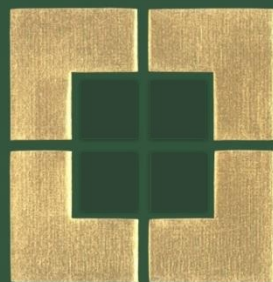


Cameron
Independent School District
August 31, 2018

Financial Statements



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

CERTIFIED PUBLIC ACCOUNTANTS

CAMERON INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2018

**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	26-27	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 of Texas	56-57	G-2
Schedule of the District's Contributions for Pensions - Teacher Retirement System of Texas	58	G-3
Schedule of the District's Proportionate Share of the Net OPEB Liability		
Teacher Retirement System of Texas	59	G-4
Schedule of the District's Contributions for OPEB - Teacher Retirement System of Texas	60	G-5
Notes to Required Supplementary Information	61	
 <u>Combining Schedules</u>		
Nonmajor Governmental Funds:		
Combining Balance Sheet	64-66	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	68-70	H-2
 <u>Required TEA Schedules</u>		
Schedule of Delinquent Taxes Receivable	72-73	J-1
Schedule of Revenues, Expenditures and Changes in Fund Balance		
Budget and Actual - Child Nutrition Program	74	J-4
Schedule of Revenues, Expenditures and Changes in Fund Balance		
Budget and Actual - Debt Service Fund	75	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>	79-80	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	81-82	
Schedule of Findings and Questioned Costs	83-84	
Schedule of Prior Audit Findings and Corrective Action Plan	85	
Schedule of Expenditures of Federal Awards	86	K-1
Notes to Schedule of Expenditures of Federal Awards	87	

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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, 2018, at a meeting of the Board of Trustees of such school district on the 10th day of December, 2018.



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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

Emphasis of Matter

As discussed in Notes I, G. and III, K. to the financial statements in the current fiscal year, the District adopted new accounting guidance prescribed by GASB Statement No. 75 for its other post-employment benefit (OPEB) plan – a multiple-employer, cost-sharing, defined benefit OPEB plan that has a special funding situation. Because GASB Statement No. 75 implements new measurement criteria and reporting provisions, significant information has been added to the Government-Wide Statements. Exhibit A-1 discloses the District's Net OPEB Liability and deferred resource outflows and deferred resource inflows related to the District's OPEB plan. Exhibit B-1 discloses the adjustment to the District's Beginning Net Positions. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 14, budgetary comparison information on page 55, and the Teacher Retirement Schedules on pages 56 through 60 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 statement, and the TEA required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

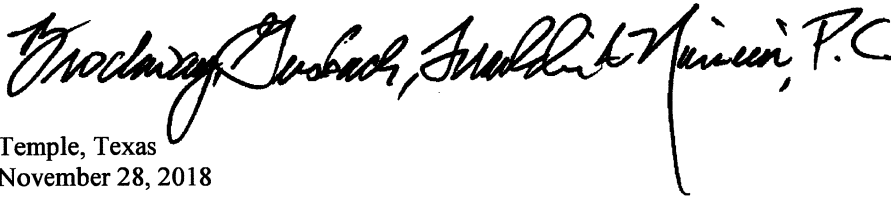
The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management, were derived from, and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information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

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

The Texas Education Agency requires school districts to include certain information in the Annual Financial Report in conformity with laws and regulations of the State of Texas. This information is included in schedules on pages 72 through 75. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report 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
November 28, 2018

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2018**

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, 2018. 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 \$ 6,393,016.
- The General Fund had an increase in total expenditures of approximately \$ 1,348,000 from the prior year, due to an increase in capital outlay for construction and acquisition of long-term assets and in instructional costs. General Fund expenditures were approximately \$ 569,000 less than budgeted expenditures.
- During the year the District generated \$ 19,697,283 in tax and other revenues for governmental activities. These revenues exceeded the District's governmental activities expenses by \$ 847,634.
- The total cost of all the District's programs increased approximately \$ 1,285,000 from the prior year due primarily to increases in instruction costs, curriculum and instructional staff development costs and acquisition of long-term assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2018**

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

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

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

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2018**

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 decreased from \$ 8,409,266 to \$ 818,922. 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 (\$ 4,100,600) at August 31, 2018. This is a decrease of \$ 7,590,274 in governmental unrestricted net position.

**Table I
Cameron Independent School District**

NET POSITION

	Governmental Activities 2018	Governmental Activities 2017	Change
Current and Other Assets	\$ 9,834,001	\$ 8,069,606	\$ 1,764,395
Capital Assets	<u>22,617,228</u>	<u>23,453,300</u>	<u>(836,072)</u>
Total Assets	32,451,229	31,522,906	928,323
Deferred Outflows of Resources	<u>1,520,068</u>	<u>1,633,455</u>	<u>(113,387)</u>
Other Liabilities	1,730,870	825,526	905,344
Long-Term Liabilities	<u>28,404,700</u>	<u>23,630,079</u>	<u>4,774,621</u>
Total Liabilities	30,135,570	24,455,605	5,679,965
Deferred Inflows of Resources	<u>3,016,735</u>	<u>291,490</u>	<u>2,725,245</u>
Net Position:			
Invested in Capital Assets, Net of Related Debt	3,391,573	3,382,670	8,903
Restricted	1,523,678	1,158,168	365,510
Unrestricted (Deficit)	<u>(4,096,259)</u>	<u>3,868,428</u>	<u>(7,964,687)</u>
Total Net Position	<u>\$ 818,992</u>	<u>\$ 8,409,266</u>	<u>\$ (7,590,274)</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2018**

**Table II
Cameron Independent School District**

CHANGES IN NET POSITION

	Governmental Activities 2018	Governmental Activities 2017	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 252,914	\$ 225,053	\$ 27,861
Operating Grants and Contributions	(200,293)	2,529,085	(2,729,378)
General Revenues:			
Maintenance and Operations Taxes	3,749,788	3,688,926	60,862
Debt Service Taxes	1,186,345	1,154,764	31,581
State Aid - Formula Grants	11,655,733	11,437,959	217,774
Investment Earnings	179,297	75,111	104,186
Miscellaneous Income	97,828	202,158	(104,330)
Total Revenues	<u>16,921,612</u>	<u>19,313,056</u>	<u>(2,391,444)</u>
Expenses:			
Instruction, Curriculum and Media Services	7,451,637	10,192,269	(2,740,632)
Instructional and School Leadership	508,453	955,123	(446,670)
Student Support Services	520,698	787,995	(267,297)
Food Services	1,081,754	1,302,024	(220,270)
Extracurricular Activities	1,358,933	1,565,322	(206,389)
General Administration	516,027	669,280	(153,253)
Plant Maintenance, Security, and Data Processing	1,844,583	2,067,050	(222,467)
Community Services	11,659	19,008	(7,349)
Debt Services - Interest and Bond Fees	669,049	692,720	(23,671)
Payments to Other Districts/Agencies	135,660	127,202	8,458
Total Expenses	<u>14,098,453</u>	<u>18,377,993</u>	<u>(4,279,540)</u>
Excess of Revenues Over Expenses	<u>2,823,159</u>	<u>935,063</u>	<u>1,888,096</u>
Change in Net Position	2,823,159	935,063	1,888,096
Net Position - Beginning	8,409,266	7,474,203	935,063
Prior period adjustment	<u>(10,413,433)</u>	<u>-</u>	<u>(10,413,433)</u>
Net Position - Ending	<u>\$ 818,992</u>	<u>\$ 8,409,266</u>	<u>\$ (7,590,274)</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's total revenues decreased by approximately \$ 2.4 million from the prior year. The District's cost of all programs and services decreased from the prior year by approximately \$ 4.3 million.

The dramatic change in operating grants and contributions activity from year to year of \$ 2,729,378 is reflective of a negative adjustment brought about by the implementation of the new OPEB standards promulgated by the Governmental Accounting Standards Board and significant changes in the benefits provided by the TRS retiree healthcare plan (TRS-Care). The reduction in plan benefits resulted in a sizable decrease in the District's Net OPEB Liability and a resulting negative OPEB expense in accordance with newly implemented accounting standards. Under these standards, the District is required to report what is essentially both negative on-behalf expenses and negative on-behalf revenues for the portion of the reduction in the OPEB liability that is the responsibility of the State.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on pages 20-21) reported a combined fund balance of \$ 7,924,319, which is \$ 847,634 more than last year's total of \$ 7,076,685. This is due primarily to an increase in ADA and property tax revenue and also fewer capital outlays in 2018.

The District's General Fund balance of \$ 6,397,357 reported on page 20 differs from the General Fund's budgeted fund balance of \$ 5,209,823 reported in the budgetary comparison schedule on page 55 due to expenditures less than amounts budgeted and also revenues more than amounts budgeted.

Over the course of the year, the Board of Trustees revised the District's budget twice. Significant budget amendments were due to the addition of a security system at the high school, replacement of a large A/C unit in the high school gym, replacement of unsafe playground equipment at the elementary school, and the implementation of a new reading initiative. Additionally, two Parent Liaison positions were added, and the district entered into an energy optimization agreement with Ideal Energy. An adjustment also was made to cover accruals and to reflect an increase in SHARS revenue estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the District had \$ 22,617,228, 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	\$ 169,760
Furniture and Equipment	<u>806,155</u>
Total	<u><u>\$ 975,915</u></u>

Debt

At year-end, the District had \$ 18,452,391 in bonds and leases outstanding versus \$ 19,276,330 last year, a decrease due to principal payments made on balances during the year. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements starting on page 37.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2018**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected officials considered many factors when setting the fiscal year 2018 budget and tax rates. One of those factors was the overall decline in enrollment in the district coupled with an increase in the high school enrollment. Instructional staffing was adjusted accordingly.

ADA has declined from 2018. So, the District will use its revenues to finance programs it currently offers. The District did, however, add one Career and Technical Education (CTE) offering to the 2019 budget and approved a one-time health insurance supplement for all employees. The budget for 2018–2019 is \$ 16,957,253.

If these estimates are realized, the District's budgetary General Fund balance is expected to remain the same at the close of 2019.

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, 2018**

Data Control Codes		<u>Primary Government</u>
		<u>Governmental Activities</u>
ASSETS		
1110	Cash and Cash Equivalents	\$ 8,468,936
1220	Property Taxes Receivable (Delinquent)	277,508
1230	Allowance for Uncollectible Taxes	(83,252)
1240	Due from Other Governments	886,450
1290	Other Receivables, Net	25,425
1410	Prepaid expenses	66,197
1995	Prepaid Expenses - noncurrent	192,737
	Capital Assets:	
1510	Land	728,654
1520	Buildings, Net	19,828,746
1530	Furniture and Equipment, Net	2,059,828
1000	Total Assets	<u>32,451,229</u>
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred Amount on Refunding	360,435
1705	Deferred Outflow Related to TRS Pension	1,069,651
1706	Deferred Outflow Related to TRS OPEB	89,982
1700	Total Deferred Outflows of Resources	<u>1,520,068</u>
LIABILITIES		
2110	Accounts Payable	216,353
2140	Interest Payable	25,818
2150	Payroll Deductions and Withholdings Payable	109,171
2160	Accrued Wages Payable	791,909
2200	Accrued Expenditures	19,435
2300	Unearned Revenues	568,184
	Noncurrent Liabilities:	
2501	Due Within One Year	1,219,787
2502	Due in More Than One Year	18,366,303
2540	Net Pension Liability (District's Portion)	2,879,935
2545	Net OPEB Liability (District's Portion)	5,938,675
2000	Total Liabilities	<u>30,135,570</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS Pension	532,576
2606	Deferred Inflow Related to TRS OPEB	2,484,159
2600	Total Deferred Inflows of Resources	<u>3,016,735</u>
NET POSITION		
3200	Net Investment in Capital Assets	3,391,573
3820	Restricted for Federal and State Programs	251,077
3850	Restricted for Debt Service	1,272,601
3900	Unrestricted (Deficit)	(4,096,259)
3000	Total Net Position	<u>\$ 818,992</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, 2018**

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 6,914,915	\$ 19,076	\$ (1,010,393)	\$ (7,906,232)
12 Instructional Resources and Media Services	174,251	-	(29,289)	(203,540)
13 Curriculum and Instructional Staff Development	362,471	-	(79,783)	(442,254)
23 School Leadership	508,453	-	(356,429)	(864,882)
31 Guidance, Counseling and Evaluation Services	174,971	-	(119,158)	(294,129)
32 Social Work Services	1,058	-	(2,364)	(3,422)
33 Health Services	89,789	-	(28,016)	(117,805)
34 Student (Pupil) Transportation	254,880	-	(51,174)	(306,054)
35 Food Services	1,081,754	135,375	894,234	(52,145)
36 Extracurricular Activities	1,358,933	98,463	(130,324)	(1,390,794)
41 General Administration	516,027	-	(106,095)	(622,122)
51 Facilities Maintenance and Operations	1,465,272	-	(353)	(1,465,625)
52 Security and Monitoring Services	55,426	-	-	(55,426)
53 Data Processing Services	323,885	-	(36,028)	(359,913)
61 Community Services	11,659	-	(283)	(11,942)
72 Debt Service - Interest on Long-Term Debt	667,244	-	855,162	187,918
73 Debt Service - Bond Issuance Cost and Fees	1,805	-	-	(1,805)
93 Payments related to Shared Services Arrangements	135,660	-	-	(135,660)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 14,098,453</u>	<u>\$ 252,914</u>	<u>\$ (200,293)</u>	<u>(14,045,832)</u>

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	3,749,788
DT	Property Taxes, Levied for Debt Service	1,186,345
SF	State Aid - Formula Grants	11,655,733
IE	Investment Earnings	179,297
MI	Miscellaneous Local and Intermediate Revenue	97,828
TR	Total General Revenues	<u>16,868,991</u>
CN	Change in Net Position	2,823,159
NB	Net Position - Beginning	8,409,266
PA	Prior period adjustment	<u>(10,413,433)</u>
NE	Net Position - Ending	<u>\$ 818,992</u>

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2018**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds
ASSETS			
1110	\$ 6,933,801	\$ 1,276,710	\$ 258,425
1220	212,760	64,748	-
1230	(63,828)	(19,424)	-
1240	741,358	-	145,092
1260	42,544	-	40,000
1290	25,425	-	-
1410	66,197	-	-
1995	192,737	-	-
1000	<u>\$ 8,150,994</u>	<u>\$ 1,322,034</u>	<u>\$ 443,517</u>
LIABILITIES			
2110	\$ 203,284	\$ -	\$ 13,069
2150	109,171	-	-
2160	703,507	-	88,402
2170	-	-	82,544
2200	14,294	-	5,141
2300	568,184	-	-
2000	<u>1,598,440</u>	<u>-</u>	<u>189,156</u>
DEFERRED INFLOWS OF RESOURCES			
2600	155,197	49,433	-
	<u>155,197</u>	<u>49,433</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3430	258,934	-	-
Restricted Fund Balance:			
3450	-	-	251,077
3480	-	1,272,601	-
Assigned Fund Balance:			
3590	-	-	3,284
3600	6,138,423	-	-
3000	<u>6,397,357</u>	<u>1,272,601</u>	<u>254,361</u>
4000	<u>\$ 8,150,994</u>	<u>\$ 1,322,034</u>	<u>\$ 443,517</u>

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

Total Governmental Funds	
\$	8,468,936
	277,508
	(83,252)
	886,450
	82,544
	25,425
	66,197
	192,737
	<hr/>
\$	9,916,545
	<hr/> <hr/>
\$	216,353
	109,171
	791,909
	82,544
	19,435
	568,184
	<hr/>
	1,787,596
	<hr/>
	204,630
	<hr/>
	204,630
	<hr/>
	258,934
	251,077
	1,272,601
	3,284
	6,138,423
	<hr/>
	7,924,319
	<hr/>
\$	9,916,545
	<hr/> <hr/>

**CAMERON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2018**

Total Fund Balances - Governmental Funds		\$ 7,924,319
1	Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds. These assets consist of:	
	Land	\$ 728,654
	Buildings and improvements	41,078,432
	Furniture and equipment	5,484,429
	Accumulated depreciation	<u>(24,674,287)</u>
	Total capital assets	<u>\$ 22,617,228</u> 22,617,228
2	Deferred outflows of resources represent the consumption of net position that applies to future periods and will not be recognized as an expense until then:	
	Deferred amounts on refunding	\$ 360,435
	Deferred outflows related to TRS Pension	1,069,651
	Deferred outflows related to TRS OPEB	<u>89,982</u>
		<u>\$ 1,520,068</u> 1,520,068
3	Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected.	204,630
4	Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet. Those liabilities consist of:	
	Accrued interest on debt	\$ (25,818)
	Bonds	(18,210,000)
	Capital leases	(242,391)
	Premiums/discounts	(1,133,699)
	Net pension liability	(2,879,935)
	Net OPEB liability	<u>(5,938,675)</u>
		<u>\$ (28,430,518)</u> (28,430,518)
5	Deferred inflow of resources represent an acquisition of net position that applies to future periods and so will not be recognized as revenue until then:	
	Deferred inflows related to TRS Pension	\$ (532,576)
	Deferred inflows related to TRS OPEB	<u>(2,484,159)</u>
		<u>\$ (3,016,735)</u> (3,016,735)
19	Net Position of Governmental Activities	<u>\$ 818,992</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, 2018**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds
REVENUES:			
5700	\$ 4,108,565	\$ 1,211,959	\$ 135,375
5800	11,655,733	855,162	127,171
5900	70,650	-	1,532,668
5020	<u>15,834,948</u>	<u>2,067,121</u>	<u>1,795,214</u>
EXPENDITURES:			
Current:			
0011	8,849,223	-	528,445
0012	177,332	-	-
0013	371,406	-	114,197
0023	971,571	-	-
0031	339,299	-	-
0032	3,527	-	-
0033	137,215	-	-
0034	484,122	-	-
0035	28,567	-	1,109,447
0036	1,004,847	-	-
0041	672,809	-	-
0051	1,574,047	-	-
0052	58,060	-	2,544
0053	332,445	-	-
0061	4,409	-	7,850
0081	448,790	-	-
Debt Service:			
0071	15,686	1,045,000	-
0072	3,323	686,100	-
0073	-	1,805	-
Intergovernmental:			
0093	135,660	-	-
6030	<u>15,612,338</u>	<u>1,732,905</u>	<u>1,762,483</u>
1100	<u>222,610</u>	<u>334,216</u>	<u>32,731</u>
OTHER FINANCING SOURCES (USES):			
7913	258,077	-	-
7080	<u>258,077</u>	<u>-</u>	<u>-</u>
1200	480,687	334,216	32,731
0100	5,916,670	938,385	221,630
3000	<u>\$ 6,397,357</u>	<u>\$ 1,272,601</u>	<u>\$ 254,361</u>

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

Total
Governmental
Funds

\$ 5,455,899
12,638,066
1,603,318

19,697,283

9,377,668
177,332
485,603
971,571
339,299
3,527
137,215
484,122
1,138,014
1,004,847
672,809
1,574,047
60,604
332,445
12,259
448,790

1,060,686
689,423
1,805

135,660

19,107,726

589,557

258,077

258,077

847,634

7,076,685

\$ 7,924,319

**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, 2018**

Total Net Change in Fund Balances - Governmental Funds \$ 847,634

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

Capital outlay	\$ 975,915	
Depreciation expense	(1,811,987)	
	<u>\$ (836,072)</u>	(836,072)

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

10,274

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

Proceeds from capital lease	\$ (258,077)	
Bond principal repayments	1,045,000	
Capital lease principal repayments	37,016	
Amortization of bond issuance premiums	96,579	
Amortization of deferred amounts on refundings	(75,543)	
Net adjustment	<u>\$ 844,975</u>	844,975

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

1,143

GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$ 283,418. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$ 295,081. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$ 113,713. The net result is a decrease in the change in net position.

(125,376)

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

EXHIBIT C-4
(Continued)

GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$ 89,052. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$ 70,997. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$ 2,062,526. The net result is an increase to the change in net position

Change in Net Position of Governmental Activities

	<u>2,080,581</u>
	<u>\$ 2,823,159</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
AUGUST 31, 2018**

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 125,432
Total Assets	<u>\$ 125,432</u>
LIABILITIES	
Due to Student Groups	\$ 125,432
Total Liabilities	<u>\$ 125,432</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, 2018**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in GASB Statement No. 75, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities. However, the District is not included in any other governmental reporting entity. The District is a governmental entity exempt from federal income taxation and reporting under Internal Revenue Code Section 115.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

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

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

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

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

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

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

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

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

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

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

Deposits and Investments

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

Receivables and Payables

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

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

Inventories and Prepaid Items

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

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

Pensions

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

Other Post-Employment Benefits

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Governmental Fund Balances

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

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

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

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

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

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

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Building Improvements	10-30
Vehicles	5-10
Computer Equipment	3-5
Other Equipment	5-10

Compensated Absences

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Long-Term Obligations

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

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

Fund Equity/Net Position

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

Deferred Outflows and Inflows of Resources

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

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

ESTIMATES

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

DATA CONTROL CODES

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

E. IMPLEMENTATION OF NEW STANDARD

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

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

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

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

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

Additional Contractual Provisions governing deposits and investments are as follows:

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

At August 31, 2018, the carrying amount of the District's deposits was \$ 8,468,936 and the bank balance was \$ 8,735,025. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018, were covered by FDIC insurance or by pledged securities by the District's agent bank in the District's name.

Policies Governing Deposits and Investments

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

B. PROPERTY TAXES

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

C. INTERFUND RECEIVABLES AND PAYABLES

The purpose of the interfund balance is mainly for cash flows concerns, and the amounts are anticipated to be repaid in the current year. Interfund balances at August 31, 2018 consisted of the following balances:

Fund	Due from Other Funds	Due to Other Funds
<u>General Fund:</u>		
Non-major Special Revenue Funds	\$ 42,544	\$ -
Total General Fund	<u>42,544</u>	<u>-</u>
<u>Non-major Special Revenue Funds:</u>		
General Fund	-	2,544
Other Non-major Special Revenue Funds	40,000	80,000
Total Non-major Special Revenue Funds	<u>40,000</u>	<u>82,544</u>
TOTAL	<u>\$ 82,544</u>	<u>\$ 82,544</u>

D. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2018, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Land	\$ 728,654	\$ -	\$ -	\$ 728,654
Building and Improvements	40,908,672	169,760	-	41,078,432
Furniture and Equipment	4,678,274	806,155	-	5,484,429
Totals at Historic Cost	<u>46,315,600</u>	<u>975,915</u>	<u>-</u>	<u>47,291,515</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(19,751,044)	(1,498,642)	-	(21,249,686)
Furniture and Equipment	(3,111,256)	(313,345)	-	(3,424,601)
Total Accumulated Depreciation	<u>(22,862,300)</u>	<u>(1,811,987)</u>	<u>-</u>	<u>(24,674,287)</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,453,300</u>	<u>\$ (836,072)</u>	<u>\$ -</u>	<u>\$ 22,617,228</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 743,715
Instructional Resources and Media Services	51,834
Curriculum Development	591
School Leadership	26,189
Guidance, Counseling and Evaluation Services	5,561
Health Services	2,342
Student Transportation	104,736
Food Services	118,348
Extracurricular Activities	553,636
General Administration	3,191
Facilities Maintenance and Operations	146,911
Data Processing Services	54,933
Total Depreciation Expense	<u>\$ 1,811,987</u>

E. LEASES

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

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

Date of Issue and Purpose	Interest Rate	Maturity Date	Amounts	Issued	(Retired)	Amounts	Due Within One Year
			Outstanding 9/1/2016	Current Year	Current Year	Outstanding 8/31/2017	
6/20/2013 Copier Lease	4.6%	6/20/2018	\$ 21,330	\$ -	\$ (21,330)	\$ -	-
5/20/2018 Copier Lease	4.0%	6/20/2023	-	258,077	(15,686)	242,391	48,208
			<u>\$ 21,330</u>	<u>\$ 258,077</u>	<u>\$ (37,016)</u>	<u>\$ 242,391</u>	<u>\$ 48,208</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

The required payments to maturity are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2019	\$ 48,208	\$ 8,818	\$ 57,026
2020	50,172	6,854	57,026
2021	52,216	4,810	57,026
2022	54,343	2,683	57,026
2023	37,452	564	38,016
	<u>\$ 242,391</u>	<u>\$ 23,729</u>	<u>\$ 266,120</u>

F. BONDS

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

A summary of changes in general long-term debt for the year ended August 31, 2018, were as follows:

Date of Issue and Purpose	Interest Rate	Amounts Outstanding 9/1/2017	Issued Current Year	(Retired/ Refunded) Current Year	Amounts Outstanding 8/31/2018	Due Within One Year
11/1/2010						
Unlimited Tax Refunding Bonds, Series 2010	3.0-4.0%	\$ 11,040,000	\$ -	\$ (440,000)	\$ 10,600,000	\$ 465,000
7/15/2014						
Unlimited Tax School Building Bonds, Series 2014	2.0-4.0%	4,985,000	-	(180,000)	4,805,000	170,000
11/1/2015						
Unlimited Tax Refunding Bonds, Series 2015	4.0%	3,230,000	-	(425,000)	2,805,000	440,000
Total		<u>\$ 19,255,000</u>	<u>\$ -</u>	<u>\$ (1,045,000)</u>	<u>\$ 18,210,000</u>	<u>\$ 1,075,000</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Debt service requirements are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
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	1,180,000	554,150	1,734,150
2023-2027	6,275,000	2,108,400	8,383,400
2028-2032	7,425,000	766,100	8,191,100
	<u>\$ 18,210,000</u>	<u>\$ 5,296,825</u>	<u>\$ 23,506,825</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, 2018.

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

Long-term liability activity for the year ended August 31, 2018 was as follows:

	Beginning Balance	Additions	Reductions/ Amortization	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 19,255,000	\$ -	\$ (1,045,000)	\$ 18,210,000	\$ 1,075,000
Capital Leases	21,330	258,077	(37,016)	242,391	48,208
Bond Premium	1,230,278	-	(96,579)	1,133,699	96,579
Net Pension Liability	3,123,471	51,659	(295,195)	2,879,935	-
Net OPEB Liability	10,484,430	(4,474,755)	(71,000)	5,938,675	-
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 34,114,509</u>	<u>\$ (4,165,019)</u>	<u>\$ (1,544,790)</u>	<u>\$ 28,404,700</u>	<u>\$ 1,219,787</u>

The following is a summary of deferred amounts on refunding for the year ended August 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Unlimited Tax Refunding Bonds	<u>\$ 435,978</u>	<u>\$ -</u>	<u>\$ (75,543)</u>	<u>\$ 360,435</u>	<u>\$ (75,543)</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

H. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2018, 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	\$ 741,358	\$ -	\$ 741,358
Nonmajor Governmental Funds	-	145,092	145,092
Total	\$ 741,358	\$ 145,092	\$ 886,450

I. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Nonmajor Special Revenue Funds	Total
Property Taxes	\$ 3,686,301	\$ 1,169,162	\$ -	\$ 4,855,463
Penalties, Interest and Other				
Tax-Related Income	53,215	17,183	-	70,398
Investment Income	179,108	25,614	-	204,722
Food Sales	-	-	135,375	135,375
Extracurricular Student Activities	98,463	-	-	98,463
Other	91,478	-	-	91,478
Total	\$ 4,108,565	\$ 1,211,959	\$ 135,375	\$ 5,455,899

J. DEFINED BENEFIT PENSION PLAN

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

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information.

That report may be obtained on the Internet at <http://www.trs.texas.gov/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 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. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Current fiscal year employer contributions		\$ 283,418
Current fiscal year member contributions		770,641
2017 measurement year NECE on-behalf contributions		506,918

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers are required to pay the employer contribution rate in the following instances:

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

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

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

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-Term Expected Investment Rate of Return	8.00%
Last year ending August 31 in the 2016 to 2115 projection period (100 years)	2116
Inflation	2.50%
Salary Increases	3.50% to 9.50% including inflation
Ad hoc post employment benefit changes	None

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

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates (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.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns ¹
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%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation-Linked Bonds	3.0%	0.9%	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%

¹ The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1.0% less than, and a 1.0% greater than the discount rate that was used (8.0%) in measuring the 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:	\$ 4,855,001	\$ 2,879,935	\$ 1,235,372

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2018, the District reported a net pension liability of \$ 2,879,935 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 2,879,935
State's Proportionate Share that is Associated with the District	4,955,912
Total	\$ 7,835,847

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2016 thru August 31, 2017.

At August 31, 2017, the employer's proportion of the collective net pension liability was 0.0090069421%, which is a decrease of 0.0007412804% from its proportion measured as of August 31, 2017.

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

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

For the year ended August 31, 2018, the District recognized pension expense of \$ 786,811 and revenue of \$ 378,017 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 42,135	\$ 155,311
Changes in actuarial assumptions	131,186	75,101
Difference between projected and actual investment earnings	-	209,883
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	612,912	92,281
Total as of December 31, 2017 measurement date	786,233	532,576
Contributions paid to TRS subsequent to the measurement date	283,418	-
Total as of fiscal year end	\$ 1,069,651	\$ 532,576

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

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
2019	\$ 25,475
2020	209,308
2021	11,348
2022	(42,074)
2023	23,615
Thereafter	25,985
	\$ 253,657

K. DEFINED OTHER POST EMPLOYMENT BENEFIT PLANS

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

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

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

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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

* or surviving spouse

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.0% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2018</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%
Current fiscal year employer contributions		\$ 89,052
Current fiscal year member contributions		65,054
2017 measurement year NECE on-behalf contributions		87,948

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$ 15.6 million in fiscal year 2017 and \$ 182.6 million in fiscal year 2018. House Bill 21 was passed in special session and provided a supplemental appropriation in the amount of \$ 212 million in fiscal year 2018.

The District’s proportionate share of the \$ 212,000,000 received during the District’s 2018 fiscal year is reported in the fund level financial statements as an on-behalf contribution as required by GASB 85 and GASB 24.

Actuarial Assumptions. The actuarial valuation of TRS-Care is similar to actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographics assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The Post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

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

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50% to 9.50%
Healthcare Trend Rates	4.50% to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post employment benefit changes	None

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

Discount Rate. A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. The Discount Rate can be found in the 2017 TRS CAFR on page 83. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
CISD's Proportionate Share of the Net OPEB Liability:	\$ 7,009,111	\$ 5,938,675	\$ 5,078,286

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2018, the District reported a liability of \$5,938,675 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
CISD's Proportionate Share of the Net OPEB Liability:	\$ 4,944,540	\$ 5,938,675	\$ 7,243,105

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

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.0136564431% which was the same proportion measured as of August 31, 2016.

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

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions including participation rates, retirement rates and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact included assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$ 850/\$ 2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonable represented by a 25 basis point addition to the long term rate assumption.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

The significant changes to the plan benefits and assumptions noted above lowered the OPEB liability related to TRS-Care plan as a whole by \$ 33.3 billion. As a result, the District's proportional share of the net OPEB liability decreased by \$ 4,545,756. Because the decrease in the liability was the result of changes to plan benefits, a majority of the decrease has been recognized immediately in the District's financial statements. As a result, the District recognized a total proportional share of negative OPEB expense of \$ 4,453,122. A portion of this negative expense represents the State's on behalf share of this activity which is offset by what the Governmental Accounting Standards Board refers to as a negative revenue in the amount of \$ 2,461,593.

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

District's Proportionate Share of the Collective Net Pension Liability	\$ 5,938,675
State's Proportionate Share that is Associated with the District	7,356,237
Total	\$ 13,294,912

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 123,974
Changes in actuarial assumptions	-	2,360,185
Difference between projected and actual investment earnings	902	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	28	-
Total as of December 31, 2017 measurement date	930	2,484,159
Contributions paid to TRS subsequent to the measurement date	89,052	-
Total as of fiscal year end	\$ 89,982	\$ 2,484,159

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

Year Ending August 31,	OPEB Expense Amount
2019	\$ (327,665)
2020	(327,665)
2021	(327,665)
2022	(327,665)
2023	(327,890)
Thereafter	(844,679)
	\$ (2,483,229)

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

L. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The Medicare Prescription Drug, Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended August 31, 2018, the contribution made on behalf of the District was \$ 59,299.

M. COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2018 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

N. SHARED SERVICE ARRANGEMENTS

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

The District participates in the BURLESON-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:

Program	CFDA Number	District Value
State and Local	--	\$ 125,472
IDEA-B,	84.027	382,591
IDEA-B, Preschool	84.173	2,354
Total		<u>\$ 510,417</u>

The expenditures under the above programs were classified as follows:

Classification	Amount
6100 - Payroll Costs	\$ 365,913
6200 - Contracted Services	108,720
6300 - Supplies and Materials	21,077
6400 - Other Operating Costs	14,707
6500 - Debt Service	-
6600 - Capital Outlay	-
	<u>\$ 510,417</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

O. HEALTH CARE COVERAGE AND MAINTENANCE OF EFFORT

During the year ended August 31, 2018, 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 \$ 741,000 for the 190 participating employees at August 31, 2018. There were 260 employees eligible for coverage at August 31, 2018.

P. NEGATIVE OPERATING GRANTS AND CONTRIBUTIONS – STATEMENT OF ACTIVITIES

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

Functional Allocation	Operating Grants & Contributions - Statement of Activities	GASB 75 Negative Government-Wide On-Behalf Accrual	Operating Grants & Contributions - Statement of Activities (excluding the effects of GASB 75 negative on-behalf accrual)
11 Pension Expense - Instruction	\$ (1,010,393)	\$ (1,543,513)	\$ 533,120
12 Pension Expense - Instructional Resources and Media Services	(29,289)	(25,879)	(3,410)
13 Pension Expense - Curriculum Development and Instructional Staff Development	(79,783)	(70,494)	(9,289)
23 Pension Expense - School Leadership	(356,429)	(314,932)	(41,497)
31 Pension Expense - Guidance, Counseling and Evaluation Services	(119,158)	(105,285)	(13,873)
32 Pension Expense - Social Work Services	(2,364)	(2,089)	(275)
33 Pension Expense - Health Services	(28,016)	(25,666)	(2,350)
34 Pension Expense - Student (Pupil) Transportation	(51,174)	(48,432)	(2,742)
35 Pension Expense - Food Services	894,234	(84,014)	978,248
36 Pension Expense - Extracurricular Activities	(130,324)	(115,151)	(15,173)
41 Pension Expense - General Administration	(106,095)	(93,743)	(12,352)
51 Pension Expense - Facilities Maintenance and Operations	(353)	(312)	(41)
53 Pension Expense - Data Processing Services	(36,028)	(31,833)	(4,195)
61 Pension Expense - Community Services	(283)	(250)	(33)
	<u>\$ (1,055,455)</u>	<u>\$ (2,461,593)</u>	<u>\$ 1,406,138</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Q. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in several function category in the General Fund for the year ended August 31, 2018.

R. PRIOR PERIOD ADJUSTMENT

In fiscal year 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB)*. As a result the beginning net position of the District's governmental activities has been restated on the Statement of Activities to reflect the net OPEB liability and deferred outflows of resources relating to TRS-Care contributions made after the prior measurement date of the plan. The following illustrates the effect of the prior period adjustment:

	Governmental Activities	
	<i>Governmental Funds Statement</i>	<i>Government-Wide Statement</i>
Net position at August 31, 2017, as previously reported	\$ 8,085,312	\$ 8,409,266
Net OPEB liability at measurement date August 31, 2016	-	(10,484,430)
Deferred outflows - OPEB contributions made after measurement date of beginning net OPEB liability and beginning of fiscal year	-	70,997
Net position at August 31, 2017, as restated	<u>\$ 8,085,312</u>	<u>\$ (2,004,167)</u>

S. RELATED PARTY TRANSACTIONS

During fiscal year 2018, a company which is owned in part by a member of the District's Board of Trustees was hired for security renovations at the high school. The total amount expended for the project was \$ 45,337. All amounts due were paid by August 31, 2018.

T. EVALUATION OF SUBSEQUENT EVENTS

On October 18, 2018, the District issued the Unlimited Tax Refunding Bonds, Series 2018 in the amount of \$ 9,515,000 with an interest rate ranging 3.10-4.00%. The maturity date is February 2032. The first payment is on February 15, 2019. Proceeds will be used to refund a portion of the District's outstanding bonds for debt service savings and pay the cost of issuing the bonds.

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, 2018**

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	\$ 3,871,000	\$ 3,871,000	\$ 4,108,565	\$ 237,565
5800	State Program Revenues	11,569,195	11,569,195	11,655,733	86,538
5900	Federal Program Revenues	45,000	65,000	70,650	5,650
5020	Total Revenues	<u>15,485,195</u>	<u>15,505,195</u>	<u>15,834,948</u>	<u>329,753</u>
EXPENDITURES:					
Current:					
0011	Instruction	9,056,183	9,112,183	8,849,223	262,960
0012	Instructional Resources and Media Services	178,875	180,725	177,332	3,393
0013	Curriculum and Instructional Staff Development	230,015	370,390	371,406	(1,016)
0023	School Leadership	975,535	982,335	971,571	10,764
0031	Guidance, Counseling and Evaluation Services	381,585	384,385	339,299	45,086
0032	Social Work Services	-	4,000	3,527	473
0033	Health Services	137,700	138,600	137,215	1,385
0034	Student (Pupil) Transportation	502,150	524,450	484,122	40,328
0035	Food Services	-	30,000	28,567	1,433
0036	Extracurricular Activities	1,126,700	1,129,300	1,004,847	124,453
0041	General Administration	770,350	788,850	672,809	116,041
0051	Facilities Maintenance and Operations	1,520,915	1,564,663	1,574,047	(9,384)
0052	Security and Monitoring Services	20,500	63,600	58,060	5,540
0053	Data Processing Services	367,700	368,900	332,445	36,455
0061	Community Services	3,000	7,000	4,409	2,591
0081	Facilities Acquisition and Construction	-	427,000	448,790	(21,790)
Debt Service:					
0071	Principal on Long-Term Debt	-	-	15,686	(15,686)
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts	135,661	135,661	135,660	1
6030	Total Expenditures	<u>15,406,869</u>	<u>16,212,042</u>	<u>15,609,015</u>	<u>603,027</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>78,326</u>	<u>(706,847)</u>	<u>225,933</u>	<u>932,780</u>
OTHER FINANCING SOURCES (USES):					
7913	Proceeds from Capital Lease	-	-	258,077	258,077
7080	Total Other Financing Sources (Uses)	-	-	258,077	258,077
1200	Net Change in Fund Balances	<u>78,326</u>	<u>(706,847)</u>	<u>484,010</u>	<u>1,190,857</u>
0100	Fund Balance - September 1 (Beginning)	<u>5,916,670</u>	<u>5,916,670</u>	<u>5,916,670</u>	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 5,994,996</u>	<u>\$ 5,209,823</u>	<u>\$ 6,400,680</u>	<u>\$ 1,190,857</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018**

	<u>2017</u>	<u>2016</u>
District's Proportion of the Net Pension Liability (Asset)	0.009006942%	0.008265662%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,879,935	\$ 3,123,471
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>4,955,912</u>	<u>5,613,014</u>
Total	<u>\$ 7,835,847</u>	<u>\$ 8,736,485</u>
District's Covered Employee Payroll	\$ 9,705,865	\$ 8,990,042
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered Employee Payroll	29.67%	34.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%

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

EXHIBIT G-2
(Continued)

<u>2015</u>	<u>2014</u>
0.008996400%	0.006393600%
\$ 3,180,108	\$ 1,707,819
<u>5,414,269</u>	<u>4,516,526</u>
<u>\$ 8,594,377</u>	<u>\$ 6,224,345</u>
\$ 8,878,985	\$ 8,609,608
35.82%	19.84%
78.43%	83.25%

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018**

	Fiscal Year Ended August 31,			
	2018	2017	2016	2015
Contractually Required Contribution	\$ 283,418	\$ 295,195	\$ 261,991	\$ 266,388
Contribution in Relation to the Contractually Required Contribution	(283,418)	(295,195)	(261,991)	(266,388)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	10,016,716	\$ 9,705,865	\$ 8,990,042	\$ 8,878,985
Contributions as a Percentage of Covered Employee Payroll	2.83%	3.04%	2.91%	3.00%

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018**

	Measurement Year Ended August 31, 2017
District's Proportion of the Net OPEB Liability (Asset)	0.0136564431%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 5,938,675
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	7,356,237
Total	\$ 13,294,912
District's Covered Employee Payroll	\$ 9,705,865
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its covered Employee Payroll	61.19%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for fiscal year 2018 are based on the August 31, 2017 measurement date.

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS FOR OTHER
POST EMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018**

	Fiscal Year Ended August 31,
	2018
Contractually Required Contribution	\$ 89,052
Contribution in Relation to the Contractually Required Contribution	(89,052)
Contribution Deficiency (Excess)	\$ -
District's Covered-Employee Payroll	10,008,345
Contributions as a Percentage of Covered Employee Payroll	0.89%

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2018**

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.

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COMBINING SCHEDULES

**CAMERON INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018**

Data Control Codes	211 ESEA I, A Improving Basic Program	210 Title I School Improvement	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Vocational Education Basic Grant	
ASSETS						
1110	Cash and Cash Equivalents	\$ 47,801	\$ -	\$ 170,564	\$ 16,302	\$ -
1240	Due from Other Governments	44,341	-	84,487	-	3,600
1260	Due from Other Funds	-	40,000	-	-	-
1000	Total Assets	<u>\$ 92,142</u>	<u>\$ 40,000</u>	<u>\$ 255,051</u>	<u>\$ 16,302</u>	<u>\$ 3,600</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
2110	Accounts Payable	\$ -	\$ -	\$ 9,957	\$ -	\$ -
2160	Accrued Wages Payable	47,817	-	40,585	-	-
2170	Due to Other Funds	40,000	40,000	-	-	-
2200	Accrued Expenditures	4,325	-	816	-	-
2000	Total Liabilities	<u>92,142</u>	<u>40,000</u>	<u>51,358</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted Fund Balance:						
3450	Federal or State Funds Grant Restriction	-	-	203,693	16,302	3,600
Assigned Fund Balance:						
3590	Other Assigned Fund Balance	-	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>203,693</u>	<u>16,302</u>	<u>3,600</u>
4000	Total Liabilities and Fund Balances	<u>\$ 92,142</u>	<u>\$ 40,000</u>	<u>\$ 255,051</u>	<u>\$ 16,302</u>	<u>\$ 3,600</u>

**EXHIBIT H-1
(Continued)**

255 ESEA II, A Training and Recruiting	263 Title III Bilingual/ESL	270 Title IV, B Rural & Low Inc Sch Prg	288 Title IV, A Subpart 1	289 Rural Educ. Achievement Program	410 State Textbook Fund	429 Ready to Read Grant	484 Centex Workforce Grant
\$ 324	\$ -	\$ -	\$ -	\$ 2,352	\$ 17,798	\$ -	\$ 217
411	-	9,475	2,544	-	234	-	-
-	-	-	-	-	-	-	-
<u>\$ 735</u>	<u>\$ -</u>	<u>\$ 9,475</u>	<u>\$ 2,544</u>	<u>\$ 2,352</u>	<u>\$ 18,032</u>	<u>\$ -</u>	<u>\$ 217</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,112	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	2,544	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	<u>2,544</u>	-	<u>3,112</u>	-	-
735	-	9,475	-	2,352	14,920	-	-
-	-	-	-	-	-	-	217
<u>735</u>	<u>-</u>	<u>9,475</u>	<u>-</u>	<u>2,352</u>	<u>14,920</u>	<u>-</u>	<u>217</u>
<u>\$ 735</u>	<u>\$ -</u>	<u>\$ 9,475</u>	<u>\$ 2,544</u>	<u>\$ 2,352</u>	<u>\$ 18,032</u>	<u>\$ -</u>	<u>\$ 217</u>

**EXHIBIT H-1
(Continued)**

486 Austin Food Bank Grant	Total Nonmajor Governmental Funds
\$ 3,067	\$ 258,425
-	145,092
-	40,000
<u>\$ 3,067</u>	<u>\$ 443,517</u>
\$ -	\$ 13,069
-	88,402
-	82,544
-	5,141
<u>-</u>	<u>189,156</u>
-	251,077
<u>3,067</u>	<u>3,284</u>
<u>3,067</u>	<u>254,361</u>
<u>\$ 3,067</u>	<u>\$ 443,517</u>

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**CAMERON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018**

Data Control Codes	211 ESEA I, A Improving Basic Program	210 Title I School Improvement	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Vocational Education Basic Grant	
REVENUES:						
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 135,375	\$ -	\$ -
5800	State Program Revenues	-	-	5,325	-	-
5900	Federal Program Revenues	400,416	40,000	971,576	-	18,459
5020	Total Revenues	<u>400,416</u>	<u>40,000</u>	<u>1,112,276</u>	<u>-</u>	<u>18,459</u>
EXPENDITURES:						
Current:						
0011	Instruction	355,545	40,000	-	-	11,859
0013	Curriculum and Instructional Staff Development	39,896	-	-	-	3,000
0035	Food Services	-	-	1,098,467	-	-
0052	Security and Monitoring Services	-	-	-	-	-
0061	Community Services	4,975	-	-	-	-
6030	Total Expenditures	<u>400,416</u>	<u>40,000</u>	<u>1,098,467</u>	<u>-</u>	<u>14,859</u>
1200	Net Change in Fund Balance	-	-	13,809	-	3,600
0100	Fund Balance - September 1 (Beginning)	-	-	189,884	16,302	-
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,693</u>	<u>\$ 16,302</u>	<u>\$ 3,600</u>

**EXHIBIT H-2
(Continued)**

255 ESEA II, A Training and Recruiting	263 Title III Bilingual/ESL	270 Title IV, B Rural & Low Inc Sch Prg	288 Title IV, A Subpart I	289 Rural Educ. Achievement Program	410 State Textbook Fund	429 Ready to Read Grant	484 Centex Workforce Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	109,429	-	-
53,713	5,381	31,392	10,544	1,187	-	-	-
<u>53,713</u>	<u>5,381</u>	<u>31,392</u>	<u>10,544</u>	<u>1,187</u>	<u>109,429</u>	<u>-</u>	<u>-</u>
(1,747)	1,806	14,158	-	-	106,824	-	-
54,725	700	7,759	8,000	-	-	117	-
-	-	-	-	-	-	-	-
-	-	-	2,544	-	-	-	-
-	2,875	-	-	-	-	-	-
<u>52,978</u>	<u>5,381</u>	<u>21,917</u>	<u>10,544</u>	<u>-</u>	<u>106,824</u>	<u>117</u>	<u>-</u>
735	-	9,475	-	1,187	2,605	(117)	-
-	-	-	-	1,165	12,315	117	217
<u>\$ 735</u>	<u>\$ -</u>	<u>\$ 9,475</u>	<u>\$ -</u>	<u>\$ 2,352</u>	<u>\$ 14,920</u>	<u>\$ -</u>	<u>\$ 217</u>

**EXHIBIT H-2
(Continued)**

486 Austin Food Bank Grant	Total Nonmajor Governmental Funds
\$ -	\$ 135,375
12,417	127,171
-	1,532,668
<u>12,417</u>	<u>1,795,214</u>
-	528,445
-	114,197
10,980	1,109,447
-	2,544
-	7,850
<u>10,980</u>	<u>1,762,483</u>
1,437	32,731
1,630	221,630
<u>\$ 3,067</u>	<u>\$ 254,361</u>

REQUIRED TEA SCHEDULES

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2018**

Last 10 Years Ended August 31,	Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	(1) Maintenance	(2) Debt Service	
2009 and Prior Years	\$ 1.21750	\$ 0.28350	Various
2010	1.040000	0.300000	\$ 257,466,601
2011	1.040000	0.270000	270,473,196
2012	1.040000	0.300000	276,174,127
2013	1.040000	0.300000	249,705,919
2014	1.040000	0.300000	254,853,505
2015	1.040000	0.280000	294,157,324
2016	1.040000	0.350000	266,013,936
2017	1.040000	0.350000	290,193,772
2018 (School Year Under Audit)	1.040000	0.330000	346,851,721
100 TOTALS			

EXHIBIT J-1

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 29,335	\$ -	\$ 596	\$ 164	\$ (3,372)	\$ 25,203
8,811	-	456	118	-	8,237
9,537	-	506	146	-	8,885
11,182	-	757	218	-	10,207
12,485	-	1,011	292	728	11,910
12,879	-	2,077	559	1,819	12,062
19,200	-	2,475	833	(2,097)	13,795
34,181	-	10,851	3,652	1,325	21,003
125,220	-	56,519	17,934	(4,655)	46,112
-	4,903,453	3,617,162	1,147,753	(18,438)	120,100
<u>\$ 262,830</u>	<u>\$ 4,903,453</u>	<u>\$ 3,692,410</u>	<u>\$ 1,171,669</u>	<u>\$ (24,690)</u>	<u>\$ 277,514</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, 2018**

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	\$ 142,300	\$ 142,300	\$ 135,375	\$ (6,925)
5800	State Program Revenues	5,000	5,000	5,325	325
5900	Federal Program Revenues	817,110	722,622	971,576	248,954
5020	Total Revenues	<u>964,410</u>	<u>869,922</u>	<u>1,112,276</u>	<u>242,354</u>
	EXPENDITURES:				
0035	Food Services	<u>1,083,584</u>	<u>868,377</u>	<u>1,098,467</u>	<u>(230,090)</u>
6030	Total Expenditures	<u>1,083,584</u>	<u>868,377</u>	<u>1,098,467</u>	<u>(230,090)</u>
1200	Net Change in Fund Balances	(119,174)	1,545	13,809	12,264
0100	Fund Balance - September 1 (Beginning)	<u>189,884</u>	<u>189,884</u>	<u>189,884</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 70,710</u>	<u>\$ 191,429</u>	<u>\$ 203,693</u>	<u>\$ 12,264</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, 2018**

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	\$ 1,144,393	\$ 1,144,393	\$ 1,211,959	\$ 67,566
5800	State Program Revenues	713,103	713,103	855,162	142,059
5020	Total Revenues	<u>1,857,496</u>	<u>1,857,496</u>	<u>2,067,121</u>	<u>209,625</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	1,045,000	1,045,000	1,045,000	-
0072	Interest on Long-Term Debt	686,100	686,100	686,100	-
0073	Bond Issuance Cost and Fees	5,200	5,200	1,805	3,395
6030	Total Expenditures	<u>1,736,300</u>	<u>1,736,300</u>	<u>1,732,905</u>	<u>3,395</u>
1200	Net Change in Fund Balances	121,196	121,196	334,216	213,020
0100	Fund Balance - September 1 (Beginning)	<u>938,385</u>	<u>938,385</u>	<u>938,385</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 1,059,581</u>	<u>\$ 1,059,581</u>	<u>\$ 1,272,601</u>	<u>\$ 213,020</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, 2018, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated November 28, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompany schedule of finding and questioned costs that we consider to be significant deficiencies. See item 2018-001.

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*.

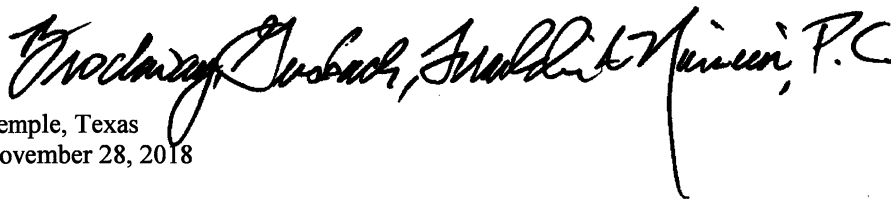
**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

District's Response to Findings

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

Purpose of this Report

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



Temple, Texas
November 28, 2018



**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, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

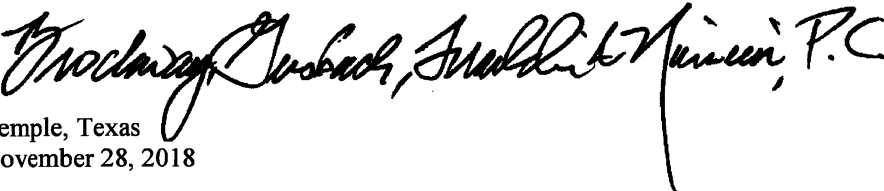
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

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

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

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



Temple, Texas
November 28, 2018

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018**

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

Noncompliance material to financial statements noted? Yes No

B. Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes 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 No

Identification of Major Programs:

CFDA Number (s) _____

84.010A

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 No

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018**

II. Financial Statement Findings

Finding 2018-001

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

CORRECTIVE ACTION PLAN:

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

III. Federal Award Findings and Questioned Costs

Program	Finding/ Noncompliance	Questioned Costs
---------	---------------------------	---------------------

NONE

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2018**

Prior Year Findings:

None

Corrective Action Plan:

No corrective action plan was required for the current year.

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018**

(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>				
ESEA, Title I, Part A - Improving Basic Programs	84.010A	S010A170043	\$ -	\$ 400,416
ESEA, Title I, School Improvement	84.010A	S010A170043		40,000
Total CFDA Number 84.010A				440,416
Career and Technical Education - Basic Grants	84.048A	V048A170043	-	18,459
Rural Education Achievement Program	84.358B	S358B170043	-	31,392
English Language Acquisition	84.365A		-	5,381
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	S367A170041	-	53,713
ESEA Title IV, Part A	84.424A	S424A170045		10,544
Summer School LEP	84.369A	S369A160045		1,187
Total Passed Through State Department of Education			-	561,092
TOTAL DEPARTMENT OF EDUCATION			-	561,092
U.S. DEPARTMENT OF AGRICULTURE				
<u>Passed Through State Department of Agriculture</u>				
*School Breakfast Program	10.553	201818N109946	-	299,947
*National School Lunch Program	10.555	201818N109946	-	603,519
Total Child Nutrition Cluster			-	903,466
Commodity Supplemental Food Program	10.565		-	68,110
Total Passed Through the State Department of Agriculture			-	971,576
TOTAL DEPARTMENT OF AGRICULTURE			-	971,576
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 1,532,668

*Clustered Programs

**CAMERON INDEPENDENT SCHOOL DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2018**

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, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cameron Independent School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cameron Independent School District.

Note B – Summary of Significant Accounting Policies

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

Note C – Indirect Cost Rate

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

Expenditures Reported:

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

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

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

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

Total expenditures of Federal Awards	\$	1,532,668
Medicaid Reimbursement (SHARS)		70,650
		70,650
Federal Revenues per Financial Statements	\$	1,603,318