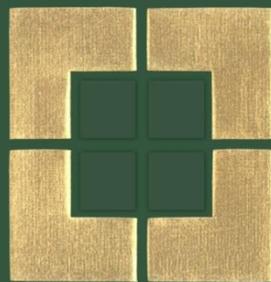


**Cameron
Independent School District**

August 31, 2016

Financial Statements



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

CERTIFIED PUBLIC ACCOUNTANTS

CAMERON INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2016

**CAMERON INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>Page</u>	<u>Exhibit</u>
CERTIFICATE OF BOARD	3	
Independent Auditors' Report	5-7	
Management's Discussion and Analysis	9-14	
 <u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Position	17	A-1
Statement of Activities	19	B-1
Governmental Fund Financial Statements:		
Balance Sheet	20-21	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	22	C-2
Statement of Revenues, Expenditures and Changes in Fund Balance	24-25	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	27	C-4
Agency Fund Financial Statements:		
Statement of Assets and Liabilities	28	E-1
Notes to the Financial Statements	29-52	
 <u>Required Supplementary Information</u>		
Statement of Revenues, Expenditures and Changes in Fund Balance		
Budget and Actual - General Fund	55	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability		
Teacher Retirement System	56	G-2
Schedule of the District's Contributions - Teacher Retirement System	57	G-3
Notes to Required Supplementary Information	58	
 <u>Combining Schedules</u>		
Nonmajor Governmental Funds:		
Combining Balance Sheet	60-61	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	62-63	H-2
 <u>Required TEA Schedules</u>		
Schedule of Delinquent Taxes Receivable	66-67	J-1
Schedule of Revenues, Expenditures and Changes in Fund Balance		
Budget and Actual - Child Nutrition Program	68	J-4
Schedule of Revenues, Expenditures and Changes in Fund Balance		
Budget and Actual - Debt Service Fund	69	J-5
 <u>Federal Awards Section</u>		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73-74	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	75-76	
Schedule of Findings and Questioned Costs	77-78	
Schedule of Prior Audit Findings and Corrective Action Plan	79	
Schedule of Expenditures of Federal Awards	81	K-1
Notes to Schedule of Expenditures of Federal Awards	83	

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CERTIFICATE OF BOARD

Cameron Independent School District
Name of School District

Milam
County

166-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2016, at a meeting of the Board of Trustees of such school district on the 12th day of December, 2016.


Signature of Board Secretary


Signature of Board President

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

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Cameron Independent School District
Cameron, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cameron Independent School District (the District) as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 through 14, and page 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and required TEA schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U. S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the basic financial statements.

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

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

Other Matters (Continued)

Other Information (Continued)

The Texas Education Agency requires school districts to include certain information in the Annual Financial Report in conformity with laws and regulations of the State of Texas. This information is included in the schedules on pages 66 through 69. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Temple, Texas
December 7, 2016

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2016**

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the managers of Cameron Independent School District (the District), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2016. Please read it in conjunction with the Independent Auditors' Report on pages 5 - 7, and the District's Basic Financial Statements which begin on page 17.

FINANCIAL HIGHLIGHTS

- The General Fund ended the year with a fund balance of \$ 5,660,725.
- The General Fund had an increase in total expenditures of approximately \$ 1,439,000 from the prior year, due to salary and staff increases. General Fund expenditures were approximately \$ 777,000 less than budgeted expenditures.
- During the year the District generated \$ 18,964,448 in tax and other revenues for governmental activities. These revenues exceeded the District's governmental activities expenses by \$ 443,352.
- The total cost of all the District's programs decreased \$ 2,649,000 from the prior year due primarily to capital outlay in the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 17 and 19). These provide information about the activities of the District as a whole and present a long-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 20) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements reflect how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The fiduciary fund statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 29) provide narrative explanations or additional data needed for full disclosure in the government-wide statements and the fund financial statements.

The combining schedules for nonmajor funds contain even more information about the District's individual funds. The sections labeled Required TEA Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with laws and regulations and with the terms of grant contracts.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 17. Its primary purpose is to show whether the District is better or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

USING THIS ANNUAL REPORT (Continued)

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes to net position. The District's net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance, its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into one kind of activity:

- **Governmental activities** - Most of the District's basic services are reported here, including the instruction, counseling, extracurricular activities, food services, transportation, maintenance, community services, and general administration functions. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 20 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

- **Governmental funds** - Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and reports balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the District's governmental activities increased from \$ 6,667,084 to \$ 7,474,203. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$ 3,273,994 at August 31, 2016. This is an increase of \$ 1,158,853 in governmental unrestricted net position.

**Table I
Cameron Independent School District**

NET POSITION

	Governmental Activities 2016	Governmental Activities 2015 (Restated)
Current and Other Assets	\$ 6,686,125	\$ 5,985,586
Capital Assets	<u>24,832,117</u>	<u>25,375,641</u>
Total Assets	<u>31,518,242</u>	<u>31,361,227</u>
 Deferred Outflows of Resources	 <u>1,874,052</u>	 <u>907,193</u>
Other Liabilities	857,604	733,509
Long-Term Liabilities	<u>24,823,802</u>	<u>24,345,400</u>
Total Liabilities	<u>25,681,406</u>	<u>25,078,909</u>
 Deferred Inflows of Resources	 <u>236,685</u>	 <u>522,427</u>
 Net Position:		
Invested in Capital Assets, Net of Related Debt	3,188,423	3,248,046
Restricted	1,012,005	1,303,897
Unrestricted	<u>3,273,775</u>	<u>2,115,141</u>
 Total Net Position, as restated	 <u><u>\$ 7,474,203</u></u>	 <u><u>\$ 6,667,084</u></u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

**Table II
Cameron Independent School District**

CHANGES IN NET POSITION

	Governmental Activities 2016	Governmental Activities 2015 (Restated)
Revenues:		
Program Revenues:		
Charges for Services	\$ 219,815	\$ 272,143
Operating Grants and Contributions	2,994,668	2,267,574
General Revenues:		
Maintenance and Operations Taxes	3,305,164	3,265,297
Debt Service Taxes	1,103,008	919,711
State Aid - Formula Grants	11,531,821	9,717,182
Investment Earnings	61,907	75,932
Miscellaneous Income	87,710	250,894
Total Revenues	19,304,093	16,768,733
Expenses:		
Instruction, Curriculum and Media Services	10,086,868	8,660,954
Instructional and School Leadership	943,583	777,875
Student Support Services	797,306	701,033
Food Services	1,272,365	1,146,628
Extracurricular Activities	1,559,706	1,458,365
General Administration	797,201	764,858
Plant Maintenance, Security, and Data Processing	2,092,406	1,671,757
Community Services	45,160	12,056
Debt Services - Interest and Bond Fees	786,594	823,916
Capital Outlay	-	122,857
Payments to Other Districts/Agencies	115,785	472,870
Total Expenses	18,496,974	16,613,169
Excess of Revenues Over Expenses	807,119	155,564
Change in Net Position	807,119	155,564
Net Position - Beginning, as restated	6,667,084	6,511,520
Net Position - Ending	\$ 7,474,203	\$ 6,667,084

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's total revenues increased by approximately \$ 2,535,000 from the prior year, primarily due to the increase in state aid and property taxes. The District's cost of all programs and services increased from the prior year by approximately \$ 1,602,000. The increase is primarily due to the increase in instructional services, student support services, and general administration expenses.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 20) reported a combined fund balance of \$ 5,660,725, which is \$ 535,413 more than last year's total of \$ 5,125,312. This is due primarily to costs related to purchase of textbooks, staff increases, and salary increases.

The District's General Fund balance of \$ 4,648,409 reported on page 20 differs from the General Fund's budgeted fund balance of \$ 4,327,387 reported in the budgetary comparison schedule on page 55 due to expenditures less than amounts budgeted.

Over the course of the year, the Board of Trustees revised the District's budget several times. Significant budget amendments were due to the Ben Milam Elementary classroom addition, paving project, air conditioner replacement, administration building remodel and other building improvements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the District had \$ 24,832,117, net of depreciation, invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

This year's major additions included:

Buildings and Improvements	\$ 1,125,249
Furniture and Equipment	<u>121,959</u>
Total	<u><u>\$ 1,247,208</u></u>

Debt

At year-end, the District had \$ 20,316,837 in bonds and loans outstanding versus \$ 21,396,358 last year, a decrease due to principal payments made on balances exceeding new debt issuances during the year. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements starting on page 41.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected officials considered many factors when setting the fiscal year 2016 budget and tax rates. One of those factors is the overall economy in the state of Texas. The Texas State Legislature restored funding to public education slightly, but did not restore funding to the level cut during the previous biennium.

ADA is increasing from 2016. The District will use its revenues to finance programs it currently offers. The District has added no major new programs or initiatives to the 2017 budget. The budget for 2016–2017 is \$ 17,805,390.

If these estimates are realized, the District's budgetary General Fund balance is expected to remain the same at the close of 2017.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Cameron Independent School District, P. O. Box 712, Cameron, Texas 76520.

BASIC FINANCIAL STATEMENTS

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**CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2016**

Data Control Codes		<u>Primary Government</u> Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 5,204,318
1220	Property Taxes Receivable (Delinquent)	239,312
1230	Allowance for Uncollectible Taxes	(71,793)
1240	Due from Other Governments	1,291,999
1290	Other Receivables, Net	7,096
1410	Prepaid expenses	15,193
	Capital Assets:	
1510	Land	728,654
1520	Buildings, Net	22,491,911
1530	Furniture and Equipment, Net	1,611,552
1000	Total Assets	<u>31,518,242</u>
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred Amount on Refunding	511,121
1705	Deferred Outflow Related to TRS	1,362,931
1700	Total Deferred Outflows of Resources	<u>1,874,052</u>
LIABILITIES		
2110	Accounts Payable	203,058
2140	Interest Payable	27,910
2150	Payroll Deductions and Withholdings Payable	182
2160	Accrued Wages Payable	588,124
2190	Due to Student Groups	38,330
	Noncurrent Liabilities:	
2501	Due Within One Year	1,137,086
2502	Due in More Than One Year	20,506,608
2540	Net Pension Liability (District's Portion)	3,180,108
2000	Total Liabilities	<u>25,681,406</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS	236,685
2600	Total Deferred Inflows of Resources	<u>236,685</u>
NET POSITION		
3200	Net Investment in Capital Assets	3,188,423
3820	Restricted for Federal and State Programs	267,863
3850	Restricted for Debt Service	744,142
3900	Unrestricted	3,273,775
3000	Total Net Position	<u>\$ 7,474,203</u>

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

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**CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2016**

Data Control Codes	1	Program Revenues		Net (Expense)
		3	4	Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 9,621,404	\$ 420	\$ 1,465,081	\$ (8,155,903)
12 Instructional Resources and Media Services	232,977		30,355	(202,622)
13 Curriculum and Instructional Staff Development	232,487		35,536	(196,951)
23 School Leadership	943,583		151,614	(791,969)
31 Guidance, Counseling and Evaluation Services	353,537		57,861	(295,676)
33 Health Services	136,245		22,399	(113,846)
34 Student (Pupil) Transportation	307,524		42,591	(264,933)
35 Food Services	1,272,365	138,839	998,503	(135,023)
36 Extracurricular Activities	1,559,706	80,556	153,832	(1,325,318)
41 General Administration	797,201		11,753	(785,448)
51 Facilities Maintenance and Operations	1,649,530		19,031	(1,630,499)
52 Security and Monitoring Services	14,136			(14,136)
53 Data Processing Services	428,740		4,799	(423,941)
61 Community Services	45,160		1,313	(43,847)
72 Debt Service - Interest on Long-Term Debt	692,170			(692,170)
73 Debt Service - Bond Issuance Cost and Fees	94,424			(94,424)
93 Payments related to Shared Services Arrangements	115,785			(115,785)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 18,496,974</u>	<u>\$ 219,815</u>	<u>\$ 2,994,668</u>	<u>(15,282,491)</u>
Data Control Codes				
General Revenues:				
Taxes:				
MT	Property Taxes, Levied for General Purposes			3,305,164
DT	Property Taxes, Levied for Debt Service			1,103,008
SF	State Aid - Formula Grants			11,531,821
IE	Investment Earnings			61,907
MI	Miscellaneous Local and Intermediate Revenue			87,710
TR	Total General Revenues			<u>16,089,610</u>
CN	Change in Net Position			807,119
NB	Net Position - Beginning			7,559,173
PA	Prior Period Adjustment			<u>(892,089)</u>
NE	Net Position - Ending			<u>\$ 7,474,203</u>

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2016**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds
ASSETS			
1110	\$ 4,189,757	\$ 748,251	\$ 266,310
1220	183,498	55,814	-
1230	(55,049)	(16,744)	-
1240	1,193,894	-	98,105
1260	54,768	-	219
1290	5,901	-	1,195
1410	-	-	15,193
1000	<u>\$ 5,572,769</u>	<u>\$ 787,321</u>	<u>\$ 381,022</u>
LIABILITIES			
2110	\$ 183,527	\$ -	\$ 19,531
2150	182	-	-
2160	588,124	-	-
2170	219	-	54,768
2190	-	-	38,330
2300	152,527	43,179	-
2000	<u>924,579</u>	<u>43,179</u>	<u>112,629</u>
FUND BALANCES			
Restricted Fund Balance:			
3450	-	-	267,863
3480	-	744,142	-
Committed Fund Balance:			
3530	176,516	-	-
Assigned Fund Balance:			
3590	-	-	530
3600	4,471,674	-	-
3000	<u>4,648,190</u>	<u>744,142</u>	<u>268,393</u>
4000	<u>\$ 5,572,769</u>	<u>\$ 787,321</u>	<u>\$ 381,022</u>

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

<u>Total Governmental Funds</u>	
\$	5,204,318
	239,312
	(71,793)
	1,291,999
	54,987
	7,096
	15,193
	<u>6,741,112</u>
\$	203,058
	182
	588,124
	54,987
	38,330
	<u>195,706</u>
	1,080,387
	267,863
	744,142
	176,516
	530
	<u>4,471,674</u>
	<u>5,660,725</u>
\$	<u>6,741,112</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2016**

	Total Fund Balances - Governmental Funds	\$ 5,660,725
1	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 \$ 44,705,080 and the accumulated depreciation was \$ 19,329,439. 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 increase net position.	2,738,060
2	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 2016 capital outlays and debt principal payments is to increase net position.	2,148,054
3	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 \$ 3,180,108, a deferred resource inflow related to TRS in the amount of \$ 236,685, and a deferred resource outflow related to TRS in the amount of \$ 1,362,931. This amounted to a decrease in net position in the amount of \$ 2,053,862.	(2,053,862)
4	Deferred amounts on refunding are deferred outflows of resources which are not available to pay for current period expenditures and, therefore, are not reported in the funds. Additions to the deferred amounts on refunding is \$ 82,061 and the portion amortized in the current year is \$ 73,923. The net effect of the deferred amounts on refunding is an increase in net position.	511,521
5	The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,790,732)
6	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, 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.	<u>260,437</u>
19	Net Position of Governmental Activities	<u><u>\$ 7,474,203</u></u>

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

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**CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016**

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Funds
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 3,488,086	\$ 1,117,281	\$ 141,960
5800	State Program Revenues	11,531,821	863,992	244,755
5900	Federal Program Revenues	-	-	1,576,553
5020	Total Revenues	<u>15,019,907</u>	<u>1,981,273</u>	<u>1,963,268</u>
EXPENDITURES:				
Current:				
0011	Instruction	7,793,292	-	803,716
0012	Instructional Resources and Media Services	174,182	-	-
0013	Curriculum and Instructional Staff Development	204,256	-	20,683
0021	Instructional Leadership	-	-	-
0023	School Leadership	878,832	-	-
0031	Guidance, Counseling and Evaluation Services	334,267	-	-
0033	Health Services	128,650	-	-
0034	Student (Pupil) Transportation	238,751	-	-
0035	Food Services	602	-	1,125,375
0036	Extracurricular Activities	972,065	-	-
0041	General Administration	777,451	-	-
0051	Facilities Maintenance and Operations	1,848,012	-	-
0052	Security and Monitoring Services	14,136	-	-
0053	Data Processing Services	380,802	-	-
0061	Community Services	39,252	-	4,044
0081	Facilities Acquisition & Construction	798,550	-	-
Debt Service:				
0071	Principal on Long-Term Debt	-	1,050,000	-
0072	Interest on Long-Term Debt	-	723,970	-
0073	Bond Issuance Cost and Fees	-	94,423	-
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	115,785	-	-
6030	Total Expenditures	<u>14,698,885</u>	<u>1,868,393</u>	<u>1,953,818</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>321,022</u>	<u>112,880</u>	<u>9,450</u>
OTHER FINANCING SOURCES (USES):				
7911	Capital Related Debt Issued (Regular Bonds)	-	3,725,000	-
7916	Premium or Discount on Issuance of Bonds	-	178,675	-
8940	Payment to bond refunding escrow agent	-	(3,811,614)	-
7915	Operating Transfers In	-	-	219
8911	Operating Transfers Out	(219)	-	-
7080	Total Other Financing Sources (Uses)	<u>(219)</u>	<u>92,061</u>	<u>219</u>
1200	Net Change in Fund Balances	<u>320,803</u>	<u>204,941</u>	<u>9,669</u>
0100	Fund Balance - September 1 (Beginning), as restated	<u>4,327,387</u>	<u>539,201</u>	<u>258,724</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 4,648,190</u>	<u>\$ 744,142</u>	<u>\$ 268,393</u>

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

<u>Total Governmental Funds</u>	
\$	4,747,327
	12,640,568
	<u>1,576,553</u>
	<u>18,964,448</u>
	8,597,008
	174,182
	224,939
	-
	878,832
	334,267
	128,650
	238,751
	1,125,977
	972,065
	777,451
	1,848,012
	14,136
	380,802
	43,296
	798,550
	1,050,000
	723,970
	94,423
	<u>115,785</u>
	<u>18,521,096</u>
	<u>443,352</u>
	3,725,000
	178,675
	(3,811,614)
	219
	<u>(219)</u>
	92,061
	<u>535,413</u>
	<u>5,125,312</u>
\$	<u><u>5,660,725</u></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, 2016**

Total Net Change in Fund Balances - Governmental Funds	\$ 535,413
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 2016 capital outlays and debt principal payments is to increase net position.	2,148,054
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.	(1,790,732)
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, 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.	141,810
The implementation of GASB 68 required that certain expenditures be de-expanded and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/15 caused the change in the ending net position to increase in the amount of \$ 261,991. Contributions made before the measurement date and during the previous fiscal year were also expanded and recorded as a reduction in net pension liability for the District. This caused a decrease in the change in net position totaling \$ 266,388. The District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$ 223,029. The net result is to decrease the change in net position by \$ 227,426.	(227,426)
Change in Net Position of Governmental Activities	\$ 807,119

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
AUGUST 31, 2016**

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 61,170
Total Assets	<u>\$ 61,170</u>
 LIABILITIES	
Due to Student Groups	\$ (61,170)
Total Liabilities	<u>\$ (61,170)</u>

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 61, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. These statements report information on all of Cameron Independent School District's non-fiduciary activities with all interfund activities eliminated. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

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

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

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, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **General Fund** - The general fund is the District's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Fund** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund types:

Nonmajor Governmental Funds:

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED AUGUST 31, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING

Agency Funds:

- 4. Agency Funds** – These funds are custodial in nature, are maintained on the accrual basis, and do not include measurement of results of operations.

E. OTHER ACCOUNTING POLICIES

1. The District records purchase of supplies as expenditures. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and are charged as expenditures when consumed.
2. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. There are limitations on carryover and accumulation of benefits and as a result the liability for accrued but unused benefits is not significant and therefore not recorded.
3. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

4. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs and refunding deferrals, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and refunding deferral.

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES (Continued)

5. In the fund financial statements, governmental funds classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances classified as committed can only be used for a specific purpose pursuant to constraints imposed by the Board of Trustees through formal action. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by District management, who are designated by the Board of Trustees.
6. The Data Control Codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.
7. The District chose to include the campus activity funds as a special revenue fund (fund 461) versus an agency fund. These funds are used for the benefit of the District's campuses such as breakroom supplies but not for operational costs of the District. Campus principals determine how these funds are used.
8. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

II. RECONCILIATION OF GOVERNMENT - WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT - WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	\$ 728,654	\$ -	\$ 728,654	
Buildings and Improvements	39,636,170	(16,814,515)	22,821,655	
Furniture and Equipment	4,340,256	(2,514,924)	<u>1,825,332</u>	
Change in Net Position				<u>\$ 25,375,641</u>
<u>Long-Term Liabilities at the Beginning of the Year</u>			<u>Payable at the Beginning of the year</u>	
Bonds Payable			<u>(22,637,581)</u>	
Change in Net Position				<u>(22,637,581)</u>
Net Adjustment to Net Position				<u>\$ 2,738,060</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

II. RECONCILIATION OF GOVERNMENT - WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides reconciliation between the net change in fund balances as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Buildings and Improvements	\$ 1,247,208		
Total Capital Outlay	<u>1,247,208</u>	\$ 1,247,208	\$ 1,247,208
<u>Debt Principal and Other Payments (Proceeds)</u>			
Bond Principal Payments	1,050,000	1,050,000	1,050,000
Capital Lease Payments	19,521	19,521	19,521
Bond Proceeds	(3,903,675)	(3,903,675)	(3,903,675)
Bond Payment to Refunding Agent	3,735,000	3,735,000	3,735,000
Total Adjustments	<u>900,846</u>	<u>900,846</u>	<u>900,846</u>
Net Adjustments to Net Position		<u>\$ 2,148,054</u>	<u>\$ 2,148,054</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (Continued)

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

<u>Adjustment to Revenue and</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	\$ 21,165	\$ (21,165)	\$ -
Uncollected Taxes (Assumed Collectible) from Current Year Levy	54,562	54,562	54,562
Uncollected Taxes (Assumed Collectible) from Prior Year Levy	112,957	-	112,957
Adjustment to Prior Year Estimate of Uncollectible Taxes		-	-
Change in Interest Payable	7,634	7,634	
Amortization of Deferred Amounts on Refunding	7,861	7,861	
Amortization of Bond Premium (Discount), Net	92,918	92,918	92,918
Total		<u>\$ 141,810</u>	<u>\$ 260,437</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Child Nutrition Program which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports appear in Exhibits J-4 and J-5.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. BUDGETARY DATA (Continued)

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.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

At August 31, 2016, the District had no investments that meet these criteria.

Additional Contractual Provisions governing deposits and investments are as follows:

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

At August 31, 2016, the carrying amount of the District's deposits was \$ 5,024,318 and the bank balance was \$ 5,606,894. The District's cash deposits at August 31, 2016 and during the year ended August 31, 2016, were covered by FDIC insurance or by pledged securities by the District's agent bank in the District's name.

Policies Governing Deposits and Investments

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

5. Concentration Risk – The District does not have investments which would expose the District to concentration risk.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND RECEIVABLES AND PAYABLES

The purpose of the interfund balance is mainly for cash flows concerns, and the amounts are anticipated to be repaid in the current year. Interfund balances at August 31, 2016 consisted of the following balances:

Fund	Due from Other Funds	Due to Other Funds
<u>General Fund:</u>		
Non-major Special Revenue Funds	\$ 54,768	\$ 219
Total General Fund	<u>54,768</u>	<u>219</u>
<u>Non-major Special Revenue Funds:</u>		
General Fund	219	54,768
Total Non-major Special Revenue Funds	<u>219</u>	<u>54,768</u>
TOTAL	<u>\$ 54,987</u>	<u>\$ 54,987</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2016, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Land	\$ 728,654	\$ -	\$ -	\$ 728,654
Building and Improvements	39,636,170	1,125,249	-	40,761,419
Furniture and Equipment	4,340,256	121,959	(33,775)	4,428,440
Totals at Historic Cost	44,705,080	1,247,208	(33,775)	45,918,513
Less Accumulated Depreciation for:				
Buildings and Improvements	(16,814,515)	(1,454,993)	-	(18,269,508)
Furniture and Equipment	(2,514,924)	(335,739)	33,775	(2,816,888)
Total Accumulated Depreciation	(19,329,439)	(1,790,732)	33,775	(21,086,396)
Governmental Activities Capital Assets, Net	\$ 25,375,641	\$ (543,524)	\$ -	\$ 24,832,117

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 748,543
Instructional Resources and Media Services	51,834
Curriculum Development	589
School Leadership	26,189
Guidance, Counseling and Evaluation Services	5,561
Health Services	2,342
Student Transportation	79,837
Food Services	120,114
Extracurricular Activities	567,878
General Administration	90
Facilities Maintenance and Operations	118,872
Data Processing Services	68,883
Total Depreciation Expense	\$ 1,790,732

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

F. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Governmental fund receivables at August 31, 2016, were as follows:

	Property Taxes (Net of Allowance)	Due from Other Governments	Other	Total Receivables
Governmental Funds:				
General Fund	\$ 128,449	\$ 1,193,894	\$ 5,901	\$ 1,328,244
Debt Service Fund	39,070	-	-	39,070
Nonmajor Governmental Funds	-	98,105	1,195	99,300
Total Governmental Funds	\$ 167,519	\$ 1,291,999	\$ 7,096	\$ 1,466,614

Governmental fund payables at August 31, 2016 were as follows:

	Accounts	Payroll Deductions and Withholdings	Salaries and Benefits	Due to Student Groups	Total Payables
Governmental Funds:					
General Fund	\$ 183,527	\$ 182	\$ 588,124	-	\$ 771,833
Debt Service Fund	-	-	-	-	-
Nonmajor Governmental Funds	19,531	-	-	38,330	57,861
Total Governmental Funds	\$ 203,058	\$ 182	\$ 588,124	\$ 38,330	\$ 829,694

G. LEASES

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

In June 2013, the District entered into a capital lease agreement to purchase copy machines. The interest rate and payments for the capital lease is outlined below:

Date of Issue and Purpose	Interest Rate	Maturity Date	Amounts Outstanding 9/1/2015	Issued Current Year	(Retired) Current Year	Amounts Outstanding 8/31/2016	Interest Current Year
6/20/2013 Copier Lease	4.6%	6/20/2018	\$ 61,358	-	\$ (19,521)	\$ 41,837	\$ 2,410

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

G. LEASES (Continued)

The required payments to maturity are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2016	\$ 20,438	\$ 1,497	\$ 21,935
2017	21,399	537	21,936
	<u>\$ 41,837</u>	<u>\$ 2,034</u>	<u>\$ 43,871</u>

H. BONDS

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

A summary of changes in general long-term debt for the year ended August 31, 2016, were as follows:

Date of Issue and Purpose	Interest Rate	Amounts Outstanding 9/1/2015	Issued Current Year	(Retired/ Refunded) Current Year	Amounts Outstanding 8/31/2016	Interest Current Year
Refunding Bonds, Series 2006	3.5-5.0%	\$ 4,115,000	\$ -	\$ (4,115,000)	\$ -	\$ 7,363
11/1/2010 Unlimited Tax Refunding Bonds, Series 2010	3.0-4.0%	11,885,000	-	(415,000)	11,470,000	460,725
7/15/2014 Unlimited Tax School Building Bonds, Series 2014	2.0-4.0%	5,335,000	-	(175,000)	5,160,000	190,100
11/1/2015 Unlimited Tax Refunding Bonds, Series 2015	4.0%	-	3,725,000	(80,000)	3,645,000	65,782
Total		<u>\$ 21,335,000</u>	<u>\$ 3,725,000</u>	<u>\$ (4,785,000)</u>	<u>\$ 20,275,000</u>	<u>\$ 723,970</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

H. BONDS (Continued)

Debt service requirements are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2017	\$ 1,020,000	\$ 713,300	\$ 1,733,300
2018	1,045,000	686,100	1,731,100
2019	1,075,000	655,425	1,730,425
2020	1,110,000	623,250	1,733,250
2021	1,145,000	589,500	1,734,500
2022-2026	6,140,000	2,339,250	8,479,250
2027-2031	7,135,000	1,057,300	8,192,300
2032	1,605,000	32,100	1,637,100
	<u>\$ 20,275,000</u>	<u>\$ 6,696,225</u>	<u>\$ 26,971,225</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2016.

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

Long-term liability activity for the year ended August 31, 2016 was as follows:

	Beginning Balance	Additions	Reductions/ Amortization	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 21,335,000	\$ 3,725,000	\$ (4,785,000)	\$ 20,275,000	\$ 1,020,000
Capital Leases	61,358	-	(19,521)	41,837	20,507
Bond Premium	1,241,223	178,675	(93,041)	1,326,857	96,579
Net Pension Liability	1,707,819	1,738,677	(266,388)	3,180,108	-
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 24,345,400</u>	<u>\$ 5,642,352</u>	<u>\$ (5,163,950)</u>	<u>\$ 24,823,802</u>	<u>\$ 1,137,086</u>

The following is a summary of deferred amounts on refunding for the year ended August 31, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Unlimited Tax Refunding Bonds	\$ 503,383	\$ 82,061	\$ (73,923)	\$ 511,521

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

J. DEFERRED REVENUE

Deferred revenue at year-end consisted of the following:

	General Fund	Debt Service Fund	Total
Taxes	\$ 152,527	\$ 43,179	\$ 195,706
Total Unearned Revenue	<u>\$ 152,527</u>	<u>\$ 43,179</u>	<u>\$ 195,706</u>

K. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2016, are summarized below. Most federal grants shown below are passed through the TEA and all are reported on the statement of net position as Due from Other Governments.

Fund	State Entitlements	State & Federal Grants	Total
General	\$ 1,193,894	\$ -	\$ 1,193,894
Nonmajor Governmental Funds	-	98,105	98,105
Total	<u>\$ 1,193,894</u>	<u>\$ 98,105</u>	<u>\$ 1,291,999</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

L. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Nonmajor Special Revenue Funds	Total
Property Taxes	\$ 3,231,356	\$ 1,089,712	\$ -	\$ 4,321,068
Penalties, Interest and Other				
Tax-Related Income	40,411	13,295	-	53,706
Investment Income	51,927	14,274	-	66,201
Food Sales	-	-	138,839	138,839
Extracurricular Student Activities	80,556	-	-	80,556
Other	83,836	-	3,121	86,957
Total	\$ 3,488,086	\$ 1,117,281	\$ 141,960	\$ 4,747,327

M. DEFINED BENEFIT PENSION PLAN

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

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

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.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

M. DEFINED BENEFIT PENSION PLAN (Continued)

The information provided in the Notes to the Financial Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015.

Net Pension Liability	Total
Total Pension Liability	\$ 163,887,375,172
Less: Plan Fiduciary Net Position	(128,538,706,212)
Net Pension Liability	\$ 35,348,668,960
 Net Position as percentage of Total Pension Liability	 78.43%

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<u>Contribution Rates</u>	
	2015	2016
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Cameron ISD 2016 Employer Contributions	\$ 261,991	
Cameron ISD 2016 Member Contributions	647,341	
Cameron ISD 2015 NECE On-Behalf Contributions	453,670	

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

M. DEFINED BENEFIT PENSION PLAN (Continued)

Contributions to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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, 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 including public 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 90 days of employment.
- When any part of all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general or local funds.

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

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

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

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method Value	Market Value
Single Discount Rate	8.00%
Long-Term Expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increased	3.5% to 9.5%
Payroll Growth Rate	2.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

M. DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. 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 (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U. S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U. S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Hedge Funds (Stable Value)	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation-Linked Bonds	3.0%	9.0%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100.0%		8.7%

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

M. DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and a 1% greater than the discount rate that was used (8.0%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
CISD's Proportionate Share of the Net Pension Liability:	\$ 4,982,629	\$ 3,180,108	\$ 1,678,719

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2016, Cameron Independent School District reported a liability of \$ 3,180,108 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Cameron Independent School District. The amount recognized by Cameron Independent School 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 Cameron Independent School District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 3,180,108
State's Proportionate Share that is Associated with the District	<u>5,414,269</u>
Total	<u><u>\$ 8,594,377</u></u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 thru August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.0089964%, which was an increase of 0.0026028% from its proportion measured as of August 31, 2014.

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

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

M. DEFINED BENEFIT PENSION PLAN (Continued)

7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the work force at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the year ended August 31, 2015, Cameron Independent School District recognized pension expense of \$ 771,446 and revenue of \$ 771,446 for support provided by the State.

At August 31, 2016, Cameron Independent School 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	\$ 21,966	\$ 122,214
Changes in actuarial assumptions	92,323	113,452
Difference between projected and actual investment earnings	391,706	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	594,945	1,019
Total as of August 31, 2015 measurement date	<u>1,100,940</u>	<u>236,685</u>
Contributions paid to TRS subsequent to the measurement date	261,991	-
	<u>\$ 1,362,931</u>	<u>\$ 236,685</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

M. DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ending August 31,	Pension Expense Amount
2017	\$ 149,116
2018	149,116
2019	149,117
2020	279,613
2021	82,440
Thereafter	54,853
	\$ 864,255

Contributions Rates and Contribution Amounts

Year	Member Rate	Member Amount	State Rate	State Amount	Statutory Minimum Amount
2016	7.2%	\$ 500,989	6.8%	\$ 473,156	\$ 81,528
2015	6.7%	\$ 594,891	6.8%	\$ 532,739	\$ 89,994
2014	6.4%	\$ 551,014	6.8%	\$ 585,452	\$ 89,870

N. RETIREE HEALTH PLAN

Plan Description. The Cameron Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care 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 Teacher Retirement System of Texas 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 under the TRS Publications heading, by calling to 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.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

N. RETIREE HEALTH PLAN (Continued)

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 2016-2014.

Contribution Rates

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2016	0.65%	\$ 45,228	0.1%	\$ 69,581	0.55%	\$ 38,270
2015	0.65%	\$ 55,957	0.1%	\$ 86,088	0.55%	\$ 47,349
2014	0.65%	\$ 58,456	0.1%	\$ 89,931	0.55%	\$ 49,463

The Medicare Prescription Drug Improvement and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. A provision of the Act allows for TRS to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-CARE participants (retirees). State contributions to TRS made on behalf of Cameron Independent School District for the years ended August 31, 2016, 2015 and 2014 were \$ 35,221, \$ 36,874 and \$ 22,938, respectively, based upon the completed August reporting month.

O. COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

P. SHARED SERVICE ARRANGEMENTS

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

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

P. SHARED SERVICE ARRANGEMENTS (Continued)

Program	CFDA Number	District Value
State and Local	--	\$ 125,053
IDEA-B, Formula	84.027	373,853
IDEA-B, Preschool	84.173	-
Total		\$ 498,906

The expenditures under the above programs were classified as follows:

Classification	Amount
6100 - Payroll Costs	\$ 362,001
6200 - Contracted Services	97,078
6300 - Supplies and Materials	23,119
6400 - Other Operating Costs	16,708
6500 - Debt Service	-
6600 - Capital Outlay	-
	\$ 498,906

Q. HEALTH CARE COVERAGE AND MAINTENANCE OF EFFORT

During the year ended August 31, 2016, employees of the District were covered by the state health insurance plan. The District contributed \$ 250 per month per full time employee, the state paid \$ 75 per month, and the employees authorized payroll deductions to cover the remaining premiums due for the desired coverage. Contributions were paid to TRS Active Care.

The total District premium paid for health care was approximately \$ 504,000 for the 168 participating employees at August 31, 2016. There were 235 employees eligible for coverage at August 31, 2016.

R. EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 7, 2016, the date in which the financial statements were available to be issued.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

S. PRIOR PERIOD ADJUSTMENT

During fiscal year 2016, the following prior adjustments were recorded:

Capital Project Expenditures: Capital project expenditures related to fiscal year 2015 and related interfund transfers in the amounts of \$ 255,051 and \$ 23,407, respectively. The effect of the adjustment was to decrease fund balance on the capital projects fund statement and increase both capital assets and accounts payable on the government-wide statements.

Bond Issuance-related Transactions: Bond premiums for the Series 2010 bonds net of the portion amortized for both the Series 2010 bonds and the Series 2014 bonds in the amount of \$ 800,581, and the deferred amount in refunding for the Series 2010 bond, net of amortizable amounts attributed to prior years in the amount of \$ 503,383.

Deferred Inflows of Resources Related to TRS: Non-District contributions made subsequent to the measurement date were overstated by \$ 594,891.

	Governmental Activities			
	<i>General Fund - Fund Statement</i>	<i>Capital Projects - Fund Statement</i>	<i>Total Governmental Funds</i>	<i>Government-Wide Statement</i>
Net position at August 31, 2015, as previously reported	\$ 4,350,794	\$ 231,644	\$ 4,582,438	\$ 7,559,173
Capital project expenditures not accrued	-	(255,051)	(255,051)	-
Interfund transfer - General Fund to Capital Projects Fund	(23,407)	23,407	-	-
Bond premiums expended for Series 2010 bond, net of amortizable portions for Series 2010 and Series 2014 bonds	-	-	-	(800,581)
Deferred amount on refunding for Series 2010 bond, net of amounts attributable to prior years	-	-	-	503,383
Non-District contributions made subsequent to measurement date	-	-	-	(594,891)
Net position at August 31, 2015, as restated	<u>\$ 4,327,387</u>	<u>\$ -</u>	<u>\$ 4,327,387</u>	<u>\$ 6,667,084</u>

The net effect of the prior period adjustments on fund balance and on net position was a decrease of \$ 255,051 and \$ 892,089, respectively, resulting in the restated fund balance of \$ 4,327,387 and the restated net position of \$ 6,667,084.

REQUIRED SUPPLEMENTARY INFORMATION

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CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 3,438,998	\$ 3,438,998	\$ 3,488,086	\$ 49,088
5800	State Program Revenues	9,982,752	9,982,752	11,531,821	1,549,069
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>13,421,750</u>	<u>13,421,750</u>	<u>15,019,907</u>	<u>1,598,157</u>
EXPENDITURES:					
Current:					
0011	Instruction	7,681,300	8,022,805	7,793,292	229,513
0012	Instructional Resources and Media Services	176,300	179,650	174,182	5,468
0013	Curriculum and Instructional Staff Development	236,075	255,910	204,256	51,654
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	840,770	840,770	878,832	(38,062)
0031	Guidance, Counseling and Evaluation Services	306,525	334,235	334,267	(32)
0033	Health Services	152,900	143,900	128,650	15,250
0034	Student (Pupil) Transportation	285,900	477,900	238,751	239,149
0035	Food Services	-	602	602	-
0036	Extracurricular Activities	901,800	1,027,027	972,065	54,962
0041	General Administration	805,450	727,450	777,451	(50,001)
0051	Facilities Maintenance and Operations	1,523,700	1,975,608	1,848,012	127,596
0052	Security and Monitoring Services	16,500	33,700	14,136	19,564
0053	Data Processing Services	335,600	398,877	380,802	18,075
0061	Community Services	24,200	41,200	39,252	1,948
0081	Facilities Acquisition and Construction	-	900,080	798,550	101,530
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts	125,000	115,800	115,785	15
6030	Total Expenditures	<u>13,412,020</u>	<u>15,475,514</u>	<u>14,698,885</u>	<u>776,629</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,730</u>	<u>(2,053,764)</u>	<u>321,022</u>	<u>2,374,786</u>
OTHER FINANCING SOURCES (USES):					
8911	Operating Transfers Out	-	-	(219)	219
7080	Total Other Financing Sources (Uses)	-	-	(219)	219
1200	Net Change in Fund Balances	<u>9,730</u>	<u>(2,053,764)</u>	<u>320,803</u>	<u>2,375,005</u>
0100	Fund Balance - September 1 (Beginning)	<u>4,327,387</u>	<u>4,327,387</u>	<u>4,327,387</u>	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 4,337,117</u>	<u>\$ 2,273,623</u>	<u>\$ 4,648,190</u>	<u>\$ 2,375,005</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.008996400%	0.006393600%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 3,180,108	\$ 1,707,819
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>5,414,269</u>	<u>4,516,526</u>
Total	<u>\$ 8,594,377</u>	<u>\$ 6,224,345</u>
District's Covered Employee Payroll	\$ 8,878,985	\$ 8,609,608
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-Employee Payroll	35.82%	19.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

Note: Only two years 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 THE DISTRICT'S CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
FOR FISCAL YEAR 2016**

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 261,991	\$ 266,388
Contribution in Relation to the Contractually Required Contribution	<u>(261,991)</u>	<u>(266,388)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 8,990,042	\$ 8,878,985
Contributions as a Percentage of Covered - Employee Payroll	2.91%	3.00%

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, 2014 - August 31, 2015.

Note: Only two years 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
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2016**

Budgetary Information

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

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days’ public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments, made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

COMBINING SCHEDULES

**CAMERON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2016**

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Vocational Education Basic Grant	255 ESEA II, A Training and Recruiting	
ASSETS						
1110	Cash and Cash Equivalents	\$ -	\$ 176,645	\$ 18,092	\$ -	\$ -
1240	Due from Other Governments	26,373	38,837	-	2,230	8,740
1260	Due from Other Funds	-	-	-	-	-
1290	Other Receivables	-	1,195	-	-	-
1410	Deferred Expenses	-	15,193	-	-	-
1000	Total Assets	<u>\$ 26,373</u>	<u>\$ 231,870</u>	<u>\$ 18,092</u>	<u>\$ 2,230</u>	<u>\$ 8,740</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
2110	Accounts Payable	\$ -	\$ 707	\$ -	\$ -	\$ -
2170	Due to Other Funds	26,373	-	-	2,230	8,740
2190	Due to Student Groups	-	-	-	-	-
2000	Total Liabilities	<u>26,373</u>	<u>707</u>	<u>-</u>	<u>2,230</u>	<u>8,740</u>
Fund Balances:						
Restricted Fund Balance:						
3450	Federal or State Funds Grant Restriction	-	231,163	18,092	-	-
Assigned Fund Balance:						
3590	Other Assigned Fund Balance	-	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>231,163</u>	<u>18,092</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 26,373</u>	<u>\$ 231,870</u>	<u>\$ 18,092</u>	<u>\$ 2,230</u>	<u>\$ 8,740</u>

EXHIBIT H-1

263 Title III Bilingual/ESL	270 Title IV, B Rural & Low Inc Sch Prg	289 Rural Educ. Achievement Program	410 State Textbook Fund	429 Ready to Read Grant	461 Campus Activity Funds	484 Centex Workforce Grant	486 Austin Food Bank Grant	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 32,713	\$ -	\$ 38,330	\$ 217	\$ 313	\$ 266,310
10,194	8,869	1,165	234	1,463	-	-	-	98,105
-	-	-	-	219	-	-	-	219
-	-	-	-	-	-	-	-	1,195
-	-	-	-	-	-	-	-	15,193
<u>\$ 10,194</u>	<u>\$ 8,869</u>	<u>\$ 1,165</u>	<u>\$ 32,947</u>	<u>\$ 1,682</u>	<u>\$ 38,330</u>	<u>\$ 217</u>	<u>\$ 313</u>	<u>\$ 381,022</u>
\$ -	\$ -	\$ -	\$ 17,479	\$ 1,345	\$ -	\$ -	\$ -	\$ 19,531
8,219	8,869	-	-	337	-	-	-	54,768
-	-	-	-	-	38,330	-	-	38,330
<u>8,219</u>	<u>8,869</u>	<u>-</u>	<u>17,479</u>	<u>1,682</u>	<u>38,330</u>	<u>-</u>	<u>-</u>	<u>112,629</u>
1,975	-	1,165	15,468	-	-	-	-	267,863
-	-	-	-	-	-	217	313	530
<u>1,975</u>	<u>-</u>	<u>1,165</u>	<u>15,468</u>	<u>-</u>	<u>-</u>	<u>217</u>	<u>313</u>	<u>268,393</u>
<u>\$ 10,194</u>	<u>\$ 8,869</u>	<u>\$ 1,165</u>	<u>\$ 32,947</u>	<u>\$ 1,682</u>	<u>\$ 38,330</u>	<u>\$ 217</u>	<u>\$ 313</u>	<u>\$ 381,022</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016**

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Vocational Education Basic Grant	255 ESEA II, A Training and Recruiting	
REVENUES:						
5700	Total Local and Intermediate Sources	\$ -	\$ 141,853	\$ 107	\$ -	\$ -
5800	State Program Revenues	-	4,984	-	-	-
5900	Federal Program Revenues	425,585	965,798	7,400	20,097	114,581
5020	Total Revenues	<u>425,585</u>	<u>1,112,635</u>	<u>7,507</u>	<u>20,097</u>	<u>114,581</u>
EXPENDITURES:						
Current:						
0011	Instruction	420,503	-	-	16,896	103,556
0013	Curriculum and Instructional Staff Development	1,038	-	-	3,201	11,025
0035	Food Services	-	1,102,156	6,649	-	-
0061	Community Services	4,044	-	-	-	-
6030	Total Expenditures	<u>425,585</u>	<u>1,102,156</u>	<u>6,649</u>	<u>20,097</u>	<u>114,581</u>
7915	Operating Transfers In	-	-	-	-	-
1200	Net Change in Fund Balance	-	10,479	858	-	-
0100	Fund Balance - September 1 (Beginning), as restated	-	220,684	17,234	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 231,163</u>	<u>\$ 18,092</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-2

263 Title III Bilingual/ESL	270 Title IV, B Rural & Low Inc Sch Prg	289 Rural Educ. Achievement Program	410 State Textbook Fund	429 Ready to Read Grant	461 Campus Activity Funds	484 Centex Workforce Grant	486 Austin Food Bank Grant	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,960
-	-	-	216,425	1,463	-	5,000	16,883	244,755
10,194	31,733	1,165	-	-	-	-	-	1,576,553
<u>10,194</u>	<u>31,733</u>	<u>1,165</u>	<u>216,425</u>	<u>1,463</u>	<u>-</u>	<u>5,000</u>	<u>16,883</u>	<u>1,963,268</u>
5,818	28,715	-	221,763	1,682	-	4,783	-	803,716
2,401	3,018	-	-	-	-	-	-	20,683
-	-	-	-	-	-	-	16,570	1,125,375
-	-	-	-	-	-	-	-	4,044
<u>8,219</u>	<u>31,733</u>	<u>-</u>	<u>221,763</u>	<u>1,682</u>	<u>-</u>	<u>4,783</u>	<u>16,570</u>	<u>1,953,818</u>
-	-	-	-	219	-	-	-	219
1,975	-	1,165	(5,338)	-	-	217	313	9,669
-	-	-	20,806	-	-	-	-	258,724
<u>\$ 1,975</u>	<u>\$ -</u>	<u>\$ 1,165</u>	<u>\$ 15,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217</u>	<u>\$ 313</u>	<u>\$ 268,393</u>

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REQUIRED TEA SCHEDULES

**CAMERON INDEPENDENT SCHOOL DISTRICT
 SCHEUDLE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2016**

Last 10 Years Ended August 31,	(1) (2)		(3) Assessed/Appraised Value for School Tax Purposes
	Tax Rates		
	Maintenance	Debt Service	
2007 and Prior Years	\$ 1.34250	\$ 0.27850	Various
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	1.040000	0.350000	290,193,772
2016 (School Year Under Audit)	1.040000	0.350000	290,174,752
100 TOTALS			

EXHIBIT J-1

(10) Beginning Balance 9/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2016
\$ 29,628	\$ -	\$ 546	\$ 113	\$ (10,080)	\$ 18,889
6,968	-	197	57	-	6,714
8,479	-	440	127	-	7,912
9,784	-	558	145	-	9,081
12,175	-	2,053	592	1,881	11,411
15,904	-	4,640	1,338	3,385	13,311
19,757	-	6,079	1,754	3,406	15,330
29,743	-	11,153	3,003	3,182	18,769
99,433	-	50,675	17,054	921	32,625
-	4,338,517	3,158,852	1,063,075	(11,319)	105,271
<u>\$ 231,871</u>	<u>\$ 4,338,517</u>	<u>\$ 3,235,193</u>	<u>\$ 1,087,258</u>	<u>\$ (8,624)</u>	<u>\$ 239,313</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, 2016

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 141,000	\$ 151,800	\$ 141,853	\$ (9,947)
5800	State Program Revenues	5,000	5,000	4,984	(16)
5900	Federal Program Revenues	866,000	936,000	965,798	29,798
5020	Total Revenues	<u>1,012,000</u>	<u>1,092,800</u>	<u>1,112,635</u>	<u>19,835</u>
	EXPENDITURES:				
0035	Food Services	1,012,000	1,112,800	1,102,156	10,644
6030	Total Expenditures	<u>1,012,000</u>	<u>1,112,800</u>	<u>1,102,156</u>	<u>10,644</u>
1200	Net Change in Fund Balances	-	(20,000)	10,479	30,479
0100	Fund Balance - September 1 (Beginning)	220,684	220,684	220,684	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 220,684</u>	<u>\$ 200,684</u>	<u>\$ 231,163</u>	<u>\$ 30,479</u>

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With
		Original	Final	(GAAP BASIS)	Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 1,004,200	\$ 1,121,391	\$ 1,117,281	\$ (4,110)
5800	State Program Revenues	705,640	863,992	863,992	-
5020	Total Revenues	<u>1,709,840</u>	<u>1,985,383</u>	<u>1,981,273</u>	<u>(4,110)</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	1,050,000	1,050,000	1,050,000	-
0072	Interest on Long-Term Debt	730,000	808,000	723,970	84,030
0073	Bond Issuance Cost and Fees	<u>3,000</u>	<u>5,000</u>	<u>94,423</u>	<u>(89,423)</u>
6030	Total Expenditures	<u>1,783,000</u>	<u>1,863,000</u>	<u>1,868,393</u>	<u>(5,393)</u>
1200	Net Change in Fund Balances	(73,160)	122,383	112,880	(9,503)
0100	Fund Balance - September 1 (Beginning)	<u>539,201</u>	<u>539,201</u>	<u>539,201</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 466,041</u>	<u>\$ 661,584</u>	<u>\$ 652,081</u>	<u>\$ (9,503)</u>

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FEDERAL AWARDS SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cameron Independent School District (the District), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated December 7, 2016.

Internal Control Over Financial Reporting

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

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

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)**

Compliance and Other Matters

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

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.

Ernst & Young Global, Franklin A. Nimsin, P.C.

Temple, Texas
December 7, 2016

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

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

Report on Compliance for Each Major Federal Program

We have audited Cameron Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2016.

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

Report on Internal Control Over Compliance

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

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

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

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

Brochway, Dordach, Franklin & Nierstein, P.C.

Temple, Texas
December 7, 2016

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2016**

I. Summary of Auditors' Results

A. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ Yes ___X No

B. Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs:

CFDA Number (s)

84.010

Name of Federal Program or Cluster
Title I Grants
to Local Educational Agencies

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

Auditee qualified as low risk auditee? ___ Yes ___X No

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2016**

II. Financial Statement Findings

NONE

III. Federal Award Findings and Questioned Costs

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2016**

Prior Year Findings:

None

Corrective Action Plan:

No corrective action plan was required for the current year.

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**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016**

(1)	(2)	(3)	(4)	(5)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION				
<u>Passed Through State Department of Education</u>				
Rural Education Achievement Program	84.358	S358B1500143	\$ -	\$ 32,898
ESEA, Title I, Part A - Improving Basic Programs	84.010	S010A150043	-	425,585
Career and Technical Education - Basic Grants	84.048	V048A150043	-	20,097
English Language Acquisition	84.365		-	10,194
ESEA, Title II, Part A, Teacher/Principal Training	84.367	S367A150041	-	<u>114,581</u>
Total Passed Through State Department of Education			-	<u>603,355</u>
TOTAL DEPARTMENT OF EDUCATION				- 603,355
U.S. DEPARTMENT OF AGRICULTURE				
<u>Passed Through State Department of Agriculture</u>				
*School Breakfast Program	10.553		-	316,695
*National School Lunch Program	10.555		-	<u>593,388</u>
Total Child Nutrition Cluster			-	<u>910,083</u>
Commodity Supplemental Food Program	10.565		-	<u>63,115</u>
Total Passed Through the State Department of Agriculture			-	<u>973,198</u>
TOTAL DEPARTMENT OF AGRICULTURE				- 973,198
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 1,576,553</u>

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**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016**

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Cameron Independent School District under programs of the federal government for the year ended August 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cameron Independent School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cameron Independent School District.

Note B – Summary of Significant Accounting Policies

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

Note C – Indirect Cost Rate

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

Expenditures Reported:

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

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

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