Codes	Primary Government  Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 5,525,004
1220 Property Taxes Receivable (Delinquent)	231,871
1230 Allowance for Uncollectible Taxes	(69,561)
1240 Due from Other Governments	298,271
Capital Assets:	
1510 Land	728,654
1520 Buildings, Net	22,566,604
1530 Furniture and Equipment, Net	1,825,332
1000 Total Assets	31,106,176
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS	998,701
1700 Total Deferred Outflows of Resources	998,701
<b>LIABILITIES</b>	
2110 Accounts Payable	186,717
2140 Interest Payable	35,545
2150 Payroll Deductions & Withholdings	(2,772)
2160 Accrued Wages Payable	222,786
2190 Due to Student Groups	36,182
Noncurrent Liabilities	
2501 Due Within One Year	988,645
2502 Due in More Than One Year	20,848,355
2540 Net Pension Liability (District's Share)	1,707,819
2000 Total Liabilities	24,023,277
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS	522,427
2600 Total Deferred Inflows of Resources	522,427
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	1,575,771
3820 Restricted for Federal and State Programs	50,838
3850 Restricted for Debt Service	998,645
3860 Restricted for Capital Projects	231,644
3870 Restricted for Campus Activities	36,182
3890 Restricted for Other Purposes	218,232
3900 Unrestricted	4,447,861
3000 Total Net Position	\$ 7,559,173

The notes to the financial statements are an integral part of this statement.



CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
		Expenses	3 Charges for Services	4 Operating Grants and Contributions
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
11 Instruction	\$ 8,229,524	\$ -	\$ 1,182,207	\$ (7,047,317)
12 Instructional Resources and Media Services	208,290	-	8,994	(199,296)
13 Curriculum and Staff Development	223,141	-	26,887	(196,254)
23 School Leadership	777,875	-	43,175	(734,700)
31 Guidance, Counseling and Evaluation Services	258,603	-	16,072	(242,531)
33 Health Services	118,684	-	8,025	(110,659)
34 Student (Pupil) Transportation	323,746	-	13,599	(310,147)
35 Food Services	1,146,628	141,905	879,807	(124,916)
36 Extracurricular Activities	1,458,365	130,238	21,042	(1,307,085)
41 General Administration	764,858	-	21,773	(743,085)
51 Facilities Maintenance and Operations	1,359,976	-	34,351	(1,325,625)
52 Security and Monitoring Services	15,544	-	-	(15,544)
53 Data Processing Services	296,237	-	8,446	(287,791)
61 Community Services	12,056	-	3,196	(8,860)
72 Debt Service - Interest on Long Term Debt	807,465	-	-	(807,465)
73 Debt Service - Bond Issuance Cost and Fees	1,300	-	-	(1,300)
81 Capital Outlay	122,857	-	-	(122,857)
93 Payments related to Shared Services Arrangements	472,870	-	-	(472,870)
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 16,598,018</b>	<b>\$ 272,143</b>	<b>\$ 2,267,574</b>	<b>(14,058,301)</b>

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		3,265,297
DT	Property Taxes, Levied for Debt Service		919,711
GC	Grants and Contributions not Restricted		9,717,182
IE	Investment Earnings		75,932
MI	Miscellaneous Local and Intermediate Revenue		250,894
TR	<b>Total General Revenues</b>		<b>14,229,016</b>
CN	Change in Net Position		170,715
NB	Net Position - Beginning		9,323,425
PA	Prior Period Adjustment		(1,934,967)
NE	Net Position--Ending		<b>\$ 7,559,173</b>

The notes to the financial statements are an integral part of this statement.

CAMERON INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 4,458,995	\$ 539,200	\$ 231,644
1220 Property Taxes - Delinquent	182,906	48,965	-
1230 Allowance for Uncollectible Taxes (Credit)	(54,872)	(14,689)	-
1240 Receivables from Other Governments	298,271	-	-
1260 Due from Other Funds	259	-	-
1000 Total Assets	<u>\$ 4,885,559</u>	<u>\$ 573,476</u>	<u>\$ 231,644</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 186,717	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	(2,772)	-	-
2160 Accrued Wages Payable	222,786	-	-
2170 Due to Other Funds	-	-	-
2190 Due to Student Groups	-	-	-
2000 Total Liabilities	<u>406,731</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	128,034	34,275	-
2600 Total Deferred Inflows of Resources	<u>128,034</u>	<u>34,275</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	539,201	-
Committed Fund Balance:			
3510 Construction	-	-	231,644
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3600 Unassigned Fund Balance	4,350,794	-	-
3000 Total Fund Balances	<u>4,350,794</u>	<u>539,201</u>	<u>231,644</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,885,559</u>	<u>\$ 573,476</u>	<u>\$ 231,644</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 295,165	\$ 5,525,004
-	231,871
-	(69,561)
-	298,271
-	259
<u>\$ 295,165</u>	<u>\$ 5,985,844</u>
\$ -	\$ 186,717
-	(2,772)
-	222,786
259	259
36,182	36,182
<u>36,441</u>	<u>443,172</u>
-	162,309
<u>-</u>	<u>162,309</u>
40,837	40,837
-	539,201
-	231,644
217,887	217,887
-	4,350,794
<u>258,724</u>	<u>5,380,363</u>
<u>\$ 295,165</u>	<u>\$ 5,985,844</u>

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

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 5,380,363</b>
<b>1</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$40,099,639 and the accumulated depreciation was (\$18,029,202). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.	(620,629)
<b>2</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to decrease net position.	5,690,522
<b>3</b> Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$1,707,819, a Deferred Resource Inflow related to TRS in the amount of \$522,427 and a Deferred Resource Outflow related to TRS in the amount of \$250,305. This amounted to a decrease in Net Position in the amount of \$1,231,545.	(1,231,545)
<b>4</b> The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,821,847)
<b>5</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	162,309
<b>19 Net Position of Governmental Activities</b>	<b>\$ 7,559,173</b>

The notes to the financial statements are an integral part of this statement.

CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 3,558,761	\$ 1,053,513	\$ -
5800 State Program Revenues	9,641,799	642,205	-
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	<u>13,200,560</u>	<u>1,695,718</u>	<u>-</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	7,302,606	-	-
0012 Instructional Resources and Media Services	163,490	-	-
0013 Curriculum and Instructional Staff Development	225,589	-	-
0023 School Leadership	807,960	-	-
0031 Guidance, Counseling and Evaluation Services	295,517	-	-
0033 Health Services	123,376	-	-
0034 Student (Pupil) Transportation	254,273	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	892,827	-	-
0041 General Administration	771,892	-	-
0051 Facilities Maintenance and Operations	1,397,955	-	-
0052 Security and Monitoring Services	15,544	-	-
0053 Data Processing Services	269,083	-	-
0061 Community Services	12,828	-	-
<b>Debt Service:</b>			
0071 Principal on Long Term Debt	-	386,157	-
0072 Interest on Long Term Debt	-	1,239,828	-
0073 Bond Issuance Cost and Fees	-	1,300	-
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	254,262	-	4,276,298
<b>Intergovernmental:</b>			
0093 Payments to Fiscal Agent/Member Districts of SSA	472,870	-	-
6030 Total Expenditures	<u>13,260,072</u>	<u>1,627,285</u>	<u>4,276,298</u>
1200 Net Change in Fund Balances	(59,512)	68,433	(4,276,298)
0100 Fund Balance - September 1 (Beginning)	<u>4,410,306</u>	<u>470,768</u>	<u>4,507,942</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 4,350,794</u>	<u>\$ 539,201</u>	<u>\$ 231,644</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 151,035	\$ 4,763,309
217,317	10,501,321
<u>1,483,435</u>	<u>1,483,435</u>
<u>1,851,787</u>	<u>16,748,065</u>
780,089	8,082,695
-	163,490
18,065	243,654
-	807,960
-	295,517
-	123,376
-	254,273
1,195,008	1,195,008
-	892,827
-	771,892
-	1,397,955
-	15,544
-	269,083
13,298	26,126
-	386,157
-	1,239,828
-	1,300
-	4,530,560
-	472,870
<u>2,006,460</u>	<u>21,170,115</u>
(154,673)	(4,422,050)
<u>413,397</u>	<u>9,802,413</u>
<u>\$ 258,724</u>	<u>\$ 5,380,363</u>

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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, 2015

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(4,422,050)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and debt principal payments is to decrease net position.		6,236,087
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(1,821,847)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		20,668
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2014 caused the change in the ending net position to increase in the amount of \$861,279. The District recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. The amounts expensed for FY2015 were \$265,294 for pension expense columns 6 - 12 from TRS data and the amounts de-expended for the net deferred resource inflow recognized by TRS in the measurement period were \$107,437. This caused a net decrease in the change in net position of \$295,279. The impact of all of these is to increase the change in net position by \$157,857.		157,857
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>170,715</b>

The notes to the financial statements are an integral part of this statement.

CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2015

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	Agency Fund
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 56,481
Total Assets	<u>\$ 56,481</u>
<b>LIABILITIES</b>	
Due to Student Groups	\$ 56,481
Total Liabilities	<u>\$ 56,481</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

**A. Summary of Significant Accounting Policies**

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

**1. Reporting Entity**

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, The Financial Reporting Entity, as revised by GASB Statement No. 39, and there are no component units included within the reporting entity.

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

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

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

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

The District reports the following major governmental funds:

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

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

In addition, the District reports the following fund types:

**Special Revenue Funds:** These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Debt Service Fund:** This fund is used to account for tax revenues and for the payment of principal, interest and related costs on long-term debt for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

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

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

b. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

3. Financial Statement Amounts

a. Property Taxes

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

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

b. Inventories and Prepaid Items

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

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

Asset Class	Estimated Useful Lives
Buildings	25
Building Improvements	20
Vehicles	10
Equipment	3-15

d. Receivable and Payable Balances

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

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

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

e. Interfund Activity

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

f. Use of Estimates

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

g. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

h. Fund Balance, the difference between assets and liabilities in the governmental fund balance sheet, shall be organized unto the following classifications:

1. Nonspendable – Not in a spendable form, such as inventory, or required to be maintained intact such as the principal of a permanent fund.
2. Restricted – Resources that are subject to constraints that are either imposed by law through constitutional provisions or enabling legislation, or externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.
3. Committed – Amounts that can only be used for specific purposes determined by formal approval of the Board. These amounts shall not be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it used to commit the amounts.
4. Assigned – Amounts that the District intends to use for a specific purpose and are neither restricted nor committed. The intent to assign amounts for a specific purpose shall be expressed by either the Board or the Superintendent.
5. Unassigned – The residual classification for the general fund balance, including amounts that are not contained in the other classifications. Unassigned amounts are the portion of fund balance that is not obligated or specifically designated and is available for any purpose.

The Board authorizes the Superintendent to assign amounts to appropriate fund balance classifications.

The District's annual target for the general fund shall be an unassigned fund balance of not less than two months projected budgeted expenditures for the current year.

When the District incurs an expense for which it may use restricted, committed, assigned, or unassigned assets, the District shall reduce restricted, committed, and assigned assets first, in that order, unless assets would have to be returned because they were not used.

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

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

**B. Deposits and Investments**

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

**1. Cash Deposits:**

At August 31, 2015, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,581,487 and the bank balance was \$5,816,796. The District's cash deposits at August 31, 2015 and during the year ended August 31, 2015, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

**2. Investments:**

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District had no investments that met these criteria at August 31, 2015.

**3. Analysis of Specific Deposit and Investment Risks**

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

**a. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.



**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

**C. Capital Assets**

Capital asset activity for the year ended August 31, 2015, was as follows:

	Beginning Balances	Additions	Disposals	Ending Balances
Governmental activities:				
Land	\$ 734,376		\$ 5,722	\$ 728,654
Buildings and Improvements	35,020,529	4,413,064	52,474	39,381,119
Equipment & Vehicles	4,344,733	589,709	594,186	4,340,256
Totals at Historic Costs	40,099,638	5,002,773	652,382	44,450,029
Less Accumulated Depreciation for:				
Buildings and Improvements	(15,406,867)	(1,455,088)	47,440	(16,814,515)
Furniture and Equipment	(2,622,335)	(366,759)	474,170	(2,514,924)
Total Accumulated Depreciation	(18,029,202)	(1,821,847)	521,610	(19,329,439)
Governmental Activities Capital Assets, Net	\$ 22,070,436	\$ 3,180,926	\$ 1,173,992	\$ 25,120,590

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 718,236
Instructional Resources and Media Services	51,834
Curriculum Development	589
School Leadership	26,189
Guidance, Counseling & Evaluation Services	5,561
Health Services	2,342
Student (Pupil) Transportation	99,383
Food Services	150,515
Cocurricular/Extracurricular Activities	563,960
General Administration	-
Facilities Maintenance and Operations	146,778
Data Processing Services	56,460
Total Depreciation Expense	<u>\$ 1,821,847</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

**D. Interfund Balances and Activities**

1. There were no Interfund balances at August 31, 2015.

The purpose of interfund balances are mainly to account for temporary cash shortages and the amounts are anticipated to be repaid in the next fiscal year.

**E. Long-Term Obligations**

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2015, are as follows:

	Original Issue	Beginning Balance	Net Changes	Ending Balance	Amounts Due Within One Year
<b><u>Governmental Activities: Bonds</u></b>					
Refunding Bonds, Series 2006	7,095,000	4,480,000	(365,000)	4,115,000	380,000
Premium Capital Appreciation Bonds	895,000	411,194	(415,000)	-	-
Current Interest Bonds	12,200,000	11,885,000	-	11,885,000	415,000
Building Bonds, Series 2014		5,335,000	-	5,335,000	175,000
Unamortized Premium/Discount		440,642	-	440,642	
Copier Non-Capital Lease	-	80,003	(18,645)	61,358	18,645
<b>Total Governmental Activities</b>	<b>\$ 35,790,000</b>	<b>\$ 22,631,839</b>	<b>\$ (798,645)</b>	<b>\$ 21,837,000</b>	<b>\$ 988,645</b>
Accretion of interest on CABs				-	
<b>Totals</b>				<b>21,837,000</b>	

Bonded indebtedness of the District reflected in the general long-term debt and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. These bonds were issued as school building bonds or refunding bonds and the interest rates on the bonds ranged from 3.50% to 5.00%. Interest expense was \$845,984 for the year ended August 31, 2015.

Also included in the table presented above, the district has a note payable to Wells Fargo for the lease of the district copying machines original issue amount of \$97,066. This note payable is accounted for in the General Fund. The interest rate for the note is 4.6% which equates to \$4,875 for the year ended August 31, 2015. The principal due within one year on this note will be \$18,645.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2015, are as follows:

<u>Year Ending August 31.</u>	Governmental Activities		Total
	Principal	Interest	
2016	970,000	807,588	\$ 1,777,588
2017	1,000,000	776,150	\$ 1,776,150
2018	1,035,000	741,150	\$ 1,776,150
2019	1,075,000	702,025	\$ 1,777,025
2020	1,115,000	660,850	\$ 1,775,850
2021-2025	6,135,000	2,613,200	\$ 8,748,200
2026-2030	6,855,000	1,337,100	\$ 8,192,100
2031-2032	3,150,000	127,200	\$ 3,277,200
<b>Totals</b>	<b>\$ 21,335,000</b>	<b>\$ 7,765,263</b>	<b>\$ 29,100,263</b>

The above principal amount does not include accrued interest on debt.

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2015, there are no outstanding balances of bond issues that have been refunded and defeased in-substance.

F. Commitments Under Non-capitalized Leases

The District had no future commitments under operating (noncapitalized) lease agreements for facilities and equipment as of August 31, 2015.

<u>Year Ending August 31.</u>	Notes Payable		Total
	Principal	Interest	
2016	19,521	2,414	21,935
2017	20,438	1,497	21,935
2018	21,398	537	21,935
<b>Totals</b>	<b>\$ 61,358</b>	<b>\$ 4,448</b>	<b>\$ 65,805</b>

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

**G. Risk Management**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2015, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**H. Pension Plan**

**1. Plan Description**

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan that has a special funding situation. TRS's defined benefit pension plan is established and administered in accordance with Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 410(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

**2. Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2014.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 159,496,075,886
Less: Plan Fiduciary Net Position	<u>(132,779,243,085)</u>
Net Pension Liability	<u>\$ 26,716,832,801</u>
 Net Position as percentage of Total Pension Liability	 83.25%

**3. Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement age is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

4. Contributions

Contribution requirements are established or amended pursuant 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 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 Governemnt Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5 % contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

Contribution Rates and Contribution Amounts

Year	Member		State		Statutory Minimum Amount
	Rate	Amount	Rate	Amount	
2015	6.70%	594,891	6.80%	532,739	89,994
2014	6.40%	551,014	6.80%	585,452	89,870
2013	6.40%	530,419	6.40%	553,128	74,879

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

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

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

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**5. Actuarial Assumptions**

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

Valuation Date	August 13, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

\*Includes Inflation of 3%

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

**6. Discount Rate**

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

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

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

**7. Discount Rate Sensitivity Analysis**

The following schedule presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9%) than the current rate.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
CISD's proportionate share of the net pension liability:	\$ 3,051,769	\$1,707,819	\$702,795

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

At August 31, 2014, the District reported a liability of \$1,707,819 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 1,707,819
State's proportionate share that is associated with District	<u>\$ 4,516,526</u>
<b>Total</b>	<u>\$ 6,224,345</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion



**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

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, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.000063936%.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/14.

For the year ended August 31, 2014 the District recognized pension expense of \$162,095 and revenue of \$162,095 for support provided by the State.

At August 31, 2014, 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	\$ 26,412	\$ -
Changes in actuarial assumptions	111,010	-
Difference between projected and actual investment earnings	-	521,979
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	448
Contributions paid to TRS subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$137,422</u>	<u>\$522,427</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 ended August 31:	Pension Expense Amount
2016	\$107,387
2017	\$107,387
2018	\$107,387
2019	\$23,108
2020	\$21,435
Thereafter	\$21,435

At August 31, 2015, the District reported Deferred Resource Outflows and Deferred Resource Inflows for the TRS pension plan as follows:

	Deferred Outflows of Resources	Deferred Inflows Resources
Total net amounts as of August 31, 2014 Measurement Date	\$ 137,422	\$522,427
Contributions made subsequent to the Measurement Date	\$ 861,279	-
Reported by District as of August 31, 2015	\$ 988,701	\$ 522,427

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

**I. Retiree Health Care Plan**

**1. Plan Description**

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

**2. Funding Policy**

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2015-2013.

Year	Contribution Rates					
	<u>Member</u>		<u>State</u>		<u>School District</u>	
	Rate	Amount	Rate	Amount	Rate	Amount
2015	0.65%	55,957	1.00%	86,088	0.55%	47,349
2014	0.65%	58,456	1.00%	89,931	0.55%	49,463
2013	0.65%	59,597	1.00%	91,688	0.55%	50,428

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$48,834, \$47,352, and \$45,583, respectively.

**J. Employee Health Care Coverage**

During the year ended August 31, 2015, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable September 1, 2015, and terms of coverage and premium costs are included in the contractual provisions.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

**K. Commitments and Contingencies**

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2015.

**L. Shared Services Arrangements**

Shared Services Arrangement - Fiscal Agent  
Cameron ISD is not a fiscal agent for any shared service arrangements.

**Shared Services Arrangement - Membership**

The District participates in the Burleson-Milam Special Services Cooperative which is a shared services arrangement (SSA) for resource education services. This SSA includes nine participating independent school districts 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.

Program	CFDA Number	District Value
Local	---	\$ 108,802
State - SSVI*	---	225
IDEA-B, Formula	84.027A	330,391
IDEA-B, Preschool	84.173A	-
	Total	<u>\$ 439,418</u>

\* SSVI- Visually Impaired Funds

The expenditures under the above programs were classified as follows:

Classifications	Amount
6100 - Payroll Costs	\$ 325,688
6200 - Contracted Services	78,392
6300 - Supplies and Materials	19,175
6400 - Other operating Costs	16,163
6500 - Debt Service	-
6600 - Capital Outlay	-
	<u>\$ 439,418</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2015**

The District participates in a shared services arrangement for the improvement of the education of limited English proficient children funded under ESEA, Title III, Part A English Language Acquisition and Language Enhancement. The District neither has a joint ownership interest on fixed assets purchased by the fiscal agent, Education Service Center – Region VI, nor does the District have net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for part of the financial activities of the shared services arrangement.

**M. Worker's Compensation**

During the year ended August 31, 2015, the Cameron Independent School District participated in a self funded worker compensation program. Contributions were paid to a third party administrator, acting on behalf of the self funded pool. The contract between the Cameron Independent School District and the third party administrator is renewable September 1, 2015, and terms of coverage and contribution costs are included in the contractual provisions.

In accordance with state statutes, the District was protected against unanticipated catastrophic individual or aggregate loss by reinsurance coverage carried through Midwest Employees. Reinsurance coverage was in effect for individual claims exceeding \$500,000 and for aggregate claims with a statutory limit of \$5,000,000. Claims Administrative Services, Inc. reported that the District had no unpaid claims at August 31, 2015.

**N. Unemployment Compensation**

During the year ended August 31, 2015, Cameron ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Governmental Code. The Fund--Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Governmental Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2015, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

**O. Evaluation of Subsequent Events**

The District has evaluated subsequent events through December 14, 2015, the date which the financial statements were available to be issued.

**P. Prior Period Adjustment**

During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District must assume their proportionate share of the Net Pension Liability of the Teachers Retirement System of Texas. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is (\$1,934,967). The restated beginning net position is \$7,388,458.

**REQUIRED SUPPLEMENTARY INFORMATION**

CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2015

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	\$ 3,281,500	\$ 3,281,500	\$ 3,558,761	\$ 277,261
5800	State Program Revenues	9,484,337	9,484,337	9,641,799	157,462
5020	Total Revenues	12,765,837	12,765,837	13,200,560	434,723
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	7,445,350	7,315,350	7,302,606	12,744
0012	Instructional Resources and Media Services	168,920	168,920	163,490	5,430
0013	Curriculum and Instructional Staff Development	208,875	228,875	225,589	3,286
0023	School Leadership	827,280	827,280	807,960	19,320
0031	Guidance, Counseling and Evaluation Services	305,300	305,300	295,517	9,783
0033	Health Services	142,800	142,800	123,376	19,424
0034	Student (Pupil) Transportation	263,400	275,400	254,273	21,127
0036	Extracurricular Activities	838,050	912,050	892,827	19,223
0041	General Administration	699,600	773,600	771,892	1,708
0051	Facilities Maintenance and Operations	1,101,000	1,431,000	1,397,955	33,045
0052	Security and Monitoring Services	16,700	16,700	15,544	1,156
0053	Data Processing Services	240,700	287,700	269,083	18,617
0061	Community Services	17,500	17,500	12,828	4,672
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	380,000	254,262	125,738
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	485,000	495,000	472,870	22,130
6030	Total Expenditures	12,760,475	13,577,475	13,260,072	317,403
1200	Net Change in Fund Balances	5,362	(811,638)	(59,512)	752,126
0100	Fund Balance - September 1 (Beginning)	4,410,306	4,410,306	4,410,306	-
3000	Fund Balance - August 31 (Ending)	\$ 4,415,668	\$ 3,598,668	\$ 4,350,794	\$ 752,126

**CAMERON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**AUGUST 31, 2015**

**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.

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, 2015

EXHIBIT G-6

	2015
District's Proportion of the Net Pension Liability (Asset)	0.000063936%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,707,819
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	2,097,062
Total	\$ 3,804,881
District's Covered-Employee Payroll	\$ 8,609,608
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-Employee Payroll	19.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

Note: GASB 68, 81,2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2014 - the period from September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASBS #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."



CAMERON INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2015

EXHIBIT G-7

	2015
Contractually Required Contribution	\$ 861,279
Contribution in Relation to the Contractually Required Contribution	(861,279)
Contribution Deficiency (Excess)	\$ -0-
District's Covered-Employee Payroll	\$ 8,878,985
Contributions as a Percentage of Covered-Employee Payroll	9.70%

Note: GASB 68, Paragraph 81,2,b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASBS #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."

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**COMBINING SCHEDULES**

CAMERON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2015

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ 220,684	\$ 17,234	\$ -
1000	Total Assets	<u>\$ -</u>	<u>\$ 220,684</u>	<u>\$ 17,234</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
2170	Due to Other Funds	\$ -	\$ -	\$ -	\$ -
2190	Due to Student Groups	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	25,614	15,223	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	195,070	2,011	-
3000	Total Fund Balances	<u>-</u>	<u>220,684</u>	<u>17,234</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 220,684</u>	<u>\$ 17,234</u>	<u>\$ -</u>

255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	409 High School Completion and Success	410 State Textbook Fund	429 Ready to Read Grant	461 Campus Activity Funds	482 PAC Foundation Grant
\$ -	\$ -	\$ -	\$ -	\$ 21,065	\$ -	\$ 36,182	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,065</u>	<u>\$ -</u>	<u>\$ 36,182</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 259	\$ -	\$ -	\$ -
-	-	-	-	-	-	36,182	-
-	-	-	-	259	-	36,182	-
-	-	-	-	-	-	-	-
-	-	-	-	20,806	-	-	-
-	-	-	-	20,806	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,065</u>	<u>\$ -</u>	<u>\$ 36,182</u>	<u>\$ -</u>

CAMERON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2015

Data Control Codes	483 Cameron Educator Grant	484 Centex Workforce Grant	486 Austin Food Bank Grant	Total Nonmajor Governmental Funds	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 295,165
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,165</u>
<b>LIABILITIES</b>					
2170	Due to Other Funds	\$ -	\$ -	\$ -	\$ 259
2190	Due to Student Groups	-	-	-	36,182
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,441</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	40,837
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	217,887
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,724</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,165</u>

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CAMERON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ 147,496	\$ 129	\$ -
5800 State Program Revenues	-	5,187	-	-
5900 Federal Program Revenues	447,494	848,743	8,861	23,438
5020 Total Revenues	<u>447,494</u>	<u>1,001,426</u>	<u>8,990</u>	<u>23,438</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	443,036	-	-	22,663
0013 Curriculum and Instructional Staff Development	2,077	-	-	775
0035 Food Services	-	1,171,013	6,979	-
0061 Community Services	2,381	-	-	-
6030 Total Expenditures	<u>447,494</u>	<u>1,171,013</u>	<u>6,979</u>	<u>23,438</u>
1200 Net Change in Fund Balance	-	(169,587)	2,011	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>390,271</u>	<u>15,223</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 220,684</u>	<u>\$ 17,234</u>	<u>\$ -</u>



255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	409 High School Completion and Success	410 State Textbook Fund	429 Ready to Read Grant	461 Campus Activity Funds	482 PAC Foundation Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,410
-	-	-	20,954	168,934	226	-	-
114,327	9,315	31,257	-	-	-	-	-
<u>114,327</u>	<u>9,315</u>	<u>31,257</u>	<u>20,954</u>	<u>168,934</u>	<u>226</u>	<u>-</u>	<u>3,410</u>
102,340	6,089	31,257	20,954	148,128	226	-	-
11,987	3,226	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	10,917
<u>114,327</u>	<u>9,315</u>	<u>31,257</u>	<u>20,954</u>	<u>148,128</u>	<u>226</u>	<u>-</u>	<u>10,917</u>
-	-	-	-	20,806	-	-	(7,507)
-	-	-	-	-	-	-	7,507
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAMERON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	483 Cameron Educator Grant	484 Centex Workforce Grant	486 Austin Food Bank Grant	Total Nonmajor Governmental Funds	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 151,035
5800	State Program Revenues	-	5,000	17,016	217,317
5900	Federal Program Revenues	-	-	-	1,483,435
5020	Total Revenues	<u>-</u>	<u>5,000</u>	<u>17,016</u>	<u>1,851,787</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	396	5,000	-	780,089
0013	Curriculum and Instructional Staff Development	-	-	-	18,065
0035	Food Services	-	-	17,016	1,195,008
0061	Community Services	-	-	-	13,298
6030	Total Expenditures	<u>396</u>	<u>5,000</u>	<u>17,016</u>	<u>2,006,460</u>
1200	Net Change in Fund Balance	(396)	-	-	(154,673)
0100	Fund Balance - September 1 (Beginning)	<u>396</u>	<u>-</u>	<u>-</u>	<u>413,397</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,724</u>

**TEA REQUIRED SCHEDULES**

CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2015

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2006 and prior years	Various	Various	\$ Various
2007	1.290000	0.290000	258,487,658
2008	1.040000	0.300000	257,466,601
2009	1.040000	0.300000	270,473,196
2010	1.040000	0.270000	276,174,127
2011	1.040000	0.300000	249,705,919
2012	1.040000	0.300000	254,853,505
2013	1.040000	0.300000	294,157,324
2014	1.040000	0.280000	266,013,936
2015 (School year under audit)	1.040000	0.350000	419,609,216
1000 TOTALS			

(10) Beginning Balance 9/1/2014	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2015
\$ 29,719	\$ -	\$ 420	\$ 112	\$ (6,757)	\$ 22,430
7,349	-	436	116	401	7,198
7,124	-	358	95	297	6,968
8,668	-	288	77	176	8,479
10,385	-	2,243	596	2,238	9,784
13,698	-	3,958	1,052	3,487	12,175
19,422	-	5,888	1,565	3,935	15,904
28,036	-	11,569	3,075	6,365	19,757
77,946	-	53,108	14,117	19,022	29,743
-	4,140,229	3,170,907	894,358	24,469	99,433
<u>\$ 202,347</u>	<u>\$ 4,140,229</u>	<u>\$ 3,249,175</u>	<u>\$ 915,163</u>	<u>\$ 53,633</u>	<u>\$ 231,871</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, 2015

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	\$ 165,000	\$ 165,000	\$ 147,496	\$ (17,504)
5800 State Program Revenues	5,000	5,000	5,187	187
5900 Federal Program Revenues	870,300	870,300	848,743	(21,557)
5020 Total Revenues	1,040,300	1,040,300	1,001,426	(38,874)
<b>EXPENDITURES:</b>				
0035 Food Services	1,179,400	1,179,400	1,171,013	8,387
6030 Total Expenditures	1,179,400	1,179,400	1,171,013	8,387
1200 Net Change in Fund Balances	(139,100)	(139,100)	(169,587)	(30,487)
0100 Fund Balance - September 1 (Beginning)	390,271	390,271	390,271	-
3000 Fund Balance - August 31 (Ending)	\$ 251,171	\$ 251,171	\$ 220,684	\$ (30,487)

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, 2015

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	\$ 1,004,200	\$ 1,004,200	\$ 1,053,513	\$ 49,313
5800	State Program Revenues	705,640	705,640	642,205	(63,435)
5020	Total Revenues	1,709,840	1,709,840	1,695,718	(14,122)
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	1,636,000	386,157	386,157	-
0072	Interest on Long Term Debt	-	1,239,843	1,239,828	15
0073	Bond Issuance Cost and Fees	-	5,000	1,300	3,700
6030	Total Expenditures	1,636,000	1,631,000	1,627,285	3,715
1200	Net Change in Fund Balances	73,840	78,840	68,433	(10,407)
0100	Fund Balance - September 1 (Beginning)	470,768	470,768	470,768	-
3000	Fund Balance - August 31 (Ending)	\$ 544,608	\$ 549,608	\$ 539,201	\$ (10,407)

**FEDERAL AWARDS SECTION**



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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, as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise Cameron Independent School District's basic financial statements, and have issued our report thereon dated December 14, 2015.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Kimmy Jackson & Associates, LLC*

Temple, Texas

December 14, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

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

We have audited the Cameron Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Cameron Independent School District's major federal programs for the year ended August 31, 2015. Cameron Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs, if applicable.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Cameron Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Cameron Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Cameron Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs, if applicable. Our opinion on each major federal program is not modified with respect to these matters.

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

#### **Report on Internal Control over Compliance**

Management of the Cameron Independent School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cameron Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Cameron Independent School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Kimmy Jackson & Associate, LLC*

Temple, Texas

December 14, 2015

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

**I. Summary of Auditors' Results**

**A. Financial Statements**

Type of auditor's report issued: Unqualified

Internal Control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are Not considered to be material weaknesses?  Yes  No None reported
- Noncompliance material to financial statements noted?  Yes  No

**B. Federal Awards**

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  Yes  No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program
84.367A	Title II, Part A Teacher & Principal Training and Rec

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low risk auditee?  Yes  No

**II. Financial Statement Findings**

NONE

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

**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, 2014**

**Prior Year Findings:**

There were no prior year findings.

**Corrective Action Taken:**

No corrective action plan was required for the current year.

CAMERON INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2015

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	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 Career and Technical - Basic Grant	84.010A 84.048	S010A140043 V048A140043	\$ 447,494 23,438
ESEA, Title VI, Part B - Rural & Low Income Prog. Title III, Part A - English Language Acquisition	84.358B 84.365A	S358B140043 14671001236950	31,257 9,315
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	S367A140041	114,327
Total Passed Through State Department of Education			\$ 625,831
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			\$ 625,831
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		\$ 277,896
*National School Lunch Program - Cash Assistance	10.555		515,249
*National School Lunch Prog. - Non-Cash Assistance	10.555		55,598
Total CFDA Number 10.555			570,847
Total Child Nutrition Cluster			848,743
Total Passed Through the State Department of Agriculture			\$ 848,743
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			\$ 848,743
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 1,474,574

\*Clustered Programs



**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2014**

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 and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types 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. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.
4. CFDA number 10.550 pertained to food commodities distributed by USDA under the following categorical programs (as applicable): the National School Lunch Program (CFDA 10.555), the Child and Adult Care Food Program (CFDA 10.558), the Summer Food Service Program (CFDA 10.559), the Commodity Supplemental Food Program (CFDA 10.565). USDA deleted this number (10.550) from the CFDA on May 6, 2008. The audit covering Cameron ISD will therefore identify commodity assistance by the CFDA numbers of the programs under which the USDA donated the commodities.

**SCHOOLS FIRST QUESTIONNAIRE**

Cameron Independent School District

Fiscal Year 2015

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	No
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$40,495
SF11	Net Pension Assets (1920) at fiscal year-end.	0
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$1,707,819
SF13	Pension Expense (6147) at fiscal year-end.	\$157,857